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Unplanned spending threatens fiscal fitness

ZIPAR
Zambia Institute for Policy Analysis & Research

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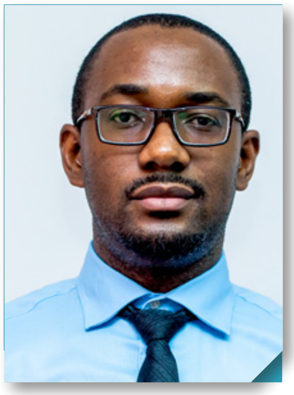
Message from the **EXECUTIVE DIRECTOR**

Welcome to Issue 7 of the ZIPAR Quarterly. The lead story in this edition is a commentary based on key issues in the 2018 National Budget under the theme: ***Accelerating fiscal fitness for sustained inclusive growth without leaving anyone behind***. At ZIPAR, we view the 2018 theme as a build up to the 2017 theme; ***Restoring fiscal fitness for sustained inclusive growth and development.*** Therefore, we themed our post-budget analysis this year as ***'staying the course of fiscal fitness'.*** This is in the realization that tremendous efforts have been made in the past year to stabilize the economy and set it on a growth trajectory. However, we are still not yet out of the woods. The recent economic growth rates of 3% - 4% are not adequate to leave no one behind. As the 2018 budget already observes, inclusive growth is only possible if we are steadfast in collectively implementing bold policy decisions and reforms. On this course, so far hard decisions have already been made and these have to continue to be made. The scarcity of public resources, on one hand, and the pressure to deliver inclusive growth, on the other, cannot be ignored. Unplanned spending and misalignment of the Budget as highlighted in our lead article threatens the path to fiscal fitness. Therefore, we urge the Government to stay the course of fiscal fitness. This will call for a calculated balancing act between the scarce resources and the pressure to deliver inclusive growth in order to deliver on the theme of the 2018 budget. Enjoy reading the edition.

Unplanned spending threatens fiscal fitness



By Shebo Nalishebo

Minister of Finance Hon. Felix Mutati, MP, with ZIPAR Executive Director Dr. Pamela M. Nakamba-Kabaso following proceedings during the launch of the ZIPAR Analysis of the 2018 National Budget Report on 5 October 2017 at the Radisson Blu Hotel in Lusaka.

The fiscal consolidation measures put in place in the 2018 Budget are likely to pay dividends if the Government sticks to the set plans. Subsidy cuts on agriculture, fuel and electricity are some of the many factors that will help bring the fiscal deficit on a commitment basis to around 8.2 percent of GDP in 2018 from 9.3 percent of GDP in 2017. However, unplanned spending and misalignment of the Budget threaten the path to fiscal fitness.

The 2018 Budget tries to balance between meeting development aspirations and ensuring short- to medium-term health of public finances. To balance these objectives, Government has proposed to increase spending by a smaller proportion in 2018 than in 2017. That is, in 2018, spending will be increased by only K7.2 billion compared to the K11.4 billion increase in 2017. This is partly on account of reduced inflows of loans from cooperating partners meant for specific programmes, reduction in allocation to the Farmer Input Support Programme, reduction in electricity subsidies by moving to cost reflective electricity tariffs and reduction in fuel subsidies and imports. Similarly, spending on interest payments on debt is expected to increase by only K2.8 billion compared to the K4.3 billion increase in 2017. As a result of this relatively lower spending, the total Budget is set to decline, as a share of GDP, to 25.9 percent in 2018 from 27.7 percent in 2017.

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On the revenue side, Government proposes a wide range of revenue measures to meet the expenditure demands. These measures are expected to bring in K6.1 billion more in domestic revenues in 2018 than in 2017, pushing total domestic revenue to K49.1 billion compared to K42.9 billion in 2017. Despite domestic revenue falling to 17.7 percent of GDP in 2018 from 18.4 percent of GDP in 2017, these measures will result in the fiscal deficit on a commitment basis reducing by 1.1 percent of GDP. It is clear that the proposed Budget sets the path towards achieving fiscal consolidation, which is a policy undertaken by the Government to reduce the fiscal deficit and debt accumulation.

In order to stay on the path to fiscal fitness, the Minister of Finance will have to ensure that the macroeconomic stability that has been achieved in the last few months is maintained and, building on that, stronger growth is achieved so that domestic revenues are enhanced. To achieve robust growth, money will have to be spent in line with development aspirations and growth areas espoused in the 7NDP. The savings made from reduced subsidies and other unproductive expenditures should therefore be reallocated to the Economic Affairs function which will play a major role in achieving a diversified economy, as well as the social sectors.

Unplanned spending remains an issue of great concern. In the last five years, deficits have mainly been propelled by the rapid rise in recurrent expenditures. In 2013, there was a very large expansion in the fiscal deficit which was mostly driven by a swelling of the public sector wage bill. There was also a surge in interest payments on debt following the issuing of three Eurobonds during 2012-2015 collectively amounting to US$3 billion (with the 2014 and 2015 Eurobonds issued without appraisals and clearly spelt-out utilisation plans). Further, the electricity shortages that ensued in 2015 led to a surge in the electricity import bill and subsidies.

With fiscal deficits in excess of 5 percent of GDP per year during the last few years, the country has been adding at least US$1 billion annually to the stock of debt. As a result, public debt has accumulated to 47 percent of GDP (or over 52 percent if you add domestic arrears) and interest payments on debt will account for 20 percent of total expenditure in 2018, surpassing the total spending on education and social protection.

In order to curb these unanticipated spending pressures and excesses, the Minister has initiated some legal, system and institutional reforms. He announced the long-awaited medium term Debt Management Strategy, which outlines measures to reduce the rate of debt accumulation and ensure that the Government's financing needs and payment obligations are met at the lowest possible cost. Other measures include the long overdue enacting of the Planning and Budgeting Bill, revisions of the Public Finance Act, the Public Procurement Act and the Loans and Guarantees Act as well as the full rolling out of the Integrated Financial Management Information Systems [IFMIS] and the Treasury Single Account. These measures will enhance fiscal accountability, transparency and improve overall fiscal governance.

Another risk to fiscal fitness is related to misalignments between the 2018 Budget and the 2018-2020 Medium Term Expenditure Framework (MTEF). The spending plans in the MTEF which are supposed to serve as a hard budget constraint on the annual Budget have already been exceeded – the proposed Budget for 2018, at K71.7 billion, is nominally 9.5 percent larger than the MTEF projected Budget for 2018 (K65.4 billion) and is also higher than the 2019 MTEF projected Budget of K69.1 billion.

In trying to achieve fiscal fitness, it is important that no one is left behind. However, the growing debt and increased interest payments on the debt has resulted in crowding out non-interest expenditure. The casualties have been the Public Service Pensions Fund and the Education sector whose expenditure shares in the total Budget have reduced. Such anti-poor spending shifts raise serious questions about how well and how far Government can really carry everyone along.

The IMF Resident Representative Dr. Alfredo Baldini making remarks during the launch of the ZIPAR Analysis of the 2018 National Budget Report on 5 October at the Radisson Blu Hotel in Lusaka

The 7NDP, New Wine in Old Wine Skins?

By Felix Mwenge

On June 21st 2017, President Edgar Lungu launched the Seventh National Development Plan (7NDP), themed "Accelerating development efforts towards the Vision 2030 without leaving anyone behind". The document is a five-year plan which shall guide national development from now until 2021 and fits into Zambia's Vision 2030, whose goal is to make Zambia an industrialized prosperous middle income country by that year. Immediate past national development plans include the Fifth National Development Plan (FNDP), Sixth National Development Plan (SNDP) and the Revised Sixth National Development Plan (R-SNDP).

The plan has been well received so far with many praising it as a unique blue print for Zambia's development which, if implemented, could contribute significantly to the achievement of Vison 2030. In this article I point out one strength of the 7NDP, namely a change of development strategy from sectoral to multi-sectoral. I use an example from China on how this can be leveraged to achieve development. I later express my fear, which is that the 7NDP is too ambitious for current macroeconomic developments. I provide comments on how to work through the 7NDP given resource constraints.

As mentioned above, unlike previous plans, the 7NDP promises to adopt an integrated multi-sectoral or Cluster approach to development. This follows recognition of the multi-faceted and inter-linked nature of sustainable development.

Previous plans have always used a sectoral approach which inadvertently made Ministries to work in silos. This did not promote rational use of resources as the system was not void of conflicting agendas and duplication of activities. The new approach means that the pursuit of public policies, programmes and projects will now be synchronized across sectors and ministries, with inter-ministerial coordination structures and mechanisms being established to ensure coherence.

Zambia is not the first developing country to take this kind of approach to development. China, which lifted more than 800 million people out of poverty over a period of 30 years, could not have been so successful without taking an integrated approach to development. In his 'manual' of poverty reduction 'Up and Out of Poverty', President of China, Xi Jinping shares practical lessons on integrated development. He stresses the need for stakeholders to 'sing in unison' if positive results are to be realized from development efforts. Like a choir there should be a common 'economic chorus' which all must sing together. Based on President Xi Jinping's advice, the 7NDP is doomed to fail if every Ministry, Province, District or Constituency only stresses the importance of its own work. Rather, all parties should form an integrated whole and be conscious of the overall goal and strategies to achieve economic diversification.

But coordinating development has its own challenges and Government needs to be aware. President Xi Jinping advises the need to mobilize enthusiasm in each Ministry so everyone moves at the same pace. Coincidentally, the 7NDP seeks to promote change management programmes aimed at bringing about mind-set change among all stakeholders which will involve packaging the integrated approach to planning and implementation and communicating the approach to all stakeholders.

Mowing away from integrated approach to development the 7NDP is worryingly too ambitious for the current macroeconomic context. This is unfortunate as plans should always match available or expected resources. Starting in 2012, Zambia took on too much debt in a short space of time. Growth dipped, inflation ballooned and exchange rate volatilities escalated exacerbating the rising inflation. While the country is slowly recovering, Zambia will still be servicing debt obligations during the whole period of the 7NDP. This poses resource constraints on the fiscal space to undertake huge developmental projects, such as infrastructure, which are key to achieving economic diversification.

A change of approach is therefore required. Priority setting should be the most important aspect of the implementation process. President Xi Jinping observes, 'working without setting priorities and sticking to fundamentals is simply tinkering'. This was the case in previous plans which Government has also acknowledged. There were too many too many priorities which ended up spreading resources too thin. A situation where everyone seems busy working and spending resources but without seeing development is demoralising. This must change under the 7NDP.

But how can Government implement such an ambitious plan in the midst of scarce resources? The most obvious answer is to phase development projects based on robust appraisal systems so that only the most urgent ones are implemented. Since the main goal is to diversify the economy each project should be measured by the extent to which it will contribute to achieving this particular goal. This will call for strengthening capacity for project appraisal in Government. Not only that but other parties such as Ministries and Members of Parliament be made to understand the rationale of phasing projects.

Lastly, President Xi Jinping advises that another thing Governments can do in the absence of sufficient public resources, is concentrate on building 'software'. By this he means instead of direct involvement in economic activities Government can begin by simplifying procedures, reduce fees, improve the quality of service, introduce one-stop registration and so on. These will improve the business environment and make investors with resources to come to Zambia and begin investing, and start setting up businesses.

The 7NDP: Zooming in on Vocational Skills

By Tamara Billima-Mulenga

The Seventh National Development Plan (7NDP) 2017-2021 was launched on 21st June, 2017 by the Republican President His Excellency Mr. Edgar. C. Lungu. The plan will provide policy direction for Zambia for a five-year period and should inform the annual budgets in the same period. At its core is economic diversification through which the country intends to achieve its vision 2030 of an industrialised and prosperous middle income country. The 7NDP, unlike previous plans outlays a menu of innovative approaches to improve vocational skills acquisition.

The state of education and skills attainment in Zambia is very poor. The 2014 Labour Force Survey shows that 11 percent of the labour force had not attained any education, 41 percent and 43 percent had primary and secondary education, respectively, while only five percent had post-secondary education. Furthermore, a mere 15 percent of the population aged 15 years and above received skills training with the common skills acquired being Bricklaying, Construction and Carpentry for males and Tailoring and Design for females. These skills were mostly acquired through self-training which accounted for 36 percent followed by apprenticeship at 19 percent. Formal skills training through public and private learning institutions accounted for only 31 percent which indicates a gap in formal skills training necessary for more rewarding employment, meaning the majority of skills are informally acquired. Because of this, 57 percent of skills trainees did not actually obtain any certification for their skills. In terms of employment prospects post skills training, only 24 percent of those who acquired skills entered wage employment.

In addition to low access to skills training, there are also a number of challenges faced in the development of skills training. This includes low absorptive capacity of Technical Vocational and Entrepreneurship Training (TVET) institutions, poor state of infrastructure as well as outdated teaching aids and curriculum, lack of capacity building for lecturers and mismatch between the skills offered and industries' needs. Recognising the poor state of skills training in Zambia, the Government has, through the 7NDP come up with quite ambitious approaches for considerable improvements. Some of the strategies actually started during the Sixth National Development Plan.

The 7NDP has listed eight strategies with regard to education and skills development that will be implemented. These are: secondary school vocational education and training which offers vocational training in secondary schools; institution-based learning which offers skills through TVET institutions; open, distance and flexible learning which offers flexible training on distance basis allowing learners to continue working; workplace/on-the-job training allows the learner to acquire skills at the workplace; learnership, including apprenticeship involves both on-the-job training and academic learning; recognition of prior learning assessments offers trade testing to individuals that may have acquired skills informally; national skills competitions; and career exploration and information.

One of the aforementioned strategies mainstreams vocational skills in secondary school recognising that learners should have the ability to choose the academic or vocational pathway for their education development. To this effect, the curriculum in 2013 was revised and two pathways were created for the learners. The strategies also encompass individuals that may wish to combine both work and learning. For the individuals that may wish to support their families and develop a career for themselves, work-based learning may be ideal for them and the 7NDP proposes to promote this. Also of particular interest is the recognition of prior learning through trade testing that implores both oral and/or written assessments. This aspect of skills training is premised on the fact that there are a number of people in Zambia that have acquired skills informally mainly through apprenticeship and self-training. However, the skills acquired informally cannot be used to acquire decent jobs because they are not certified. Certifying them through the recognition of prior learning initiative is thus important and has the potential to increase the number of people with formal skills.

In addition to implementing the aforementioned strategies, the Government is set to establish the vocational skills bursary scheme. Currently Government has not fully extended the bursary schemes to vocational skills and financial barriers continue to hinder many able but poor young Zambians from accessing skills. The intended introduction of the vocational skills bursary scheme is therefore likely to remove financial barriers to skills training which is likely to increase the number of people acquiring formal skills.

Other programmes that Government intends to implement for skills development according to the 7NDP include the establishment of centres of excellence, rehabilitation and construction of training institutions and inclusive vocational training promotion, among others.

In conclusion, it is exciting to see the 7NDP promising to transform skills training. For the first time in Zambia, people that may have dropped out of school or have no education and obtained skills informally will have their skills recognised and certified. The different learning options suggested will also ensure those with various capabilities, both financially and academically, can still acquire recognisable skills, hence leaving no one behind. The recognition of prior learning has potential to have approximately 655, 000 people with informal skills trade-tested and certified which will improve their employment prospects.

15 %

of the population aged 15 years and above received skills training

11 %

percent of the labour force had not attained any education

24 %

of those who acquired skills entered wage employment.

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Setting Uniform Minimum Wages for all Industries Not Suitable for Zambia

By Felix Mwenge

In 2011, Government increased the minimum wage for general and non-unionised workers from ZMW767 to ZMW1, 132. Since then, there hasn't been any study undertaken to assess its impact especially on different industries. New research undertaken by ZIPAR in 2016 titled 'Labour Market Regulations and Labour Market Outcomes' explored the impact of the minimum wage adjustment on different industries. This article presents some of the study's most important highlights and offer suggestions on setting minimum wages that preserve business while 'leaving no one behind' by ensuring decent pay for workers.

The primary role of minimum wages is to improve wages of lowly paid workers which potentially impacts positively on poverty through enhancement of the poor's purchasing power. Minimum wages can also be a mechanism for reducing income inequality through addressing wage inequalities in the economy. Minimum wages are thus an important tool in addressing pillars two and three of the 7NDP which focus on reducing poverty and vulnerability and developmental inequalities. However, from the firms' perspective, minimum wages increase the cost of doing business through increased wages. This can affect labour demand in the end reducing employment opportunities as firms seek to limit the number of workers. Our study partly investigated how the 2011 upward adjustment of the minimum wage impacted on business by conducting firm level interviews and analysing data from the Living Conditions Monitoring Survey.

Most firms interviewed were of the view that minimum wages are necessary and hence were willing to comply. However, a number expressed concerns about the vagueness of the setting of current minimum wage amount. Firms also complained about lack of consultation by Government when they adjusted the minimum wage.

Most small and medium firms reported that the new minimum wage made doing business expensive as it increased their wage bill. Some of them opted to downsize their labour to be able to cope. Nonetheless, this experience was common only in the early stages of the adjustment as firms were able to adjust and pay the minimum wage eventually. Large scale businesses said they did not need to lay off any worker as they could pay the minimum wage with relative ease.

In international literature, a minimum wage is 'good' for business if it is below 40% of the average wage and 'bad' if above 40% for developing countries like Zambia with considerable unemployment. This means firms only need to adjust old wages by 40% to be compliant with the minimum wage. We assessed 20 industries and found that only four in 2012 and seven in 2014 had the minimum wage falling below 40% of respective industry average wages. In 2012 these industries were Professional, Scientific and Technical Activities; Mining and Quarrying; Financial and Insurance Activities, and Electricity. In general, wages in these industries were already sufficiently high compared to the new minimum wage. Two years later, obviously after salary adjustments for public sector workers in 2013, more industries moved into the 40% threshold. These are Public Administration; Education and Human Health and Social Work.

For the rest of the industries, the new minimum wage was above 40% of the prevailing average wage in both years. Complying with the new minimum wage for these industries required increases of more than 40% of the average wage. The top four industries with the largest minimum wage impact had their minimum wages exceeding 100% of the industry average wage. These are: Agriculture (129%); Construction and Wholesale and Retail Trade (103%) and Administrative and Supportive Services (108%). These industries had to more than double their average wages in order to be compliant with the minimum wage. This has important implications on their wage bill and significantly increases the cost of doing business. The research also shows that these and similar industries are also among the least compliant with the new minimum wage.

Based on our research, Zambian businesses generally understand the need for and are willing to pay the minimum wage. However, small firms may have difficulties to adjust in the early stages and this may lead to reducing labour demand and employment creation.

Furthermore, we find that industries such as Agriculture; Construction; Wholesale and Retail Trade and Administrative and Support Services which employ the majority of low skilled workers are particularly the most impacted by the current minimum wage. This is partly because they already had relatively low wages compared to the minimum wage. In general, a uniform minimum wage across all industries seemed too high for some while reasonable for others. For those for which it was too high, compliance was also very low, thus disadvantaging the workers.

In future minimum wage policies should consider the plight of small businesses and recognise industry variations. In practice, industries such as Agriculture should have their own minimum wage calculated separately based on industry specifics such as size of business. Failure to do this may lead to low levels of compliance defeating the very purpose of the minimum wage and at the same time hindering employment growth.

Recounting Our Employment Figures

Central Statistical Office to use new standards and measurement of labour statistics

By Tamara Billima-Mulenga

In Zambia, national labour statistics are produced by the Central Statistical Office (CSO) through the Labour Force Survey (LFS). From 2017, the LFS will be conducted quarterly as opposed to every two years. In addition to quarterly LFS, CSO will now use new standards and measurement of labour statistics agreed upon at the 19th International Conference of Labour Statisticians (ICLS) of 2013. The ICLS is a meeting held every five years since 1923 to discuss and consider revised labour-related standards including statistics.

These developments imply that labour statistics will not only be released at a higher frequency but will also be more current. This article reflects on the new measures and what they mean for the way Government measures employment.

As opposed to the previous measurement of employment which included individuals engaged in own-use production work, such as subsistence farmers that produce mainly for own consumption, the new standard of measurement defines the employed population as constituting individuals engaged in activities aimed at producing goods and services for profit or pay such as farming mainly for sell. This means that individuals who produce goods and services mainly for own consumption will not be considered as employed. The 2014 LFS reveals that 1.4 million people are own-use production workers - mainly subsistence farmers - representing 25 percent of the employed population. This means the employed population measured on the basis of the new standard would reduce roughly by 25 percent. Effectively, this change in the measurement of employment will reduce the size of the labour force.

It is, however, worth noting that own-use production workers will be analysed and accounted for separately. Further, individuals engaged in own-use production work are deemed as potential labour force, depending on whether they are either seeking paid work/business or are available for work, but not both. Nonetheless, these changes will not affect the computation of Gross Domestic Product (GDP) which is a measure of all goods and services produced in an economy. In addition, the past labour force framework classified students, children and the aged as economically inactive. Under the revised framework, such persons are referred to as persons outside the labour force, who according to the new resolution may still be engaged in other forms of work.

Until 2014, Zambia has been undertaking LFSs on the basis of the standard set out at the 13th ICLS of 1982. However, a lot of changes have occurred since 1982 which have led to the need to address the limitations in the measurement of work and employment statistics. Hence, the 19th ICLS resolved to redefine the concept of work and employment statistics in order to respond to the emerging labour market dynamics. To this effect, the Government has adopted the new standard of 2013.

Admittedly, the new statistics especially on employment will assist in addressing some of the shortcomings of defining employment based on profit or pay criterion. The definition of employment only looks at the economic activity that is for pay or profit but does not consider the quality of the economic activity. Most people in Zambia, despite being categorised as employed, do not consider themselves employed on the basis of poor working conditions under which they operate. As such, most of these jobs would mainly be classified as vulnerable employment. According to a study conducted by ZIPAR in 2013 on youth employment and unemployment in Zambia, most youths did not consider jobs with poor working conditions, including self-employment, as real jobs. The World Bank, in its 2013 Economic Brief for Zambia, stated that most people are in self-employment not by choice but as a result of the inability to find a formal job. Further, the 2014 LFS reveals that of the 5.8 million employed persons, approximately 2.4 million people were self-employed, many of whom have sporadic incomes and lack social security and insurance.

Statistics of the labour market indicators are very useful in assessing the health of the economy and are critical for national planning. Thus, statistics as much as possible should reflect the realities on the ground. We understand that the definitions should conform to international standards so as to make statistics comparable but the need to capture statistics that speak to most Zambians is of paramount importance. It is therefore our considered view that an inclusion of self-assessed employment status, as is the case for poverty in the Living Conditions Monitoring Survey (LCMS), be introduced in the LFSs.

What Zambia Needs and Wants from the IMF

Caesar Cheelo and Pamela Nakamba-Kabaso

Recently, a heated debate has raged on about whether or not Zambia needs International Monetary Fund (IMF) support for its Economic Stabilisation and Growth Programme (ESGP) dubbed "Zambia Plus". Different observers have taken divergent positions on the matter. On the one hand, some social media commentators have insinuated that Zambia is in such dire straits that without IMF support, the economy would crumble and fall apart.

On the other hand, the Head of State and the Minister of National Development Planning put forth the Government's official position, expressing that Zambia does not need the IMF's US$1.3 billion bailout package. In 2015, the country survived its worse downturn in decades and the worst is behind us; we would therefore survive without IMF aid.

At a glance, this would seem to be at variance and inconsistent with what the Government has been doing recently. Since late last year (2016), the Finance Minister has been putting together Zambia Plus, as a homegrown programme, which, among other things is being used to negotiate an IMF-aid deal worth up to US$1.6 billion. In May this year, the Finance Minister announced that a proposal had been submitted to the IMF so that Zambia was thereafter simply waiting for the IMF Board to meet in August and take a decision on whether or not to bail out Zambia.

As a policy think tank, we thought it prudent to add to the debate and hopefully help to clear the air about a few things. Our main message is this: "Zambia does not need the IMF for survival, but Zambia wants the IMF under its current circumstances". Perhaps unbundling this message a little is worthwhile. Since the economic liberalisation and public sector reforms of 1991/1992, Zambia has painstakingly built systems, processes and institutions of economic governance. Over time, these have become strong and resilient, effectively supporting robust growth that averaged 6-7 percent per annum during 2000-2015. Indeed, the economy weathered a notable downturn in 2015 and is now slowly rebounding. In this sense, the Head of State and the Development Planning Minster are quite right; should the IMF Board opt not to support Zambia Plus, the economy would still survive. Re-establishing the robust growth rates of the past would most likely be relatively slow, but the economy would survive and eventually improve.

So if we can survive without the IMF, why did the Cabinet authorise the Finance Minister to negotiate an IMF aid deal? Is the Government being self-contradictory? The simple answer is no, it isn't. As we have already said, Zambia does not need the IMF, but Zambia wants the IMF…

And Zambia should indeed want the IMF for three main reasons: firstly, an interest-free aid package of US$1.3 or US$1.6 billion is no small amount. It is equivalent to about 2 or 3 years' worth of external debt service payments, depending on exchange rate movements. The savings on external debt servicing under IMF support would thus be huge, and would be critical for sustaining key infrastructure, social protection and poverty reduction spending over 2018-2020.

Secondly, internally, Zambia still faces fiscal discipline challenges. In 2017, our fiscal deficit and public debt have continued to mount. The total public debt is now about US$7.2 billion, equivalent to US$2,400 or K22,800 per family for the three million households in Zambia. These mounting pressures are despite the 2017 National Budget address' main message which was: "we cannot spend what we do not have. We cannot borrow beyond our ability to repay." Clearly, Zambia needs some level of external impetus that will help to sustain a higher level of fiscal discipline.

Finally, we should want the IMF because it will serves as a signal to the international community that Zambia is serious about the business of economic governance and is a safe environment for Foreign Direct Investment (FDI) to locate itself. To illustrate this, Ghana enrolled to an IMF-supported programme in April 2015 due to macroeconomic instability and fiscal challenges very similar to those in Zambia from 2011 to date. Between 2012-2015, annual FDI inflows to Ghana fell by 0.3 percent per year on average and in 2016 – the only full year after the country secured IMF support – the FDI inflow rate rebounded to 9.2 percent. In contrast, in the absence of an IMF deal, Zambia's FDI inflows fell continuously by an average of 3.1 percent per year during 2012-2016; in fact in 2016, FDI inflows fell by a staggering 70.4 percent. Without the IMF, the international community will not gain as much confidence in the Zambian economy as it would with an IMF-supported programme.

We would implore the Government to hold fast to the path of courting the IMF through the Zambia Plus negotiations. As such, the Government must hope for the best and plan for the worst, including through the social tuning and mentoring that the leadership has already initiated in terms of the messages about the economy's ability to survive should the IMF deal fall through.

Zambia Fires Up for a National Fire Policy

By Zali Chikuba

The announcement of the development of a national fire and rescue service policy and procurement of 42 fire tenders by the Minister of Local Government, Honourable Vincent Mwale carried in the July 18, 2017 edition of the Zambia Daily Mail should be soothing to many. The announcement came 14 days after an economically distressing fire gutted the Lusaka City Market and when the nation needed public safety reassurance against such fire occurrences. Currently, Zambia has no fire and rescue service policy to direct fire management at national level resulting in piece-meal interventions and unsatisfactory outcomes. While the procurement of fire tenders is presumably a step in the right direction, much more still remains to be done in order to comprehensively impact the nation's ability to manage its fire risk.

To comprehensively manage fire conditions as a nation, Zambia needs to invest in more than fire tenders. There is therefore, need to invest in training of more professional and auxiliary firefighters, procurement of personal protective equipment for these firefighters to effectively carry out their duties, and in increasing their overall capacity to undertake inspection of public facilities for compliance with existing fire standards, among others. Determination of the required levels of investment in fire management should however be informed by public policy direction, the size of the economy, populations and strategic importance of the specific regions, inter alia. This gives prominence to the resolve by the Ministry of Local Government (MLG) to develop a national fire and rescue services policy.

In view of the above, MLG engaged the services of the Zambia Institute for Policy Analysis and Research (ZIPAR) to spearhead the process of formulating the fire and rescue services policy for Zambia. ZIPAR is currently on the ground in 6 provinces conducting key informant interviews, consultative conferences, and focus group discussions, having already completed the documentary analysis. They are also using their visits to the provinces to acquaint themselves with the various fire management systems there. Through these activities, the ZIPAR research team is interacting with a wide range of both state and non-state actors.

Key issues emerging from the consultations so far include the constraining institutional framework where fire management is at section level in the administration both at council and ministry level and the absence of parent legislation for fire management in general and the legal frameworks for volunteer and community participation. The other concerns raised include insufficient fire management apparatus; inadequate staffing of fire brigades; highly centralised fire administration; and, most importantly, the weak support infrastructure such as emergency water supply and emergency road lanes.

Evidence also shows a rising trend of fire occurrences in Zambia alongside the growing economy and population. Conversely, the capacity to manage such fires has not increased in tandem. In fact, there has been a deterioration of fire and rescue service provision resulting in extensive damages and loss whenever fires of certain magnitude occur. Further, the declaration of all councils as fire authorities has not helped either as that declaration has not taken into account these councils' respective resource bases. In some newly created districts, the capacity to manage fire is almost non-existent, and yet these are in their own right fire authorities. Often, they have limited capacities to finance meaningful establishment of fire brigades.

Resolving the above issues may require making drastic changes to the management and governance of fire and rescue services in the country with hindsight of the limited resource base. ZIPAR is thus optimistic that the country will have a fully-fledged fire and rescue service policy that responds to the identified problems and is forward looking by the end of the year as stated by the Minister.

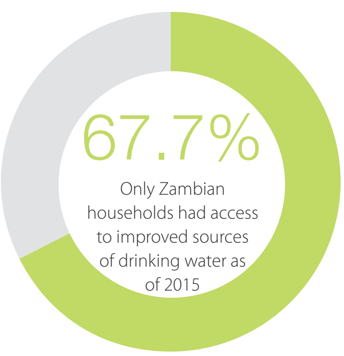
The primary data collection process has wrapped-up and it is anticipated that a national consultative conference to validate the First Draft Fire and Rescue Services policy will be held sometime before the end of the year. The current efforts by MLG to develop a fire and rescue services policy, in addition to the alluded procurement of fire tenders, should therefore be supported by all stakeholders.

Evidence also shows a rising trend of fire occurrences in Zambia alongside the growing economy and population.

Zambia's Infrastructural Deficit: Racing against the Clock

By John Mututwa

The recent economic hardships that the country has witnessed especially since 2015 have placed the Government in a tight fiscal position. This has raised the need for Government to check its spending appetite especially on infrastructural projects such as roads. However, it is worth noting that the importance of infrastructure in the country's development calls for continued spending on infrastructure, especially given the country's glaring infrastructural deficits in energy, transport, water and other sectors. For a country aspiring for a higher development status (prosperous middle-income country by 2030), there is need to ensure that adequate, reliable and quality infrastructure is put in place.



Currently, Zambia lags behind other Southern African countries such as South Africa, Botswana, Angola and Zimbabwe in the provision of transport infrastructure. This includes roads, railway and airports which are indispensable in improving the country's regional connectivity to major seaports and other trade corridors. This is despite the mega and impressive Link Zambia 8000 project that targeted the construction of 5, 339 km of new paved bituminous roads and upgrading of 2, 862 km of existing ones. Recent estimates indicate that Zambia's paved road density stands at 56.3 km per 1, 000 km of arable land compared to 146 km per 1, 000 km for Africa's middle-income countries. When taking into account the quality of roads such as width, ridership, durability and general roadworthiness, this differential widens and the country still lags behind its peers by far.

The provision of clean, safe and reliable energy is another good example. Zambia generates approximately 1, 900 megawatts of electricity from an installed capacity of approximately 2, 350 megawatts. Of the 3 million Zambian households, only a meagre 31.2% has access to electricity. Despite the country being endowed with an abundance of water resources and thus having a power generating capacity of approximately 6, 000 megawatts, most Zambians do not have access to electricity. With Zambia's population estimated to reach 23.6 million by 2030, coupled with the current estimated increase in demand for electricity of 150-200 megawatts per year, more investment in power generating infrastructure is needed if an electricity crisis is to be averted in the medium to long-term.

Provision of water infrastructure is also a challenge. As of 2015, only 67.7% of Zambian households had access to improved sources of drinking water. This includes protected dug wells, springs and rainwater. This proportion improves in urban areas (89.2%) although it is still largely insufficient compared to international standards. For instance, access to safe drinking water in Botswana was estimated at 99.5% and 84.1% in urban and rural areas, respectively, in 2008. These figures are worrisome given the fact that Zambia is endowed with vast water resources. However, due to insufficient investment in water infrastructure to store and distribute water, the majority of Zambians, especially in rural and peri-urban areas, fail to have access to clean water and sanitation.

These few examples, among many others, stress the need to develop the country's infrastructural base in order to improve the living standards of the population. Most importantly, this will make Zambia a must-go-to investment destination because improved infrastructure reduces the costs of doing business. In addition, the demand for infrastructure in transport, housing and for power and water generating purposes among others, will only increase as the population grows. This means our cities' already severely stretched capacities to provide reliable infrastructure will only worsen over time as more people flock to these areas in search of better economic opportunities.

Government will have to undertake bold measures to address the current infrastructural deficit. Acknowledging that the country is and will be financially strained in the short to medium-term to provide all the needed infrastructure, there is need to incentivise the private sector via Public Private Partnerships (PPPs) and other development partners to come on board to help develop the necessary infrastructure required. Private participation will address some of the current production inefficiencies, and thus lower costs. Thus, the announcement by the Minister of Transport and Communication earlier this year to unbundle the railway sub-sector to encourage private participation is a commendable approach if it materialises.

As the clock to middle income country status keeps counting down, the demand for more and reliable infrastructure will only increase. The country will not meet this target if investment in infrastructure development remains limited. This is because infrastructure development is a prerequisite for future economic growth and development, and thus a long-term solution for the country's current economic challenges. This calls for policy makers to strike a delicate and yet important balance between fixing the short-term economic challenges of the country and ensuring that the long-term infrastructure development plans are implemented and not sidelined to the back of the agenda.

Limited Understanding of Labour Reforms Affecting Compliance Among Zambian Businesses

From L-R: Mr. Harrington Chibanda, Executive Director Zambia Federation of Employers, Mr. Chanda Kaziya, Labour Commissioner ,Mr. Cosmas Mukuka, Secretary General, Zambia Congress of Trade Unions and ZIPAR Research Fellow Mr. Felix Mwenge during a panel discussion on the Labour Market Regulations on 13 September 2017 at Taj Pamodzi Hotel in Lusaka.

At the same time as weathering the recent economic slowdown, Zambian businesses have been affected by changes to the laws and regulations guiding the labour market. Many of the reforms, especially those made in 2015 are well intended. However, new research from ZIPAR reveals that some regulations made it harder for business to operate affecting employment creation negatively. According to the report this was mainly due to lack of knowledge and understanding of the various provisions of the law on the part of employers.

The case for Government to implement labour reforms is legitimate given "jobless growth", with stunted formal sector job creation which characterised the economy despite strong economic growth. Frequent reports of subjection of workers to poor working conditions and wages and a tendency to employ casual labour even for jobs of a permanent nature also buttressed Government action.

ZIPAR surveyed firms in Lusaka, Kitwe, Livingstone and Chipata in various industries on their experiences with the new labour regulations and how this impacted on businesses and job creation. The research reveals that the implementation of the regulations has led to significant challenges. Employers and, in some cases, labour officers lack a clear understanding of some of the new laws making compliance very difficult. Firms observed that regulations were rarely consultative making it hard for them to adjust to the new legal framework as they felt their interests were not safeguarded.

Specific substantive challenges reported include the ban on casualisation which has introduced new labour constraints especially for firms who did not understand alternative provisions to this new law. It is also difficult for firms to trim labour in bad economic times as the current separation clause requires them to provide a 'valid' reason and pay significantly for each worker laid off. Effecting the minimum wages was easy for some industries while impossible for others leading to labour cuts. This led to low labour demand at firm level and limited employment opportunities for the economy.

To address these challenges, ZIPAR urged the Government to increase efforts to sensitise stakeholders on new laws each time changes are made. The Government and firms should strengthen dialogue on severance pay and separation restrictions to ensure firms are not forced out of business trying to be compliant while ensuring decent packages for retrenched workers.

In addition, the Government should consider moving to sector based minimum wages which take into consideration the different capacities of different industries. Some sectors can afford to pay a higher minimum wage while others cannot.

ZIPAR Research Fellow Felix Mwenge said:

"While labour regulations are a necessary tool for Government to protect workers in the labour market, there is need for careful action. Particularly, Government should guard against over-regulation which tends to affect job numbers negatively, as it may become difficult for firms to hire labour."

Learning China's Ways Doesn't Mean Learning Chinese

By Caesar Cheelo

Since time immemorial, people in societies around the world have used proverbs to pass on values, norms, knowledge and wisdom from generation to generation. The beauty about proverbs is that they often have hidden meanings that the listener must think critically about in order to decipher. Sometimes, they have multiple meanings, and can have different interpretations for different people.

Here is an interesting Chinese proverb. Take a moment to think critically about it. How would you interpret it? What does it mean for you?

You do not discuss with a tiger concerning the stripes of its skin when you want a tiger-skin coat (by unknown)

Well, the first thing that comes to some peoples' minds is: "what is a tiger?" Obviously, you are not one of those people, right, for surely you at least know what a tiger is?!

Other people think: "ok, so who is the tiger in real life? Who is this proverb likening the tiger to; is it me?" Others still might ask: "where is this tiger than I might subdue it and take its skin?"

Apparently, the first thing that came into each of our minds when we first read and thought about this proverb tell volumes about our values, norms, culture, mind-set and attitudes. A group of Zambia Government technocrats who visited China some years ago were reportedly presented with this very proverb. They responded that they needed to take the proverb back to their capital Lusaka, commission the local think-tanks to analyse it and then email the response to the Chinese enquirers after a few months…

Presented with the same proverb, the counterpart Chinese technocrats kicked off their high heels, took of their ties, rolled up their sleeves and said: "please, show us this tiger…"

Attitude counts for much in a society's success during its quest for development and prosperity. Societies that figure out how to instill well thought-out and well-defined spiritual grounding, values, inspiration, confidence, education and skills (or know-how) in their people, especially in young people, often excel at development. Through a mix of education improvements, skills development and socio-cultural retooling, they create a generation of daring people with winning attitudes.

China did this. Between 1998 and 2004, China noticed that it was facing a demographic challenge in terms of an aging population. It realised that in order to afford to take care of the aging population those in their productive ages (say, 25-64 years old) would have to become high income earners on the world stage. China therefore launched its human resource talent search and discovery aspiration around 2004. It formalised this through the Science, Technology, Talent and Education Reform and Development Plan (2006–2020), reorienting the entire workforce from thinking in terms of "made in China" to "invented in China" or "designed in China". The Plan established education, skills training and talent nurturing systems through a rule stipulating that 50 percent of secondary school goers would pursue technical and vocational training. It virtually drew a line in the sand, dividing the school goers into the half that would focus on applied science, technology, engineering and mathematics (STEM) subjects, and the other half, which would specialise in professional and academic courses like accounting, law, marketing, economics, and so on. By 2015, China's workforce included 154 million highly talented STEM workers; yes, a talented workforce that is nearly 10 times the size of the entire Zambian population. This was the extent of the Chinese resolve to reshape the attitudes of its workers through education, skills and talent discovery.

Zambia could learn plenty from China. This is not to suggest that we should necessarily focus on the STEMs the way China did or that we should all learn how to speak Chinese, but that we should be thoughtful, deliberate and calculated like China has been over the years. We should take time to continually do our introspection, seeking to understand who we are as a people and what moves us as a collective. We should decide on our version of development and chart the course for it, which we then diligently pursue.

This is but one of the many sets of ideas coming from the report that ZIPAR recently launched, on China-Africa Trade Developments and Impacts: Case of China-Zambia Relations. The full report can be downloaded at: www.zipar.org.zm

On HIV Testing for all

By Chama Bowa-Mundia

In August 2017, Government announced a new policy measure, notably mandatory universal routine HIV Testing, Counseling and Treatment (HTCT) as a step to ending HIV by 2030. Under this policy, general consent to medical treatment will give public and private health facilities mandate to test one for HIV (with opt-out option) under the Provider Initiated Counselling and Testing (PITC) model.

Over the years, however, diverse programmes have been implemented and remarkable achievements made in response to the 30 year HIV/AIDS epidemic the country has grappled with, albeit with low uptake of HIV testing initiatives. About 1.2 million people are estimated to be living with HIV in Zambia, but only 67% of these know their status. Partly because of this, the country records an average of 20,000 AIDS related deaths and 60,000 new infections per annum. The epidemic has had enormous socio-economic impact evidenced by reduced labour supply due to mortality and morbidity and at the household level, psycho-social trauma and increased healthcare and funeral spending.

As far back as 2008, global calls were made for a more pragmatic approach to contain the HIV/AIDS pandemic. To this effect, the joint United Nations Programme on HIV/AIDS (UNAIDS) and World Health Organisation (WHO) recommended the implementation of PITC or routine testing (where one has no symptoms but is screened mainly as a preventive measure) in all health facilities of countries with generalised HIV epidemics; countries where more than 1% of the population is HIV positive. In Sub-Saharan countries like Botswana, Uganda, and Rwanda as well as developed countries like the US, routine PITC has been implemented but requires verbal or written consent; although in certain instances general consent to medical treatment gives the doctor or hospital permission to test one for HIV. In Zambia, PITC implementation began in 2008 through the Prevention of Mother to Child Transmission (PMTCT) programme. The programme successfully reduced HIV transmission rate from mother to child from 24% in 2009 to less than 9% in 2014.

Notwithstanding human rights arguments against mandatory routine PITC that focus on the legal and constitutional implications of the policy, empirical evidence indicates that PITC increases both testing rates and life expectancy of infected individuals and reduces HIV transmission rates. But routine PITC is not without its limitations. Primarily, on the supply side, the integration of routine testing into medical services poses a sustainability challenge due to already existing resource constraints in financing, staffing, infrastructure and drugs. The 2015 USAID, PEPFAR and Health Policy Project (HPP) baseline analysis of HIV financing in Zambia, revealed that funding remains a major concern for Zambia's national HIV response. It estimates that the annual funding deficit will grow from US$132 million in 2016 to US$268 million in 2020. Therefore, the discrepancy between those in need of ARVs and those actually receiving treatment exists partly due to financing limitations and is likely to grow. Further, a study conducted at the UTH in 2015 reveals that inadequate staffing results in non-adherence to HIV testing procedures due to a high treatment burden. Limitations in infrastructure and space also compromise confidentiality and hinder privacy. Coupled with this, when testing is routine, the counseling approach prior to testing focuses on providing cursory information on HIV/AIDS and patients do not receive adequate information. This raises concerns about the effectiveness of routine PITC as an HIV-prevention approach.

On the demand side, limitations also exist. Firstly, a major limitation lies in socio-demographic disparities that hinder PITC uptake. Anecdotally, more women than men utilise outpatient healthcare services, indicating that strategies other than clinic-based programmes may be required to improve men's access to HIV preventive care and treatment. Additionally, there exists a culture of poor health services utilisa-

tion, sustained by high poverty levels and limited access to health facilities. Thirdly, health services utilisation may decline as people avoid utilisation of health facilities due to fear of being tested; empirical evidence indicates fear as one of the major reasons for low testing uptake. Lastly, according to a 2010 Randomised Control Trial (RCT) conducted in Zambia by USAID, individuals were four times more likely to use Voluntary Counselling and Testing (VCT) as a testing option than PITC.

In view of these issues, as Zambia makes efforts towards ending the HIV epidemic by 2030, the expansion of HIV testing is crucial. However, so is the need to fully address the supply and demand limitations that affect the uptake of HIV testing. Nevertheless, increasing access to testing is a necessary step but not a panacea in stemming the pandemic. It was the combination of programmes that aggregately reduced the level of new HIV infections by 41% from 77,500 in 2010 to 46,000 in 2016. Ultimately, HIV/AIDS is markedly a behaviour-induced epidemic. As such, the object of prevention lies in changing individual behaviour, which cannot be brought about by increasing access to HIV testing alone. Thus, a comprehensive approach to HIV/AIDS prevention, treatment, care, mitigation and support would be desirable.

ZIPAR hosts Chinese think tank

ZIPAR hosted a delegation from the Development Research Centre (DRC) of the State Council of the People's Republic of China on 21st August 2017. The five-man delegation led by Dr. Long Guoqiang, Vice President of the DRC visited ZIPAR to share key lessons and explore possible collaboration. The DRC is a research and consultancy institute established in 1980 under the Central Government.

Earlier, Minister of Local Government, Hon. Vincent Mwale, MP who was then acting Foreign Affairs Minister said he was happy that Dr. Long's delegation was scheduled to meet ZIPAR because there was a lot that Zambia could learn from China and that the interaction between the two think tanks would create synergies and relationships for learning.

ZIPAR Executive Director Dr. Pamela M. Nakamba-Kabaso shaking hands with the Chinese Ambassador H.E. Mr. Yang Youming as Dr. Long Guoqiang, Vice President of the Development Research Centre (DRC) of the State Council of People's Republic of China looks on.

Zambia must plan for deep-rooted reforms in education

African countries including Zambia should plan for deep-rooted reforms in education, skills development and talent discovery. This should be done by undertaking of comprehensive, systematic and time-bound reviews of their education, skills development and talent development.

This came to light during the Ministry of National Development Planning (MNDP) and ZIPAR policy consultative forum on the paper on China-Africa Trade Development and Impacts: Case of China-Zambia Relations. The study carried out by ZIPAR was part of the Exchange Programme between the Zambian Government and the People's Republic of China. It is one of the eight measures launched by the Chinese Government at the 4th Ministerial Conference of the Forum on China-Africa Cooperation (FOCAC).

Among other key policy recommendations in the report – which were accepted wholesome by the Minister of National Development Planning and amplified upon for the ministry's use in implementation – was that China and Africa should establish a common platform such as a Sino-Africa stock exchange through which investment vehicles, companies and project operators can be listed, and equity options offered.

From L-R: Mr. Matthew Ngulube, National Council for Construction, H.E. Mr. Yang Youming Chinese Ambassador, Hon. Ronald Chitotela, MP, Minister of Housing and Infrastructure Development, Hon. Lucky Mulusa, MP, Minister of National Development Planning, Dr. Roland Msiska, Secretary to Cabinet and Mr. Michael Nyirenda, Zambia Chamber of Commerce and Industry during a panel discussion on China-Zambia Trade Relations on 7 September 2017 at Taj Pamodzi Hotel in Lusaka.

In order to prevent a potentially divisive scramble for Chinese financial resources among African countries, FOCAC should establish pro-rata quota-based and performance-based mechanisms. The assessment can be used for determining the allocations (of at least some portion) of FOCAC financial resource to African countries.

The policy consultative forum attended by about 100 stakeholders was held on 7th September 2017 at the Taj Pamodzi Hotel. The event was graced by two Cabinet Ministers: Hon. Lucky Mulusa, MNDP and Hon. Ronald Chitotela, Ministry of Housing and Infrastructure. The Ministers participated in the panel discussion alongside the Dr. Roland Msiska, Secretary to the Cabinet, H.E. Yang Youming, Chinese Ambassador, Mr. Dominic Kabaye, Head of Business Development-Industrial Development Corporation and Mr. Michael Nyirenda, President of the Zambia Chamber of Commerce and Industry (ZACCI).

Motor vehicle dealers support call to cap the age of vehicles imported into Zambia

Dealers of both new and used motor vehicles have welcomed ZIPAR's policy recommendation to cap the age of vehicles imported into the country.

The dealers were speaking during a policy consultative forum on ZIPAR's fresh analysis on the Importation of Used Motor Vehicles and the Impact on Transportation in Zambia recently. ZIPAR's study found that the average age of motor vehicles imported into the country has increased from 17 years in 2014 to 18 years in 2017. Based on a forecast in the analysis, the average age of this category of vehicles could hit 20 years in 2019. This is expected to cause greater car maintenance and repair burden on Zambia. In addition, the proportion of motor vehicles losing their road worthiness status has risen from 4.5% in 2010 to 10.2% in 2016.

Speaking during the forum, Mr. Dino Bianchi from Toyota Zambia cautioned that instead of looking at it between who will gain a larger market share between old and new motor vehicle dealers, the cost on the country in terms of road safety should be at the fore. Mr. Bianchi called for the enforcement of pre-shipment testing of road fitness. He said recommendations by ZIPAR to limit the age of motor vehicles imported into the country, affordability and scrappage of older vehicles should be at the top of the Government agenda.

A representative from Gonow added that one viable way for the country to develop was through industrialisation and the establishment of assembly and manufacturing plants as recommended by ZIPAR should be a priority for the Government because such developments create both forward and backward linkages for the economy.

Ms. Hawa Diawaya from Grandway Investment expressed concern that placing a cap on the age of vehicles imported into the country would disadvantage most Zambians who cannot afford a new vehicle. In response, Mr. Sylvester Daka from Guardian Motors argued that promoting the consumption of new motor vehicles did not imply stopping consumers from getting second-hand vehicles. He said the only thing that would change is the source market. Instead of buying from abroad, consumers would access second-hand vehicles within the country. He said even developed countries like the USA had local second-hand motor vehicle markets.

In response to the debate, Mr. Nicholas Chikwenya from the Ministry of Transport and Communications (MTC) commended ZIPAR for the report and said while they may not implement some of ZIPAR's recommendations in the short term, plans were underway to improve the efficiency and reliability of public transport system and decongest Lusaka through introduction of a mass transit transport system.

ZIPAR Executive Director Dr. Pamela M. Nakamba-Kabaso with Research Fellow Mr. Zali Chikuba sharing notes with one of the Motor Vehicle Dealers during a Policy Engagement Forum on Importation of Used Motor Vehicles and the Impact on the Zambian Economy at Intercontinental Hotel in Lusaka recently.

ZIPAR engages Government on proposed framework for assessing performance

ZIPAR hosted a workshop on the Macroeconomic Performance Assessment Framework (MPAF) for Government Officials from 16-18 July, 2017 at Southern Sun Hotel in Lusaka.

Recently, ZIPAR established an MPAF to assess the health of the Zambian economy at a macroeconomic level on a quarterly basis. The MPAF will draw on routine management information systems from the Central Statistical Office (CSO), Ministry of Finance (MOF) and Bank of Zambia (BOZ). It will assess a number of macroeconomic variables, among them economic growth, poverty, employment, inflation, exchange rate, monetary and fiscal policy, foreign participation and aid support. The quarterly publications from these assessments will help to routinely inform the fiscal, monetary and planning authorities as well as line Ministry policy-makers and the general public about the influences of macroeconomic policies on economic outcomes and performance. The MPAF will offer an important second opinion and independent perspective on the macroeconomic health of Zambia.

The participants endorsed the MPAF and recommended that ZIPAR seek further endorsement of the tool from the Macroeconomic and Fiscal Policy working group at MOF. The participants included Dr. Remmy Kampamba, Assistant Director-Economic Modelling and Forecasting, MOF; Mr. Anthony Silungwe, Head of National Accounts, CSO; Mr. Chungu Kapembwa, Senior Researcher, Prices BOZ; Mr. Gerson Alick Banda, Senior Statistician, Labour Statistics, CSO; and Mr. Benjamin Shawa, Economist, MOF.

ZIPAR at the Climate Change Adaption Forum

ZIPAR participated in the Consultation Workshop with Key Stakeholders on Decision Making Tools for Climate Change Adaptation on 17th May 2017 at Protea Chisamba Lodge on the outskirts of Lusaka.

ZIPAR was represented by Chama Bowa-Mundia, Associate Researcher-Emerging Themes at the meeting organised by the Ministry of Agriculture who in collaboration with the Food and Agriculture Organisation (FAO) and the United Nations Development Programme (UNDP) are implementing a project focused on integrating the Agricultural Sector into National Adaptation Plans (NAP-Ag).

The NAP-Ag is a four year project that was launched in Zambia in 2016 but began in 2015. It is targeted at 11 countries: Columbia, Guatemala, Uruguay, Gambia, Kenya, Uganda, Zambia, Nepal, Philippines, Thailand and Vietnam. The programme aims to safeguard livelihoods, raise agricultural production and boost food security. In all target countries, agricultural sectors, including forestry and fisheries, have been identified as the most vulnerable to the effects of climate change and therefore critical in ensuring food security and reducing poverty.

The key stakeholders were introduced to how Value Chain Analysis (VCA) and Impact Evaluation (IE) tools could be used to improve decision making and adaptation results. The tools were presented to obtain feedback from stakeholders to help inform UNDP on stakeholder's views on whether the tools were beneficial.

The project is funded by Germany's Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) through its International Climate Initiative (ICI).

National Assembly adopts ZIPAR submissions

ZIPAR's analysis on various policy topics continued to form significant basis for Parliamentary debates. The Institute made about five submissions to the various Parliamentary Committees in the period December 2016 to February 2017. Of the five, the National Assembly adopted recommendations from three of the ZIPAR's submissions. They have written thanking ZIPAR for the valuable submissions that have formed part of their reports as follows:

Hon. S.K. Kakubo, MP for Kapiri Constituency reacting to ZIPAR's submission in January 2017 at National Assembly.

- ***Contribution of the Tourism Sector to Socio-Economic Development in Zambia*** to the Committee on Lands, Environment and Tourism was adopted as part of the Committee report for the First Session of the Twelfth National Assembly on 15th June 2017.

- ***Implementation of the Public Private Partnerships (PPPs) in Zambia*** to the Committee on Economic Affairs, Energy and Labour was adopted as part of the Committee's report for the First Session of the Twelfth National Assembly on 20th June 2017.

- ***Fiscal Decentralisation and the Budget Process in Zambia*** to the Committee of Supply on the Estimates of Revenue and Expenditure were adopted as part of the Committee's report for the First Session of the Twelfth National Assembly on 21st June 2017.

ZIPAR at UNUWIDER Events

ZIPAR participated in three UNUWIDER events in July 2017. Early July, ZIPAR took part in the SOUTHMOD tax-benefit micro-simulation modelling workshop on 4th July 2017 in Maputo, Mozambique. UNUWIDER also convened a WIDER Development Conference 'Public economics for development', 5-6 July 2017, as well as a seminar on the Finnish and Mozambican tax system which was part of the 100th anniversary of Finnish independence. This drew about 200 participants from all over the world.

During the SOUTHMOD workshop seven countries including Zambia made presentations on the status of their respective microsimulation models that they have been working on since the first quarter of 2016. Other countries that presented were Ecuador, Ethiopia, Ghana, Mozambique, Tanzania and Vietnam.

At the WIDER Development Conference, Prof Michael Keen from the IMF gave a key note address on "Thinking about tax administration". Additionally, four parallel seminars were held dealing with the SOUTHMOD tax-benefit simulation, state capacity, social protection and the local public sector and effectiveness.

ZIPAR hosts interns from Cornell University

ZIPAR hosted three interns from Cornell University, USA from June to August 2017. The trio namely Francine Barchette, Daniel Cheong and Siyu Dong were mentored and supervised by the Macroeconomic and Monetary Policy unit. They carried out studies on Large-Scale Agriculture-Related Programmes in Zambia, Copper-based Industrialisation: Adding Value Where it Matters and Food Security in Zambia and Chinese Participation in Agricultural Cooperation in Zambia.
The trio described their experience at ZIPAR as unique.

Francine Barchette

"Since I'm extremely interested in agriculture and international policy, my internship at ZIPAR has been a perfect fit! I have had the unique opportunity to apply my classroom knowledge of sustainable agriculture and international development to my research on Zambia's agricultural programmes. It's also amazing to work under the mentorship of the Macroeconomics and Monetary Policy Unit, whose expertise and insights have inspired my project's development. And one of my absolute favourite things here is ZIPAR's strong connections with the Government, which makes evidence-based research and analysis so effective".

Daniel Cheong

"Whilst at ZIPAR this summer, I worked on a project titled "Copper-Based Industrialisation: Adding Value Where It Matters". The driving force behind this policy paper was to understand Zambia's current and contextual position in the global copper value chain, and in so doing, evaluate industrialisation opportunities for the domestic copper industry. I am grateful to have had support and advice from all staff at ZIPAR, and especially from Thulani Banda and Caesar Cheelo in the Macroeconomics Unit. This past couple of weeks has been very fruitful indeed, with much learnt and gained through research, casual interactions with colleagues, and formal interviews. Hopefully, some of the results and proposals will be useful in influencing relevant Government stakeholders, or at least enhance the debate surrounding the industrialisation policy".

Dong Siyu

"This is my first internship and it has been amazing so far. Working in ZIPAR extends my expectations of the internship. Before I started, I thought I might be stressed out by challenges every day, quite the opposite; I have always been learning and making progress by doing agro-economic research devotionally in a friendly environment. Helping researchers through ZIPAR's rich connections, giving everyone equal access to knowledge, encouraging free speech and comments and promoting inter-departmental communications to improve cooperation and efficiency are organisational culture values embraced by ZIPAR. Within an organisation like ZIPAR, I am always motivated by people's professionalism while enjoying the comfortable working environment filled with laughter and the friendly smiles. Thank you ZIPAR for giving me an amazing internship experience!"

ZIPAR Senior Research Fellow Mr. Caesar Cheelo presenting a "Peoples" Version of Zambia Plus to Community Coordinators during a seminar on 19 October 2017 at Taj Pamodzi Hotel in Lusaka.

ZIPAR presents a 'Peoples' version of "Zambia Plus" to Community Coordinators

ZIPAR on 19 October 2017 held a seminar for Community Coordinators from Civil Society Organisations (CSOs) and Church Mother Bodies at Pamodzi Hotel in Lusaka to present a 'Peoples' version of the recently launched Economic Stabilisation and Growth Programme (ESGP) dubbed "Zambia Plus"

ZIPAR simplified the contents of the document to make it accessible to ordinary Zambians with a view to raise awareness among the grassroots and empower local communities to take up civic duties and take an interest in the programme. The seminar also aimed at enhancing the knowledge levels on the ESGP to enable Community Actors to engage the local leadership on their responsibility to foster development through the ESGP and the 7NDP.

Speaking after the seminar: Mr. Tawen Musa of Save a Dream said: "The gesture by ZIPAR to simplify the Zambia Plus is excellent and commendable. How can we take part in something we do not understand or even know about? Didn't you see how we reacted when asked about Zambia Plus? We were blank."

Mrs. Agness Mumba of Caritas Lusaka said: "This seminar was an eye opener to us who work with the grassroots and enhanced our understanding of economic issues in our country. Next time bring the Ministry of Finance to the seminar so that they can share more insights on happenings in our economy".

The participants were drawn from community networks under the Civil Society for Poverty Reduction (CSPR), Caritas Zambia, Council of Churches in Zambia and the Catholic Commission for Justice and Peace (CCJP).

The gesture by ZIPAR to simplify the Zambia Plus is excellent and commendable. How can we take part in something we do not understand or even know about?...

Journalists urged to strengthen reporting skills

ZIPAR Executive Director Dr. Pamela M. Nakamba-Kabaso addressing the Master Class for Business Journalists at Twangale Park in Lusaka

ZIPAR Executive Director Dr. Pamela Nakamba-Kabaso urged Journalists to study issues and make follow-ups on pronouncements in National Budgets instead of only basing news reports on what he or she said.

Dr. Kabaso said this during the Annual Joint Master Class Training for 25 Business Reporters from 25-28 September 2017 at Twangale Park in Lusaka. The training was jointly hosted by ZIPAR, the Financial Sector Deepening Zambia (FSDZ) and the Patents and Companies Registration Agency (PACRA).

She urged the Journalists to strengthen their skills to effectively interpret and inform the public on the National Budget which she said was an important tool with a lot of pronouncements some of which need breaking down for the ordinary citizens to understand.

The media training held ahead of the 2018 National Budget presentation on 29 September 2017 among other issues imparted skills on how to review the previous budget objectives and gauge if budget execution is on track. The ZIPAR Researchers also presented the budget outlook for 2018 and gave basic skills to Journalists to analyse the 2018 budget and see whether it fits macroeconomic objectives set out in the Medium Term Expenditure Framework 2018-2020.

Another significant topic which ZIPAR presented during the course was based on the Seventh National Development Plan where Journalists were capacitated to ask national leaders good questions on how the 2018 National budget will begin to realise the aspirations of the 7NDP.

Bernard Tembo, Visiting Research Associate

Bernard is a Visiting Researcher from University College London (UCL). He has an engineering and economics background. Since 2008, he has been researching and working in Zambia's energy sector. He worked at Kobil Limited as a Commercial Sales Engineer before he went to pursue his Masters in Energy at University of Cape Town (UCT). Thereafter, he went to UCL to read for his PhD in Energy and Economics (focusing on Zambia's copper industry). During his time at UCT, he was a Teaching Assistant on an Engineering programme and at UCL, he was the Lead Post-Graduate Teaching Assistant (PGTA) for the Advanced Energy-Environment-Economy Modelling course. Some of the private consultancies he has worked on analysed the impacts that the Paris Agreement (climate change agreement) would have on revenue flows in Africa's new oil producing countries, and the potential of natural gas commercialisation in Zambia. He is avid supporter of Open Source Software, and a proficient user of R and Python.

New Staff

Nakubyana Mungomba - Research Fellow, Transport and Infrastructure Development

Nakubyana Mungomba joined ZIPAR in May 2017. She holds a Master of Economics degree from the University of Western Australia and a Bachelor of Computer and Mathematical Sciences, with double major in Economics and Applied Statistics, from the same university. Nakubyana worked at the African Development Bank in the Human Development Department before being accepted to the Overseas Development Institute (ODI) Fellowship program. As an ODI Fellow, Nakubyana worked at the Central Bank of Solomon Islands as a Senior Research Analyst and then stayed on in the Solomon Islands working at the Ministry of Finance as an Australian government funded Interim Policy Adviser. She brings to ZIPAR international development experience in addition to her research and policy experience.

Chama Bowa-Mundia - Associate Researcher – Emerging Themes

Chama Bowa-Mundia is also a new addition to the ZIPAR Research team after joining the team in June 2017. Earlier, she saved as a Personal Assistant to the Executive Director from April 2015 to May 2017. Chama holds a Bachelor of Arts degree in Development Studies with distinction from the Zambia Catholic University (ZCU), a Master of Public Relations and Communications form Cavendish University and a Certificate in Project Management. She is a career changer coming from a four year stint in office administration and has in the past worked for the Copperbelt Energy Corporation (CEC), Sport in Action (SIA), the Jesuit Centre for Theological Reflection (JCTR), Caritas Zambia and Cavendish University (CU). It was her interest in development, new ideas and expression that propelled her to move from her career as an administrator working with top executives to research. She brings to the ZIPAR research team a multi-disciplinary approach to socio-economic development, communication expertise for multiple audiences as well as apt project management and administration skills.

Sinonge Masiliso – Business Development Manager

Sinonge Masiliso joined ZIPAR in May 2017. He holds a Master of Science degree in Public Finance from the Livingstone International University of Tourism and Business Management and a Bachelor's degree in Business Administration Majoring in Finance (BBA – Finance). He is an Affiliate member of the Zambia Institute for Banking and Financial Services (ZIBFS) and currently pursuing Chartered Institute of Management Accountants (CIMA) at Operations Level. Sinonge previously worked for CMI Solutions Chartered Accountants as a Business Consultant undertaking most of the organisation's business development activities. Sinonge brings to ZIPAR wealth of experience in Customer Relationship Management, Product Development and Sales planning.

Nebat Choko - Human Resource Officer

Nebat Choko joined ZIPAR in June 2017. He started practicing Human Resources Management in March, 2008. Nebat has worked with various organisations including Afrisec Management Zambia as a Human Resources Coordinator, Varun Beverages (Z) Ltd as Senior Human Resource and Industrial Relations Officer, Teichmann Plant Zambia - Kansanshi Mining Site in Solwezi as Human Resources Officer, Camland Construction Limited as Human Resource and Administrations Officer, CARE International-Zambia as Human Resource Intern and Minds Solutions Limited-a certified Human Resource and Immigration Consultancy Firm as Human Resources Officer. He holds a Diploma in Human Resources Management from Evelyn Hone College and is a candidate for Bachelors of Science in Human Resources Management at the University of Lusaka. He brings to ZIPAR blended expertise in human resource management.

Jean N. Tembo - Personal Assistant Executive Director

Jean Tembo joined ZIPAR in June 2016 as temporary Personal Assistant to the Executive Director. During the six month, Jean also had a stint in the Knowledge Management Unit bringing to the table her event management skills. She was offered the position of Personal Assistant to the Executive Director in June 2017 after the incumbent moved to the position of Associate Researcher – Emerging Themes. Jean has served in many portfolios at the then Lusaka Stock Exchange Ltd now known as Lusaka Securities Exchange PLC and these included; Secretarial, Web Manager, Trader, Trading and Surveillance Supervisor and Business Development Officer. Prior to LuSE, she worked as a Secretary for the Zambia Coffee Growers' Association. Jean holds a Bachelor's Degree in Business Administration from the Management College of South Africa; Executive Support Certificate from University of Cape Town; Event Management Certificate from University of Cape Town and a Shorthand Typist Certificate.

Photo Focus

MPS of the Expanded Committee on Estimates listening to ZIPAR Submission on the Analysis of the 2018 National Budget at National Assembly on 9 October 2017. On the right ZIPAR Executive Director Dr. Pamela M. Nakamba-Kabaso flanked by Researchers presenting to the MPs.

First Lady Madam Esther Lungu (in greyish hat) visiting the ZIPAR stand during the 91st Agricultural and Commercial Show on 3 August 2017 in Lusaka.

ZIPAR Senior Research Fellow Mr. Caesar Cheelo sharing a light moment with Business Reporters during the Joint Annual Master Class Training on Economic Literacy and Financial Inclusion from 25-28 September, Twangale Park Lusaka.

Public Policy Specialist at Cabinet, Mr. Emmanuel Mali (in red tie) discussing with Mirriam Nkhungulu from the Ministry of National Development Planning during the Policy Forum on ZIPAR's Sugar to Confectionery Value Chain and the Soaps, Detergents and Cosmetics Value Chain studies at Taj Pamodzi Hotel in Lusaka on 27July 2017.

Cornnel University Intern Daniel Cheong making a presentation on the "Copper-Based Industrialization: Adding Value where it Matters" study during a Knowledge Sharing In-House Seminar at ZIPAR on 20 July 2017

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