



MID-YEAR

EVALUATION OF SOCIAL SECTOR SPENDING AMID

DROUGHT AND CHOLERA

CHALLENGES

THEME : NAVIGATING THROUGH THE
IMPACT OF DROUGHT AND CHOLERA

EXECUTIVE SUMMARY



Over the past decade, Zambia has faced significant challenges that have been severely impacted its socio-economic landscape. The deteriorating macroeconomic conditions, exacerbated by the COVID-19 pandemic, led to a contraction in GDP and a sharp rise in inflation. In order to restore macro and fiscal stability, the Government, with support from international partners like the World Bank and the IMF, embarked on bold macro-fiscal and structural reforms aimed at restoring fiscal and debt sustainability in 2022. The efforts began to show promise, as the primary fiscal balance returned to a surplus of 0.8 percent of GDP in 2022 and 0.6 percent of GDP in 2023. Therefore, in 2024, real GDP growth was projected to grow at 4.7 percent in 2024, with inflation expected to reduce toward the 6-8 percent range. However, the severe 2023/24 drought—the worst in years—has drastically revised growth forecasts downward to 2.3 percent.

The drought, coupled with a devastating cholera outbreak, has severely impacted Zambia's economic productivity, particularly in agriculture and energy sectors, leading to widespread food insecurity, reduced incomes, and increased poverty. This drought has affected around 9.8 million people, nearly half of the country's population, with 6 million people needing immediate assistance. In addition, around 2 million people are food insecure, with 40,000 in urgent need of food relief. The drought has had a devastating impact on agricultural production, particularly maize, Zambia's staple food. Over 1 million hectares of the estimated 2.2 million hectares of maize fields planted have been damaged, significantly threatening food security. In addition, the drought has come at time when Zambia has just recovered from a cholera outbreak, which was particularly devastating, leading to approximately 700 deaths out of 20,577 reported cases by 1st March 2024.

The drought has had a telling impact on the fiscal performance, due to reduced business activity. The fiscal performance in the first half of 2024 was characterized by revenue collections and expenditures that reflected the challenging economic environment. Total revenue and grants amounted to K74.8 billion, slightly below the projected K75.8 billion, with a shortfall of 1.4%. This was primarily driven by a significant underperformance in income taxes, particularly from the mining sector, which faced declining copper ore grades and increased operational costs due to the drought. On the expenditure side, total government spending, including amortization, was K88.8 billion, just below the targeted K89.9 billion, resulting in a shortfall of 1.1%. Despite these challenges, the government maintained its focus on debt servicing and social protection programs, though there were concerns about the adequacy and timeliness of budgetary allocations, especially in response to the drought and cholera outbreak. In response to these crises, the Zambian government announced a supplementary budget of K41.9 billion for 2024, with a significant portion allocated to social protection programs aimed at supporting 2.5 million households

affected by the drought. Despite these efforts, the government's ability to mobilize resources has been constrained by revenue shortfalls and increased expenditure pressures, including high debt service obligations.

The scale of the 2023/24 drought and cholera outbreak prompted significant international support, underscoring the global community's commitment to assist Zambia in overcoming these crises. Key international organizations, including the World Bank, IMF, United Nations, and various NGOs, provided crucial financial and technical assistance. The World Bank allocated \$208 million to provide emergency cash assistance to households affected by the drought, while the IMF increased its financial support to Zambia under the Extended Credit Facility, recognizing the urgent need for resources to address both the economic impacts of the drought and the cholera outbreak. Additionally, the United Nations launched a Drought Flash Appeal, mobilizing resources for water development, food security, and health interventions across the most affected regions. Humanitarian aid from various countries and international NGOs also played a vital role in providing immediate relief, including the distribution of food, medical supplies, and WASH services. This international collaboration has been instrumental in mitigating the worst effects of the crises and supporting Zambia's recovery efforts.

In view of the above analysis, this paper provides policy recommendations:

- i. **Enhance Climate Resilience and Agricultural Productivity:** Invest in long-term infrastructure projects such as dam construction and irrigation systems to mitigate the impact of recurring droughts. Equip farmers with modern farming techniques and drought-resistant crop varieties to boost agricultural productivity and food security. Implement comprehensive climate adaptation strategies, including robust early warning systems and community resilience programs to reduce the vulnerability of rural populations.
- ii. **Strengthen Health and Sanitation Infrastructure:** Prioritize the improvement of Water, Sanitation, and Hygiene (WASH) infrastructure, particularly in known cholera hotspots. Ensure the timely and adequate distribution of resources to maintain high standards of sanitation and access to clean water. Scale up health education and vaccination campaigns to prevent the spread of cholera and other waterborne diseases. Strengthen healthcare systems by investing in medical supplies, training healthcare workers, and improving healthcare facilities.
- iii. **Expand Social Protection and Support Programs:** Increase the coverage and value of social protection programs such as the Social Cash Transfer (SCT) and Emergency Social Cash Transfer (ECT) to support vulnerable households affected by economic shocks and natural disasters. Ensure that these programs

are well-funded and effectively implemented. Implement targeted interventions to address the specific needs of vulnerable groups, including women, children, and persons with disabilities.

- iv. Foster Multisectoral and International Collaboration:** Strengthen coordination among government agencies, NGOs, and international partners to create comprehensive and integrated responses to emergencies. Leverage international financial support, including climate financing, green bonds, and public-private partnerships, to supplement domestic efforts in addressing climate-related and health emergencies.

- v. Improve Economic Diversification and Fiscal Management:** Diversify the economy by promoting sectors beyond agriculture and mining, such as manufacturing, tourism, and renewable energy. This will create more employment opportunities and reduce dependency on a few economic sectors. Strengthen fiscal management by enhancing revenue collection mechanisms, reducing fiscal deficits, and ensuring efficient allocation of resources, particularly in critical areas like health, education, and social protection.

These strategic investments and policy interventions are crucial to building a more resilient and inclusive socio-economic environment in Zambia, ensuring that the country is better equipped to handle future crises while promoting sustainable development and inclusive growth.

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1. INTRODUCTION



Over the past decade, Zambia has experienced deteriorating macroeconomic fundamentals, dampening its growth prospects. The COVID-19 pandemic worsened these challenges, with real Gross Domestic Product (GDP) contracting from 1.4 percent in 2019 to -2.8 percent in 2020, and inflation spiking to 27.6 percent in 2021. Fiscal difficulties, driven by unsustainable debt levels, further strained the economy, leading Zambia to become the first country to default on its debt post-pandemic. In response, the Government, supported by the World Bank's development policy financing and an International Monetary Fund (IMF) Extended Credit Facility (ECF), embarked on bold macro-fiscal and structural reforms aimed at restoring fiscal and debt sustainability. Key measures included ending fuel subsidies, streamlining agricultural spending and halting non-performing investments. These efforts helped return the primary fiscal balance to a surplus of 0.8 percent of GDP in 2022 and 0.6 percent of GDP in 2023. Therefore, in 2024, real GDP growth was projected to grow at 4.7 percent in 2024, with inflation expected to reduce toward the 6-8 percent range. However, due to the severe 2023/24 drought, the worst in years, growth forecasts have been revised downward to 2.3 percent.

Slower economic growth is likely to exacerbate already worsening living conditions for Zambia's most vulnerable populations. Poverty levels have risen from 54.4 percent in 2015 to 60 percent in 2022, driven by eroded incomes, increased cost of living, and job losses due to the COVID-19 pandemic. The situation is particularly dire in rural areas, where 79 percent of the population live below the poverty line and poverty incidence is 2.5 times higher than in urban areas.¹ Zambia's vulnerability to climate change further intensifies these challenges, as the country ranks among the most susceptible and least resilient to climate-related shocks². Frequent and severe climate shocks, such as droughts and floods, have significantly impacted agriculture, the primary livelihood for over 60 percent of the population, leading to reduced crop yields, decreased incomes, and food shortages. Climate change-induced floods and droughts have cost Zambia an estimated US\$13 billion over the past 30 years, resulting in a 0.4 percent annual economic growth loss³. The severe cholera outbreak early in 2024, coupled with the 2023/24 drought affecting agriculture, food production, electricity generation, and water availability, is expected to further impede growth.

¹ <https://www.worldbank.org/en/country/zambia/overview#:~:text=Zambia%20ranks%20among%20the%20countries,creation%20and%20declining%20labor%20earnings.>

² Zambia ranks 41 out of the 182 countries according to the Notre Dame Global Adaptation Initiative Index

³ <https://www.worldbank.org/en/news/press-release/2013/04/25/world-bank-supports-zambia-8217-s-efforts-to-develop-and-manage-its-water-r-sources#:~:text=Floods%20and%20droughts%20over%20the,that%20disproportionately%20impacts%20the%20poor.>

In response to the macroeconomic challenges worsened by the 2023/24 drought, the Government unveiled a supplementary budget to mitigate its impact. On June 21, 2024, the Minister of Finance and National Planning announced a K41.9 billion supplementary budget for 2024 to address the severe social and economic impact of the 2023/24 drought, which caused massive crop failures, threatening national food security and affecting over 9.8 million of the population. This budget includes K5.2 billion earmarked for recovery assistance under the social protection programmes. This allocation is intended to support 2.5 million households which include 1.3 million existing beneficiaries and an additional 1.2 million households severely affected by the drought. The Government's response includes scaling up and expanding the Social Cash Transfer (SCT) programme and introducing new initiatives such as the Cash-for-work program, both designed to reduce vulnerability and protect the poor and vulnerable amidst the crisis.

The unveiling of the K41.9 billion supplementary budget demonstrates the Government's commitment to addressing the severe impacts of the 2023/24 drought. This supplementary budget, designed to provide immediate relief and stabilise the economy, serves as a critical indicator of the National Budget's responsiveness and flexibility. This paper evaluates the performance of the 2024 National Budget in the first half of the year, highlighting the effectiveness of budget allocations to mitigate the impact of the drought. By analysing the allocation and utilisation of resources in the first half of the year, the paper aims to determine whether the budget was adequate in protecting vulnerable populations. The paper also takes the broader view of Zambia's preparedness to respond to crises, examining the legal and institutional frameworks that underpin emergency responses and the financing mechanisms available to support these efforts. Additionally, it draws on two case studies that highlight the experience of selected countries in managing similar crises, offering comparative insights into effective crisis response strategies.



Cholera

Comment se protéger

On peut se protéger contre le choléra en respectant les hygiène suivantes



BIEN LAVER
LÉGUMES ET
AVEC DE L'EAU

LAVER CORRECTEMENT LES MAINS AVEC
DE L'EAU PROPRE ET DU SAVON OU DE
LA CENDRE AUX MOMENTS CI-APRÈS

- 1. Avant de préparer les aliments
- 2. Avant de manger
- 3. Après avoir été aux toilettes
- 4. Avant d'allaiter et après avoir changé les couches d'un bébé.

UTILISER
LES LATRINES
NE PAS DÉFÉQUER
DANS LA NATURE



...ents et
...rie d'un malade
...e une solution de
...lore (0,5%) ou en
...s plongeant dans
...e eau bouillante

STOP CHOLERA
Faisons-nous vacciner

2. UNPACKING THE DUAL CRISES



2.1 OVERVIEW

Zambia has faced recurring droughts and cholera outbreaks, both of which have profoundly affected the country's socio-economic fabric. The 2023/24 drought, regarded as the most severe in the nation's history, has had far-reaching impacts on the livelihoods of countless Zambians. This crisis was compounded by one of the most devastating cholera outbreaks in recent memory, occurring simultaneously with the drought. These twin crises have not only exacerbated existing macroeconomic challenges but have also severely dampened Zambia's growth prospects. This section delves into these crises, providing an overview of their historical context, analyzing their impact on the Zambian economy, and examining the broader consequences for the well-being of its citizens.

2.2 IMPACT OF EMERGENCIES ON AFFECTED POPULATION

Zambia has a history of recurring droughts that have significantly impacted its socio-economic landscape.

Major droughts were recorded in the 1987/88, 1991/92, 1994/95, 1997/98, 2001/02, 2004/05, 2011/12, 2015/16, and 2018/2019 and recently in the 2022/2023 seasons.⁴ This pattern suggests that Zambia experiences drought conditions approximately every 4 to 5 years. The recurring nature of these droughts presents an opportunity for proactive adaptation strategies, particularly in key sectors like agriculture and energy. Investments in dam construction, irrigation systems for farmers, and a transition towards renewable energy sources could significantly mitigate the impacts of droughts. However, the consistent lack of preparedness suggests that these opportunities for adaptation are not being fully leveraged, leaving Zambia vulnerable to the socio-economic shocks brought on by droughts.

⁴ Southern Africa Drought Resilience Initiative (SADRI), 2021. Drought Resilience Profiles- Zambia. [online] Available at: https://knowledge4policy.ec.europa.eu/publication/drought-resilience-profiles-zambia_en [Accessed 29 July 2024].

Zambia is currently grappling with the severe socio-economic impacts of the 2023/24 drought, which has been described as the most extreme in the country's history. On 29th February, 2024, the President of the Republic of Zambia declared a national emergency in response to the crisis. This drought has affected around 9.8 million people, nearly half of the country's population, with 6 million people needing immediate assistance. In addition, around 2 million people are food insecure, with 40,000 in urgent need of food relief. The drought has had a devastating impact on agricultural production, particularly maize, Zambia's staple food. Over 1 million hectares of the estimated 2.2 million hectares of maize fields planted have been damaged, significantly threatening food security. The drought has affected 7 out of the 10 provinces, with North-Western, Western, Southern, Lusaka and Eastern provinces being hardest hit. The widespread effects of this drought underscore the urgent need for effective crisis management and long-term strategies to mitigate the impacts of such severe events in the future.

The drought's impact on Zambia extends beyond food insecurity, posing serious threats to various human development indicators, including poverty and inequality. The reduced crop yields have not only led to widespread food shortages but also to significant income losses, deepening poverty and exacerbating inequalities in already vulnerable communities. For example, the agriculture sector is largely dominated by informal farmers approximately 90.2 percent⁵, who are largely domiciled in rural areas and heavily depend on farming for their income. A recent United Nations Children's Fund (UNICEF) assessment revealed that by May 2024, typically the usual harvest season, more than half of the households in six of the seven drought-affected provinces were already experiencing moderate to severe hunger. The report also highlights an increased risk of malnutrition among children, with an estimated 51,948 children under the age of five at risk of severe wasting without immediate intervention. These conditions are likely to increase school dropouts due to hunger, further compounding the adverse effects on human development and perpetuating the cycle of poverty.

The drought has likely exacerbated existing disparities in unpaid care, domestic and communal work for women and girls in Zambia, reflecting trends observed in other regions. A report by United Nations (UN) Women highlights that during droughts, women and girls often bear a disproportionate burden⁶ due to their roles in household management and caregiving. They are typically required to travel longer distances to collect water and cooking fuel, increasing their workload and exposing them to potential harm. While this specific evidence is drawn from broader studies, it is plausible to infer that similar challenges are being faced by women and girls

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⁶ Aguilar, L., Qayum, S., and Kraft, C., 2023. The Climate-Care Nexus: Addressing the Linkages Between Climate Change and Women's and Girls' Unpaid Care, Domestic and Communal Work. UN Women.

in Zambia. This situation could worsen existing gender inequalities, as women and girls spend more time and effort in unpaid care and domestic work, which also increases family tensions and can escalate gender-based violence. Additionally, persons with disabilities, who often rely on community and familial support, may face further marginalisation as resources become more constrained during crises.

The impacts of the drought extend beyond immediate effects on livelihoods, significantly affecting key economic sectors, particularly energy.

Zambia's electricity generation is heavily reliant on hydropower, with 85 percent of electricity produced from water. As a result, the drought has led to a substantial reduction in hydroelectric generation, causing prolonged power outages, commonly known as loadshedding. According to the Assessment Capacities Project (ACAPS), Zambia's energy deficit is projected to reach 450MW, potentially exceeding 500MW in 2024 due to the drought⁷. By May 2024, the average available generation was around 900MW significantly below the average demand of 2,400MW, resulting in a deficit of 1,500MW.⁸ This reduction in hydropower output has led to power cuts of more than 12 hours per day, severely impacting the incomes of many small businesses and the informal sector, which rely on consistent power supply. The increased reliance on wood and diesel fuels to compensate for the electricity shortfall has driven up production costs and the prices of essential commodities, worsening the vulnerability of a population already grappling with poverty levels of around 60 percent.

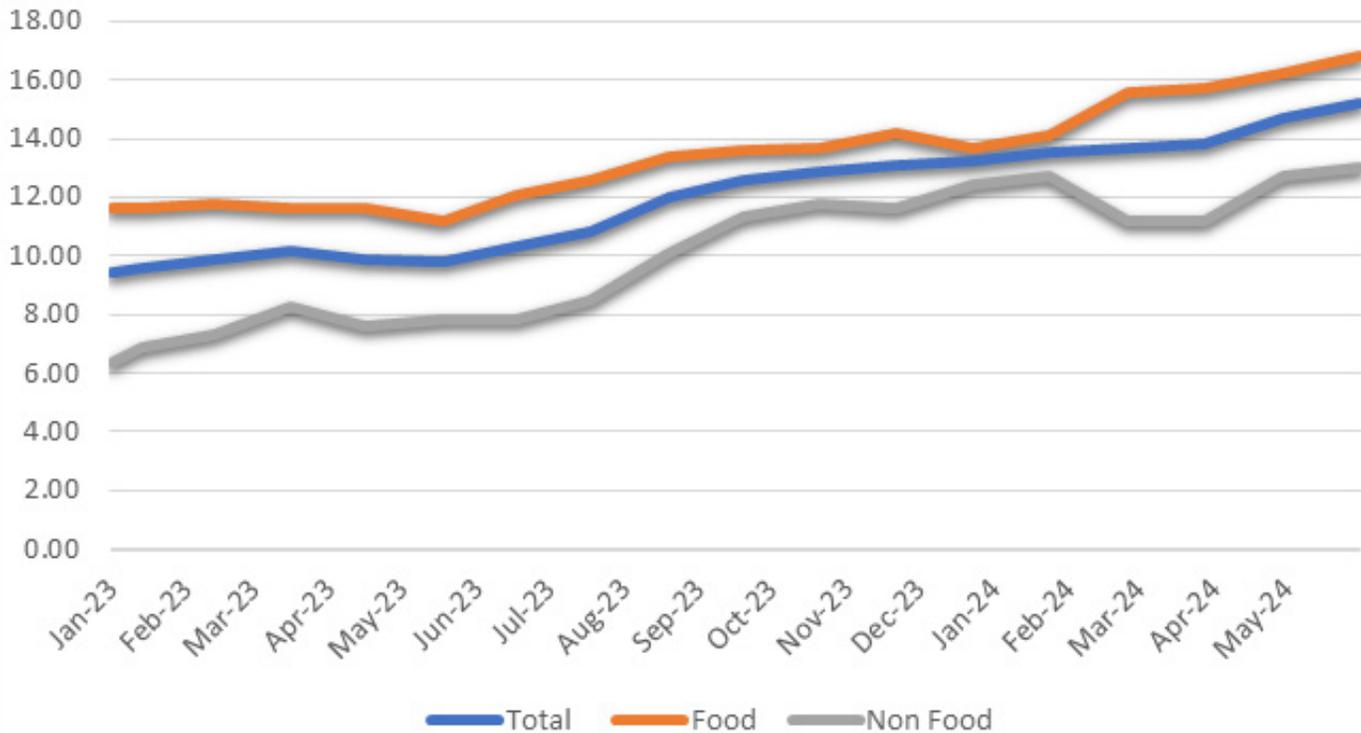
The combined impact of the drought on Zambia's agriculture and energy sectors has significantly driven up inflation, raising the cost of living and further straining the incomes of the poor and vulnerable.

Severe crop failure has pushed food prices up, forcing the country to increase costly imports. As a result, annual inflation rose from 13.2 percent in January 2024 to 15.2 percent by June 2024, with food and non-food prices contributing to this increase (see Figure 1). The increase in inflation and consequently the cost of living, disproportionately affects the 60 percent of Zambians living below the poverty line, particularly the 48 percent who are categorized as extremely poor. The rising cost of food forces these households to allocate more of their limited income to food, reducing their capacity to afford essentials like healthcare and education. Female-headed and rural households, already experiencing higher poverty rates of 63.4 percent and 78.8 percent respectively, face exacerbated food insecurity and economic hardship.

⁷ ACAPS, 2024. Briefing Note: Drought in Zambia, 15 March 2024. Available at: <https://www.acaps.org> [Accessed 29 July 2024].

⁸ <https://www.moe.gov.zm/wp-content/uploads/2024/06/PRESS-STATEMENT-ON-THE-ELECTRICITY-SITUATION-IN-ZAMBIA-AT-GOVERNMENT-COMPLEX-12.06.2024.pdf>.

Figure 2-1: Inflation Trends, Jan 2023 - June 2024



Source: Constructed using data from ZAMSTATS Statistical Bulletins

2.3. THE SOCIO-ECONOMIC IMPACT OF THE CHOLERA OUTBREAK

The 2023/24 drought compounded Zambia's struggle with the most severe cholera outbreak – a public health challenge that has plagued the country for decades. Since the first reported case in 1977, Zambia has experienced more than 32 cholera outbreaks, varying in magnitude from 14 to 13,500 cases, with Case Fatality Rates (CFR) ranging between 0.5 percent and 9.3 percent. The most recent and severe outbreak occurring between October 2023 and March 2024, was particularly devastating, leading to approximately 700 deaths out of 20,577 reported cases by 1st March 2024. The recurrence of outbreaks has been associated with poor sanitary conditions in known hot spot areas, largely due to inadequate Water, Sanitation and Hygiene (WASH) infrastructure. These hot spots are typically located in peri-urban areas of the densely populated Lusaka, Central, and Copperbelt provinces, as well as in fishing camps in rural areas. This situation is further exacerbated by climate change effects, including frequent droughts and flash floods, which contribute to water shortages and, in some cases, damage sewerage systems, creating ideal conditions for the spread of the disease.

The cholera outbreak had profound social and economic impacts, affecting all ten provinces of Zambia leading to widespread social and economic disruptions. Not only did the outbreak record a high CFR,

but it also disrupted the school calendar as the Government postponed the start of the school year to prevent mass gatherings that could heighten the spread of the disease. This interruption in the school calendar had consequences for children’s education and wellbeing. The epidemic not only disrupted children’s schooling but had a devastating impact on their lives. Recent statistics show that children under 15 years constituted 48 percent of total cases, with those under five years old accounting for 32 percent⁹. Moreover, attached to the above social and health disruptions, is the economic implications of Cholera, such as the diversion of essential funds from other productive activities to emergency health responses.

2.4. SUMMARY

Zambia is currently grappling with the severe socio-economic impacts of two crises: the 2023/24 drought and a devastating cholera outbreak. The drought, the most severe in the nation’s history, has ravaged the agricultural sector, disrupted energy production, and driven up inflation, exacerbating the hardships faced by the country, particularly vulnerable groups of the population. Simultaneously, the cholera outbreak compounded these challenges, leading to widespread health and social disruptions, particularly among children.

⁹ <https://www.unicef.org/media/152311/file/Zambia-2023-COAR.pdf>



3. MID-YEAR FISCAL PERFORMANCE IN THE WAKE OF THE DROUGHT



3.1. OVERVIEW

As Zambia grapples with the effects of the dual crises of a severe drought and a devastating cholera outbreak in the first half of 2024, the effectiveness of the national budget in addressing these challenges has come under scrutiny. This section evaluates the performance of the 2024 national budget during this critical period, examining how well it responded to the urgent needs brought about by these crises. By analysing the allocation and execution of funds, particularly in sectors most affected by the drought and cholera outbreak, we aim to assess the budget's adequacy in mitigating the socio-economic impacts and supporting the country's recovery efforts.

3.2. ANALYSIS OF REVENUE PERFORMANCE IN THE CONTEXT OF THE 2024 DROUGHT

In the first half of 2024 collections of revenue and grants fell slightly short of expectations, with actual collections totalling K74.8 billion against a planned K75.8 billion, resulting in an under collection of 1.4 percent (see Table 1). Income taxes were the primary contributor to the revenue shortfall, with collections amounting to K28.4 billion, falling 14.4 percent below the projected target of K33.1 billion. Reduced profitability in the mining sector, driven by declining copper ore grades and increased operational costs due to drought-induced energy supply challenges, led to lower-than-expected corporate income tax (CIT) collections. Conversely, Value Added Tax (VAT) performance was strong in the first half of 2024 exceeding projections by 11.7 percent. While domestic VAT collections fell short by 18.3 percent due to nonpayment by major contributors and increased refunds to two mining companies, import VAT collections outperformed expectations by 27.8 percent, driven by higher imports of petroleum products and machinery.

Non-tax revenues provided some relief adding significantly to total revenues, largely driven by mineral royalties. Non-tax revenue collections amounted to K17.4 billion, exceeding the projected K15.6 billion by 11.6 percent. This positive outturn was primarily driven by higher-than-planned collections from on-lending and dividends, which were 100 percent above target, and mineral royalties which exceeded projections by 2.5 percent above target. However, this strong performance was somewhat offset by underperformance in user fees, fines, charges and grants, which together contributed K3.9 billion, falling short of the K4.4 billion target.

Table 3-1: Revenues and Grants, H1: 2024

	H1: Projected	H1: Actual	H1: Variance	% of GDP
TOTAL REVENUE AND GRANTS	75,806.42	74,772.74	-1.4%	11.7%
TOTAL REVENUE	74,217.74	73,276.43	-1.3%	11.4%
Tax Revenue	58,593.12	55,841.19	-4.7%	8.7%
Income Taxes	33,166.60	28,377.06	-14.4%	4.4%
Company Tax	15,255.17	9,310.40	-39.0%	1.5%
VAT	17,207.92	19,214.57	11.7%	3.0%
Non-Tax Revenue	15,624.62	17,435.24	11.6%	2.7%
Total User fees, fines and Charges	4,370.34	3,919.82	-10.3%	0.6%
o/w fees and fines , charges and GAI's	2,371.34	1,674.84	-29.4%	0.3%
Road user Charges and fees (RTSA)	395.28	485.71	22.9%	0.1%
Interest from On-lending/Dividends	3,220.99	6,530.66	102.8%	1.0%
Mineral Royalty	5,065.76	5,209.70	2.8%	0.8%
GRANTS	1,588.68	1,496.31	-5.8%	0.2%

Source: MOFNP Fiscal Tables

The overall revenue shortfall in the first half of the year could significantly impact the Government's fiscal position, further constraining its ability to mobilise resources. While a 1.4 percent shortfall may appear small, it becomes particularly concerning in the current context of tight fiscal constraints. Further, the effects of the drought have taken a toll on revenue mobilisation efforts as evidenced by reduced company taxes from both the mining and non-mining sectors. The lower than planned revenue collections can worsen resource limitations, hindering the allocation of funds to critical areas including drought response efforts. This shortfall could disproportionately affect key sectors like agriculture and energy, which are vital for mitigating the severe impacts of the 2023/24 drought on food security and energy production. In the next section, the paper explores how these revenue shortfalls influenced expenditure decisions during this period.

3.3. EXPENDITURE PERFORMANCE

3.1.1. OVERVIEW OF OVERALL EXPENDITURE

During the first half of 2024, Government expenditure including amortisation fell slightly below the targeted amount, totalling K88.8 billion against a projected K89.9 billion, a shortfall of 1.1 percent. This under-expenditure raises questions about the adequacy and timeliness of budgetary allocations, especially in the context of the drought and cholera outbreak. It is important to consider how this shortfall might have constrained the Government's ability to effectively respond to these crises.

The Government's expenditure in the first half of 2024 broadly aligns with its fiscal commitments, though some shortfalls in fund releases for certain functions highlight existing gaps. Releases for Personal Emoluments and the public service wage bill, totalling K25.4 billion, were slightly lower than budgeted, underperforming by 1.6 percent against the planned expenditure of K25.8 billion. In parallel, K6.3 billion was released against a budgeted amount of K9.2 billion for Goods and Services, including the procurement of drug and medical supplies. However, it remains unclear if this allocation was adequate in responding to the escalating health crisis posed by cholera, especially in hard-hit regions like Lusaka where the impact was most severe.

In the first half of 2024, the Government allocated K33.2 billion for debt service and K9.3 billion for transfers and subsidies. A significant portion of the Government's expenditure was directed towards debt servicing, with K20.7 billion allocated to domestic debt and K12.5 billion towards external debt, including K9.9 billion earmarked for principal repayments. Furthermore, the K9.3 billion allocated for Transfers and subsidies was directed towards grant aided institutions and key interventions such as the Farmer Input Support Programme (FISP), the Constituency Development Fund (CDF), and the Food Security Pack (FSP) programme. However, there is currently insufficient evidence to confirm whether these funds were effectively redirected to mitigate the food insecurity caused by the drought.

3.1.2. NARROWING DOWN TO THE SOCIAL SECTORS

This section shifts the focus to a broader analysis of social sector spending during the first half of 2024, focusing on how these allocations have responded to the pressing needs arising from the drought and cholera outbreak. The analysis covers key areas such as social protection, the constituency development fund (CDF), health, education, water supply and sanitation, food security and nutrition. By evaluating these expenditures, this section aims to

assess effectiveness of the government's response in mitigating the impact of these crises on the Zambian people, particularly the vulnerable population.

3.1.2.1. SOCIAL PROTECTION

The Government has continued to demonstrate its strong commitment to protecting the poor and vulnerable through the Social Cash Transfer (SCT) programme. In the 2024 National budget, the Government committed to increase the number of SCT beneficiaries from 1,374,000 in 2023 to 1,413,237, aligning with the objectives of the Eighth National Development Plan (8NDP) to extend social security coverage and improve livelihoods. Reflecting this commitment, the authorities released K3.5 billion in the first half of the year, surpassing the target of K2.6 billion. The higher than planned expenditure highlights the Government's priority to shield the 1.3 million households currently enrolled in the SCT programme, each receiving K200 per month, from the adverse effects of the drought.

In response to the devastating effects of the drought especially on the poor and vulnerable, the Government has allocated additional funds in the supplementary budget for the Emergency Social Cash Transfer (ECT) programme. This initiative aims to support an additional 1.2 million households, each receiving K400 per month up to June 2025. Existing beneficiaries under the SCT programme will also receive an additional K200 per month. This increase in the transfer amount, from K200 to K400, is commendable and reflects the Government's recognition of the heightened needs among the most vulnerable populations due to the rising cost of living. Collectively, the existing SCT programme and the ECT are intended to reach 2.5 million households, providing a vital safety net during this crisis.

The success of the ECT programme hinges on how swiftly new beneficiaries can be identified and onboarded, and the Government's recent efforts have shown promising progress. As of June 2024, 1.2 million eligible households have been identified for the ECT programme¹⁰. Although specific figures on disbursement are not yet available, the identification of these households indicates progress in the rollout of the program. If these households have already begun receiving transfers, it would mark a significant step toward mitigating the effects of the drought on the most vulnerable populations. Ensuring that these funds reach the intended beneficiaries efficiently is crucial to mitigating the adverse effects of the drought and preventing further deterioration in the living conditions of the poor and vulnerable.

¹⁰ <https://www.mcdss.gov.zm/?p=7644>

3.1.2.2. CONSTITUENCY DEVELOPMENT FUND

In its ongoing efforts to decentralize governance and bring development closer to the people, the Government has continued to leverage on the Constituency Development Fund (CDF) as a key tool. However, the release of funds under the CDF has fallen significantly short of the target. Against a planned allocation of K2.4 billion, only K550.0 million was released, reflecting an underspend of 77.1. percent in the first two quarters of 2024. This shortfall is largely on account of low execution rates. According to the 2023 8NDP Annual Progress Report (APR), while the CDF execution rate improved from 19 percent in 2022 to 54.4 percent in 2023, it still fell short of the target of 75 percent, indicating ongoing challenges in fund utilisation and project implementation¹¹.

The lower-than-planned execution rates of the CDF are a culmination of multiple administration challenges.

One of the major challenges has been the delay in revising the CDF Act No.11 of 2018, which has hindered effective implementation. These include insufficient financial support, with only 5 percent allocated of the CDF amount to administration at the CDF committee level and nothing to the Ward Development Committee (WDC). This leaves the WDC members to cover their own expenses for travel and meeting logistics. Compliance with Zambia Public Procurement Authority (ZPPA) pricing guidelines is also difficult, particularly in areas outside the main transport corridors, where goods and services tend to be more expensive. Moreover, the restriction on larger project procurement within a twelve-month cycle, combined with delays in project approval, increases the risk of projects remaining unfinished by the fiscal year's end. However, it should be noted that Government in the past has made efforts in streamlining administrative hurdles such as passing the decision making to the Provincial Administration from Ministry of Local Government and Rural Development (MLGRD).

The CDF holds significant potential to drive grassroots development and improve the quality of life for many Zambians, particularly those most affected by the drought.

By financing local projects, the CDF could support income-generating activities and fund mitigation and adaptation efforts, especially in the agriculture sector, which has been hardest hit. However, despite this promise, there is limited data on the actual impact of CDF-funded projects on development outcomes. To ensure that the CDF reaches its full potential in supporting vulnerable communities, regular and rigorous monitoring and evaluation are essential. This will help ensure that the funds are not only improving livelihoods but also effectively addressing the pressing challenges faced by the poor and vulnerable, such as the rising cost of living and other socio-economic hardships.

¹¹ <https://www.mofnp.gov.zm/?wpdmpro=8ndp-2023-annual-progress-report>

3.1.2.3. HEALTH SPENDING

The health sector is arguably pivotal in building a healthy and resilient population, particularly in the face of public health crises like the cholera outbreak the country experience early in 2024. Despite the importance of this sector, spending on essential healthcare resources has been insufficient. In the 2024 National Budget, K18.7 billion was allocated to the health sector, a 16.1 percent increase from the previous year's K16.1 billion. However, by mid-2024, only K7.2 billion had been released, representing 38.2 percent of the allocated budget. This is lower than the 44.2 percent released by the same time in 2023.

Of particular concern is the underfunding in the procurement of drugs and medical supplies. In the first half of 2024, only K972.6 million was released against a projected K2.5 billion, resulting in a 61.0 percent shortfall. This significant underspend may have contributed to the drug shortages reported in health facilities across the country. Similar shortages were evident in mid-2023 when the country struggled with a 45 percent stock level for essential drugs, far below the 80 percent target prescribed by the World Health Organization (WHO). The continuation of this trend in 2024 could partly explain the challenges the country faced in containing the spread of cholera, as health facilities lacked the necessary supplies to effectively manage and treat the outbreak.

Despite the concerning underfunding and low releases for the purchase of drugs and medical supplies, it is essential to acknowledge the significant strides made by the Government of Zambia in improving the stock of medicines and medical supplies through the Zambia Medicines and Medical Supplies Agency (ZAMMSA). By implementing a three-tiered approach that includes the supply and delivery of Health Centre Kits at the Primary Health Care (PHC) level, bulk procurement, and a mop-up exercise involving K700 million worth of contracts to 24 local suppliers, ZAMMSA has exceeded its target, achieving 73.3 percent drug stock availability, surpassing the WHO benchmark. The first quarter saw a 100 percent distribution of Health Kits at the PHC level, boosting stock availability to 90.0 percent at the PHC level and 70.0 percent for hospitals across 3,500 health facilities. Still, the overall lower-than-planned releases in 2024 raise concerns about the sustainability of these achievements particularly in light of the challenges posed by the cholera outbreak.¹²

3.1.2.4. EDUCATION

The Government's sustained investment in the education sector during the first half of 2024, with an allocation of K12.9 billion, accounting for 55.6 percent of the total annual budget of K23.2 billion, reflects a strong commitment to developing human capital. This outturn represents an increase from the K10.8 billion allocated during the same period in 2023, suggesting a heightened focus on education this year.

¹² [Zhttps://www.unicef.org/zambia/fighting-cholera-outbreak-zambia](https://www.unicef.org/zambia/fighting-cholera-outbreak-zambia)

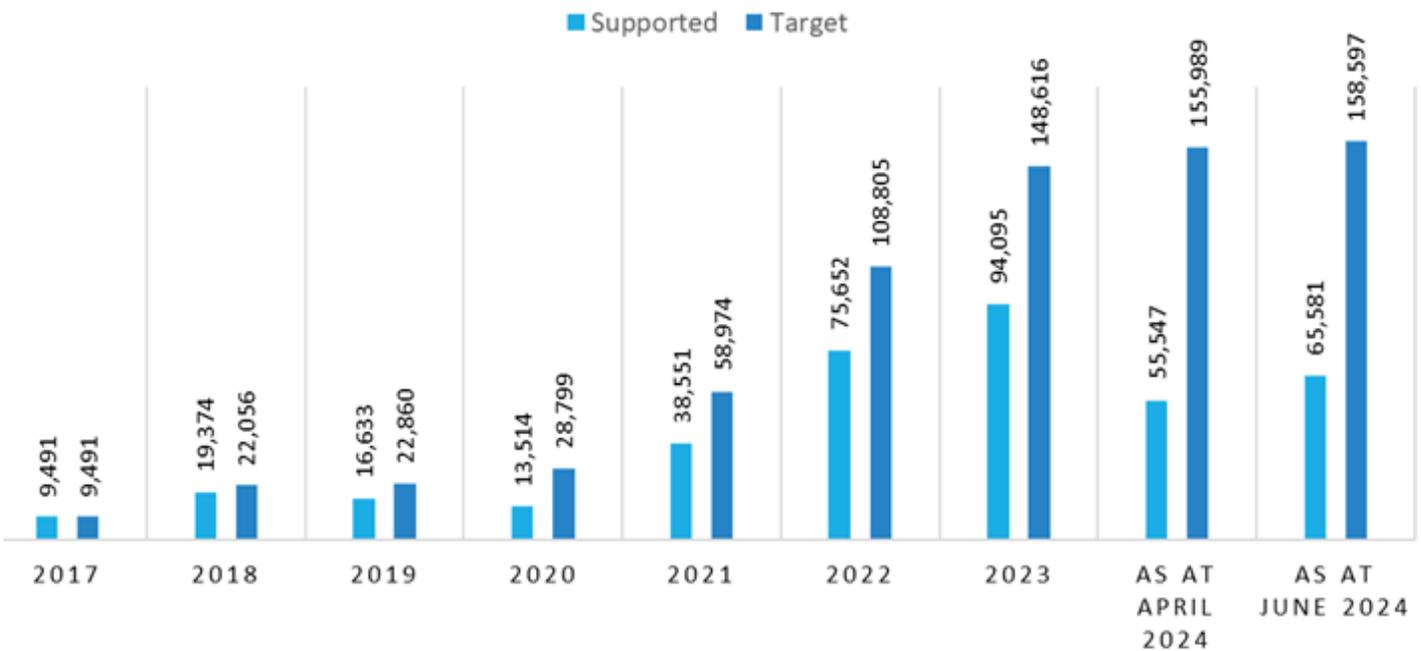
The Home-Grown School Meals (HGSM) programme remains a cornerstone of the Government’s strategy to support school attendance, particularly in areas where food security is threatened. By releasing K55.9 million—50.0 percent of the total budget for 2024 – the Government has shown a commitment to maintaining the programme’s momentum. This initiative is crucial, especially during the drought, as it helps to mitigate the impact of food shortages on children’s education by ensuring they receive at least one nutritious meal per day. Currently, the programme benefits over 2 million learners across 70 districts, contributing to an 85 percent improvement in school attendance.

However, the severe drought affecting 84 districts has adversely impacted the programme’s ability to consistently provide meals. To address this challenge, the Government has allocated an additional K392.2 million to the school feeding program to mitigate the impact of drought. While this is a significant increase, it still falls short of the K784.0 million requested by the President, highlighting the need for further resources to fully mitigate the drought’s impact on this critical initiative.

In parallel, the Ministry of Education is targeting an additional 36 districts that are not currently implementing the school feeding program. Expanding the HGSM to 106 districts by the end of the year aligns with the 8NDP vision of covering 116 districts by 2026. This expansion is critical for mitigating the effects of the drought, ensuring that more households facing hunger can benefit from this programme, and maintaining or improving school attendance rates.

Furthermore, the HGSM complements other educational initiatives, such as the Keeping Girls in School (KGS) Program, which supports vulnerable girls from cash transfer households with a K600 grant to buy essentials such as uniforms. However, progress has been slow, with only 41.0 percent of the targeted 158,597 girls benefiting from the programme as at end June 2024 (see Figure 3 1). This gap underscores the need for enhanced efforts to reach more beneficiaries, especially in the context of the ongoing drought, which could further exacerbate the challenges faced by vulnerable students.

Figure 3 1: Girls supported by the Keeping Girls in school Programme 2017-2024



Source: Ministry of Education KGS Department

3.1.2.5. WATER SUPPLY AND SANITATION

Expenditure towards Water and Sanitation continues to be underfunded, despite the critical need highlighted by the cholera outbreak and drought. The 2024 National Budget allocated K928.6 million towards water and sanitation in the first half of the year. However, only K252 million was released, representing a significant shortfall of 72.9 percent. This underfunding is not an isolated issue; it reflects a broader pattern of erratic and insufficient disbursements in this sector. For instance, in 2023, the water and sanitation budget also suffered an underspend of 67.7 percent, underscoring a recurring problem in resource allocation and distribution.

The implications of these shortfalls can be severe. Delayed disbursements can limit the ability to maintain and expand critical water and sanitation infrastructure, which is essential for preventing the spread of waterborne diseases like cholera. The failure to release funds in a timely and sufficient manner can worsen the risk of repeated outbreaks, especially during a drought, when access to clean water is even more critical. The inadequate disbursements also mean that communities in need are left vulnerable, with limited access to safe drinking water and sanitation facilities, further endangering public health and increasing the burden on the healthcare system. In response to the ongoing crises, the Government has proposed an increased allocation towards water and sanitation in the 2024 supplementary budget, earmarking K306.6 million on water supply management in the second half of the year. This allocation is intended for critical interventions such as drilling high-production boreholes, maintaining and rehabilitating dams, and purchasing chemicals for water treatment. While this increase

is a positive step, it is crucial that these funds are released promptly and used effectively to ensure that the water and sanitation infrastructure can meet the urgent needs of the population. Continuous and timely investment in this sector is essential to avoid repeated waterborne disease outbreaks and to improve the overall quality of life for citizens, particularly in the context of the drought.

3.1.2.6. FOOD SECURITY

Despite, the country experiencing a drought which has severely impacted food availability and left many Zambians without food, government releases towards food security have been insufficient. The 2024 budget allocated K850 million for food security packs in the first half of the year, yet actual expenditure fell short by 63.5 percent, with only K310 million disbursed. This under-expenditure coupled with inconsistent month-to-month disbursements, raise concerns about the Government’s capacity to maintain the necessary momentum to mitigate the effects of the drought on the poor and vulnerable populations. This shortfall not only jeopardises the Government’s immediate food relief efforts but also threatens to reverse any progress made in lifting the lives of the poor and vulnerable during this critical period.

However, there have been notable efforts to address this challenge through the provision of maize. The Disaster Management and Mitigation Unit (DMMU) has successfully distributed over 44 000 metric tons of maize to the 6.6 million people targeted across 84 drought-affected districts. Additionally, the Food Reserve Agency (FRA) has accelerated the procurement of maize from the early harvests, securing approximately 270 000 metric tons of maize¹³. Furthermore, Zambia has received both financial and humanitarian assistance from international partners, including the Turkish government, which contributed 600 food packages¹⁴. While these efforts are commendable, it is crucial to ensure sufficient and consistent funding to sustain food security initiatives and shield vulnerable populations from the severe and ongoing impacts of the drought.

3.1.2.7. NUTRITION SPENDING

Poor nutrition remains a critical concern in Zambia, exacerbating child poverty and contributing to alarming rates of multidimensional child deprivation. Historically, Zambia’s, allocation for nutrition has been limited, often rendering the nutrition budget nearly invisible. According to UNICEF, nutrition-specific and nutrition-sensitive interventions have accounted for less than 3 percent of overall spending commitments, highlighting a significant underinvestment in this crucial area¹⁵. Although the 2024 National Budget allocated K5.3 billion to nutrition programs – an increase from 4.37 billion in 2023¹⁶– this allocation remains insufficient to address the nutrition

¹³ Press Statement on the 14th Cabinet Meeting, Implementation of the Drought Response Plan, 15th July 2024.

¹⁴ ZANIS: DMMU distributes relief maize to 84 districts (Accessed at: <https://zanis.gov.zm/?p=2837>)

¹⁵ UNICEF Zambia 2023 Budget Brief- Nutrition

¹⁶ UNICEF Zambia 2024 Budget Brief- Nutrition

challenges faced by many Zambians especially children. Zambia’s current expenditure of US\$9 per child under 5 years old falls significantly below the recommended benchmark of US\$30 per child¹⁷.

This underfunding coupled with the lack of prioritisation of the nutrition budget, perpetuates a cycle of malnutrition that worsens child poverty. The 2023 Zambia Child Poverty report highlights that 6.6 million (70.6%) children are multidimensionally poor, with nutrition being one of the key deprivations¹⁸. Without adequate nutrition funding, the country risks entrenching child poverty, hindering the potential for future generations.

3.4. SUMMARY

This assessment reveals a slight underperformance in revenue generation, which has translated into an overall underspend across several spending categories. This shortfall is particularly concerning in key areas essential for an effective response to the drought and cholera outbreak. While the Government has demonstrated a strong commitment to shielding vulnerable populations through increased allocations to social protection and the emergency cash transfer programme, underfunding in critical sectors such as health, water and sanitation and nutrition raises concerns about the effectiveness of the Government’s response to the drought. To ensure a comprehensive response to the drought, it is recommended that the Government prioritises the timely and adequate funding of these critical sectors.





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4. EMERGENCY RESPONSE IN ZAMBIA



4.1 OVERVIEW

As climate change continues to escalate, the frequency and intensity of disasters – whether health-related, droughts, or floods – are expected to rise. The 2023/24 drought underscores the urgent need for robust response mechanisms. In the face of such crises, it is imperative that Zambia has a comprehensive legal and institutional framework, coupled with effective financing strategies, to enable a swift and adequate response. This section explores Zambia’s readiness to address emerging crises like the recent drought, beginning with an examination of the existing legal and institutional framework, followed by an assessment of the financing mechanisms for emergency response.

4.2 LEGAL, POLICY AND INSTITUTIONAL FRAMEWORK FOR EMERGENCY RESPONSE

4.2.1. LEGAL FRAMEWORK

Zambia’s legal framework for disaster management is anchored by several key legislative and policy instruments designed to enhance preparedness and response to public health emergencies, such as cholera outbreaks and droughts. The Emergency Powers Act of 1964 empowers the president to make emergency regulations whenever an emergency proclamation is in force, fostering a coordinated response involving both state and non-state actors. The Disaster Management and Mitigation Unit (DMMU) serves as the central body responsible for the implementation of disaster management programs and activities across the country. Zambia’s disaster preparedness framework is crafted in the Disaster Management Act No. 13 of 2010, which provides a structured approach to disaster risk management, including anticipation, preparedness, prevention, coordination, and post-disaster recovery. The framework is further supported by the National Disaster Management Policy, which outlines additional regulations and operational guidelines. Despite this robust domestic structure, the legal framework has significant gaps in explicitly addressing international disaster assistance, which is increasingly important as disasters often exceed national capacities.

The provisions related to international disaster within Zambia’s legal framework are limited and somewhat ambiguous. The Disaster Management Act mentions that the President may make regulations to facilitate international assistance once a disaster has been declared, but it does not provide detailed procedures for requesting, welcoming, or terminating such assistance. The National Disaster Management Policy touches on cross-border disasters, suggesting that they be handled according to existing bilateral or regional protocols, but lacks specifics on operationalizing these agreements. Consequently, while there are some references to international disaster relief, the overall framework lacks comprehensive guidelines, leaving the process dependent on ad-hoc arrangements and the discretion of national authorities. This gap underscores the need for more explicit legal provisions to ensure a more efficient and coordinated international disaster response in Zambia.

4.2.2. POLICY FRAMEWORK

The policy framework, including the Eighth National Development Plan (8NDP) and the National Disaster Management Policy, emphasise the critical need to integrate disaster risk management into national planning processes. The 8NDP, for instance, explicitly addresses disaster and risk management under its strategic development outcomes related to climate change and poverty reduction. However, despite these well-crafted policies, significant challenges persist in execution, particularly in effectively translating these plans into tangible actions. The gap between policy interventions and on-the-ground implementation continues to hinder efforts to build community resilience and ensure timely and effective responses to disasters.

This policy framework is further strengthened by targeted interventions designed to mitigate the impacts of climate change and public health crises, such as the recent drought and the cholera outbreak. The National Climate Change Policy (NCCP) and the Multi-Sectoral Cholera Elimination Plan (MCEP) 2019-2025 are pivotal in this regard, advocating for integrated strategies that encompass prevention, mitigation, and sustainable recovery. The NCCP, currently under review, seeks to enhance adaptation efforts and disaster risk reduction, while the MCEP prioritises eliminating cholera through enhanced WASH services in hotspots. These policies are crucial for building resilience, but their success hinges on efficient budgeting, stronger institutional capacities, and improved cross-sectoral coordination. The ongoing review of the NCCP presents an opportunity to better align and cost these measures, ensuring more impactful implementation.

4.2.3. INSTITUTIONAL FRAMEWORK FOR DISASTER MANAGEMENT IN ZAMBIA

Zambia’s disaster management efforts are underpinned by a multifaceted institutional framework involving various national and international entities. Central to this framework are the DMMU, the National Disaster

Committee (NDMC) and the National Disaster Management Technical Committee (NDMTC), which are further supported by disaster management Committees at the provincial, district and satellite levels¹⁹. These institutions collaborate closely with sector-specific ministries, departments, and agencies responsible for health, agriculture, infrastructure, and education, as well as with Civil Society Organizations (CSOs) and non-governmental organizations (NGOs).

In addition to these national efforts, international support plays a critical role in Zambia’s disaster response.

Multilateral organizations, bilateral donors, and international NGOs, including the UN agencies and others, provide crucial technical and financial assistance. For instance, the Cooperating Partners Groups (CPGs) provides technical and financial support to Zambia to enhance the country’s capacity to manage emergencies.

A notable example of international collaboration is the United Nations’ response to Zambia’s 2023/24 whereby they released a Drought Flash Appeal aimed at addressing the needs of the most vulnerable populations across the 84 affected districts.

The UN and its partners focused on a multi-sectoral response in 41 districts, covering investments in water development for agricultural and energy production, as well as the provision of water to households, livestock and wildlife. The appeal also included interventions in health, nutrition, tourism, and protection of citizens, the environment and wildlife. Each sector response was costed individually, with the overall funding requirement amounting to approximately US\$228.3 Million²⁰.

Despite this institutional framework and international support, challenges remain.

The effectiveness of the local institutions in responding to disasters, such as the recent 2023/24 drought, has raised questions about their preparedness. Reactive implementation particularly in areas of early warning and proactive disaster risk reduction, highlights significant gaps. Strengthening inter-agency coordination, enhancing capacity-building efforts, and ensuring timely and sufficient funding are essential to improve Zambia’s disaster management framework.

¹⁹ <https://drmims.sadc.int/en/profiles/zambia>

²⁰ <https://zambia.un.org/sites/default/files/2024-06/United%20Nations%20Zambia%20Information%20Update%20on%20Drought%20May%202024.pdf>

4.3. FINANCING EMERGENCY RESPONSE TO CRISES IN ZAMBIA

4.3.1. PLANNING AND BUDGETING FOR EMERGENCIES

4.3.1.1. CONTINGENCY AND EMERGENCY BUDGETING

The Government's preparedness to address the challenges posed by the 2023/24 drought and the cholera outbreak can be evaluated through the lens of its public financial management (PFM) system. An effective PFM as emphasised by the International Monetary Fund (IMF)²¹, must be agile, responsive and capable of ensuring the timely delivery of essential services and resources during a crisis. For example, a resilient PFM system must guarantee the continued provision of essential public services, such as water, sanitation and energy, which are often strained during crises like droughts. Furthermore, the PFM system should be agile enough to introduce new fiscal measures to support businesses and households facing economic hardship.

In this context, Zambia's PFM system has demonstrated both strengths and weaknesses. On the one hand, the Government's introduction of a supplementary budget to address the drought's impact reflects a certain level of flexibility within its PFM system. This budget has allowed for the allocation of additional resources to critical sectors, including water and sanitation and social protection, which are vital in mitigating the effects of the drought.

However, challenges remain in the timely disbursement of these funds, as evidenced by underfunding in critical areas such as health, water and sanitation during the first half of 2024. This underfunding raises concerns about the system's capacity to ensure the continuous provision of essential public services, which is crucial during prolonged crises like droughts. Additionally, the Government's ability to introduce new fiscal measures to support households such as the ECT highlighted earlier, must be evaluated against the backdrop of the PFM system's overall agility and effectiveness in disbursing funds and implementing these measures.

The Government has demonstrated a proactive approach in planning for emergencies by increasing contingency spending and building up emergency reserves in recent years. This is reflected in the increased allocations for key institutions such as the DMMU, Food Reserve Agency (FRA) and line ministries like the Ministry of Agriculture (See Table 4 1). For instance, the 2024 National Budget allocated K125.4 million to the DMMU and K1.7 billion to the Ministry of Agriculture for food reserve management, marking significant increases of 58 percent and 157

²¹ <https://www.imf.org/-/media/Files/Publications/covid19-special-notes/special-series-on-covid19-preparing-public-financial-management-systems-for-emergency-response.ashx>

percent, respectively, compared to the previous year. However, the unprecedented scale of the 2023/24 drought²¹ far exceeded the available contingency reserves, highlighting a K10.4 billion financing gap in the Drought Response Plan.

Table 4 1: Contingency and Emergency Expenditure Estimates, 2022-2024 (ZMK, millions)

Expense Category	2022	2023	2024
Disaster Management & Mitigation	57.4	79.3	125.4
MOA: Food Reserve Management	1,046.2	686.2	1,766.2

Source: MOFNP 2024 Estimates of Revenue and Expenditure

This gap underscores the inadequacy of the current resource base in comprehensively addressing emergency situations. The successful implementation of emergency response policies and initiatives, such as the National Adaptation Plan (NAP), hinges on the financial participation of various stakeholders at both national and sub-national levels. The NAP includes strategies for resource mobilization through diverse avenues such as international development finance, green bonds, Public-Private Partnerships (PPPs), blended finance, debt swaps, and credit solutions. Some of these financing interventions have gained precedence in recent years, reflecting the government’s commitment to enhancing financial preparedness through a more responsive financial market.

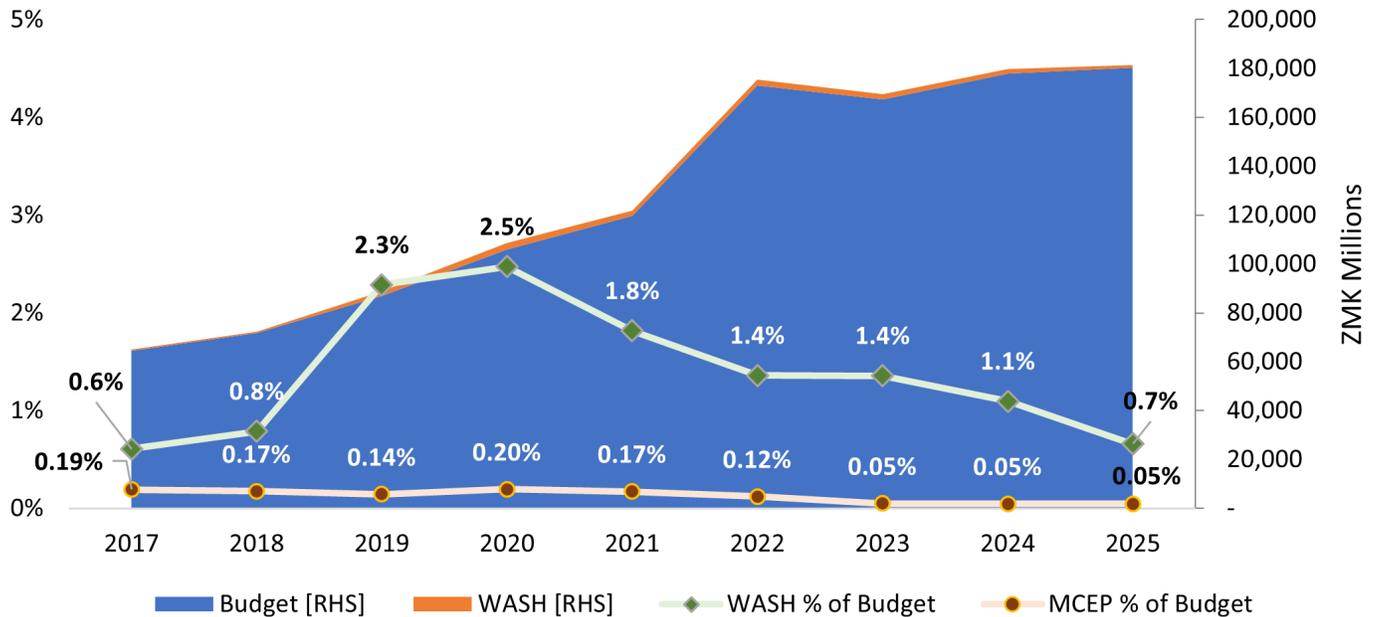
To address the financial shortfall and improve Zambia’s preparedness for future crises, there is an urgent need to establish a robust emergency reserve and improve the coordination of funding mechanisms through integrated contingency plans. This should involve not only domestic resource mobilisation but also active engagement with international financial institutions, bilateral partners, and other donors to secure timely supplementary funds. Delays in emergency response disbursements have historically hindered effective crisis management in Zambia, underscoring the need for prompt and efficient resource allocation.

Further, it is critical to operationalize the Multisectoral Cholera Elimination Plan (MCEP) and align its financing with related policies such as the Zambia Water Investment Programme and the 8NDP which targets increasing water and sanitation allocations to 5 percent of annual budgets by 2030. Despite these strategic plans, a concerning decline in WASH expenditure allocations from 2.5 percent of the budget in 2020 to 1.1 percent in 2024 (see Figure 4 1), raises significant challenges for achieving cholera elimination and addressing the broader impacts of the drought. This is further compounded by the declining MCEP budget allocations which have dwindled

²² Zambia Meteorological Department, Rainfall Forecast 2023/2024 Season (Accessed at: <https://www.mgee.gov.zm/wp-content/uploads/2023/10/Seasonal-Rainfall-Forecast-for-the-20232024-Season.pdf>)

from 0.2 percent to 0.05 percent despite experiencing recurring cholera outbreaks. Strengthening these financial commitments will be vital for building resilience against future crises.

Figure 4-1: National Budget WASH & MCEP Allocations



Source: National Budget Speeches 2017-2024

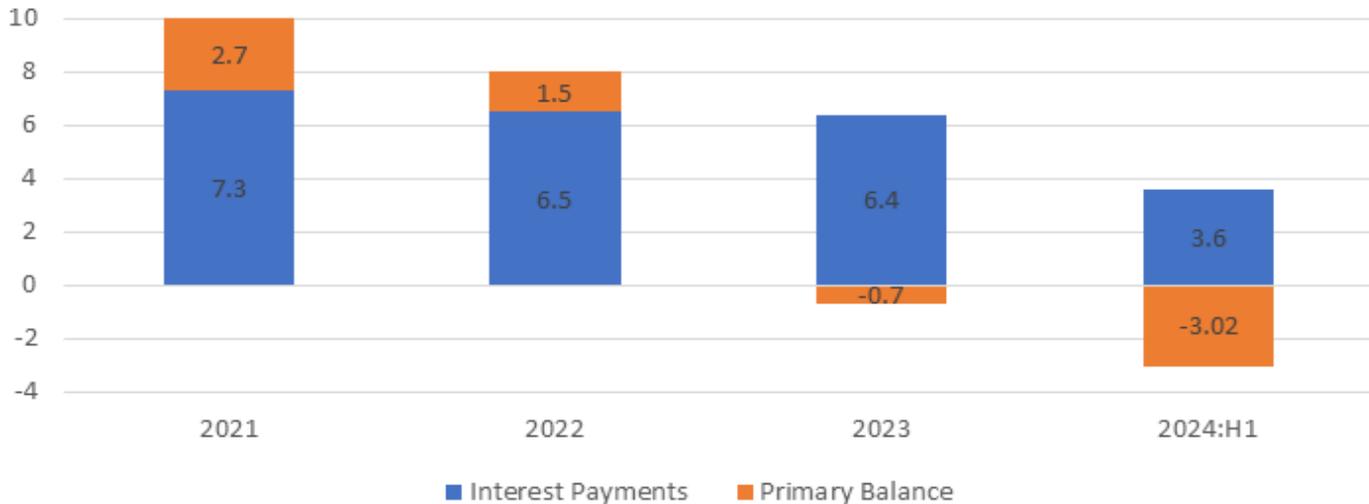
4.3.1.2. CONSTRAINTS TO FINANCING

Several risks and challenges could undermine the Government's capacity to generate sufficient revenue to fund these efforts. Zambia, which had experienced sustained economic growth post-COVID-19, is now grappling with external shocks that have strained its fiscal position. In 2024, the Government planned to raise K144.5 billion from domestic revenue and grants, with an additional K33.4 billion from borrowing. However, during the course of the year, Government called for a supplementary budget of K41.9 billion to address the impacts of the drought, underscoring the shortfall in financing for emergency responses. In the first half of the year, revenue and grants collections were 1.4 percent below target, while expenditures, excluding amortisation were 11.4 percent below target.

The economic downturn, exacerbated by a few fundamental domestic policy misalignments, has led to mixed fiscal performance. Although overall expenditures were below target, interest payments have exceeded expectations, with an overrun of 16.2 percent observed in the first half of the year. A significant portion of the supplementary budget – K14.6 billion – was allocated to meet external debt service obligations. Consequently,

interest payments are expected to become the fastest growing component of the budget, diverting critical resources away from critical services such as health and education. As of June 2024, interest payments accounted for 3.6 percent of GDP, making them the largest contributor of the fiscal deficit. Had these payments not consumed such a substantial portion of GDP, the country would have recorded a surplus of 3.0 percent of GDP, as shown by the growing primary balance as shown in (Figure 4 2).

Figure 4-2: Primary Balance as % of GDP, 2021 - 2024:H1



Source: MOFNP Fiscal Table

The deteriorating macroeconomic fundamentals are likely to further escalate external debt service obligations. With the near completion of the debt restructuring process, Zambia has resumed external debt payments, at a time when the kwacha has significantly depreciated against the United States Dollar, and inflation remains high. Consequently, authorities must allocate more local resources to meet dollar-denominated obligations. For instance, from January to June 2024, external interest payments were projected at K1.5 billion but amounted to K2.5 billion, partly due to exchange rate depreciation. Additionally, principal payments on external debt were anticipated to K1.2 billion, but ultimately surged K9.9 billion. Looking ahead, this growing burden of external debt obligations threatens to divert critical funds away from essential spending on social protection programs, which are vital for shielding the most vulnerable populations from the adverse impacts of the ongoing economic and environmental challenges.

4.3.2. EXTERNAL FINANCING FOR EMERGENCY RESPONSE

Zambia continues to navigate its external financing landscape amidst ongoing debt restructuring, which has significantly constrained its access to international financial markets. Since defaulting on its external debt, Zambia has focused on grants and concessional lending as the primary means of securing necessary funds. The impact of the ongoing debt crisis is evident private sector net inflows declining sharply from US\$ 1.1 billion in 2017 to negative US\$ 65 million in 2022²³. This constrained fiscal space has compelled the country to prioritise domestic resource mobilization and rely heavily on external grants to meet its social sector expenditure priorities²⁴.

Despite these constraints, Zambia has received substantial external financial support from cooperating partners to supplement its efforts in responding to the cholera and the drought. The Government estimated an urgent need for K23.5 billion (approximately US\$ 940.6 million) to address the immediate humanitarian and recovery needs resulting from the drought. However, with only K1.3 billion (about US\$ 51.2 million) currently available as of April 2024, the country faced a significant shortfall of K22.2 billion (approximately US\$ 889.4 million). Specifically, K12.6 billion was required for immediate food assistance, with only K28.3 million was funded, resulting in a financing gap of approximately K12.6 billion.

International aid has played a vital role in bridging this gap. Key international organisations, including the World Bank, IMF, and others, have provided significant financial support, enabling Zambia to mount a more comprehensive response to the drought and the cholera outbreak. As of July 11th, 2024, cooperating partners had collectively contributed over US\$ 511 million towards drought response efforts. Notably, the World Bank allocated US\$ 208 million to provide emergency cash assistance to 1.6 million households across 84 drought-affected districts, over a 12-month period. Additionally, the European Union (EU) and UNICEF, through the SUN 2 alliance, provided US\$ 4 million to support about 89,741 women and children with food assistance, cash transfers, nutrient supplements, and severe wasting treatment²⁵.

Further contributions included US\$ 13 million, from the African Risks Capacity and US\$ 5.5 million from the United Nations' Central Emergency Response Fund ²⁶. The IMF also responded to Zambia's urgent request by increasing its financial support from US\$ 1.3 billion to US\$ 1.7 billion to aid the country in its drought response

²³ World Bank World Development Indicators, Foreign Direct Investment, Net Inflows, Zambia.

²⁴ ZIPAR 2024 Budget Analysis (Accessed at: <https://www.zipar.org.zm/2024/01/03/2024-budget-analysis>)

²⁵ EU Scales Up Support to Drought Response (Accessed at: <https://www.unicef.org/zambia/press-releases/european-union-scales-its-support-drought-response-through-united-nations>)

²⁶ UN Provides Financial Support for Zambia's Drought Response (Accessed at: <https://zambia.un.org/en/267085-united-nations-provides-55-million-zambia%E2%80%99s-drought-response>)

efforts²⁷. Private sector contributions included K1 million from Stanbic Bank Zambia and 300 25kg bags of maize donated by STAR milling. Table 3 summarizes some of the external financial support Zambia has received for the drought response for the 2024 budget cycle.

Table 4-2: External Financial Support to Zambia for Drought Response from International Community, 2024

Sources of External Finance	Commitments (US\$)	Support Description
World Bank	208 million	Emergency Cash Assistance
IMF	389 million	ECF Augmentation
UN System	5.5 million	Humanitarian Assistance
African Risks Capacity	13 million	Humanitarian Assistance
EU & UNICEF	4 million	Humanitarian Assistance and Food Security
USAID	66.8 million	Humanitarian Assistance and Food Security
Italy	0.5 million	Humanitarian Assistance

Source: Author's Adaptation of External Financial Support Pronouncements

4.3.3. CLIMATE FINANCING FOR EMERGENCY RESPONSE

Climate financing presents a significant opportunity for Zambia to enhance its resilience to climate-related disasters, such as the drought. By leveraging public-private partnerships (PPPs), bilateral and multilateral finance institutions, commercial and institutional investment funds, and various forms of blended finance, Zambia can access resources dedicated to climate adaptation and mitigation, without overburdening the national budget. Zambia currently receives US\$ 82 million in medium-to-long term project finance from the Green Climate Fund (GCF) for initiatives such as the Zambia Renewable Energy Financing Framework²⁸ and Strengthening Climate Resilience of Agricultural Livelihoods programmes²⁹ Moreover, the Global Environment Facility (GEF) provides a total of US\$ 276 million, including US\$23.9 million from the GEF Trust Fund and Least Developed Countries Fund respectively³⁰.

Zambia's National Green Growth Strategy and Capital Markets Master Plan demonstrates the country's ambition to become a preferred global green investment hub. Green financing mechanisms, such as the debt-for-

²⁷ IMF ECF Third Review (Accessed at: <https://www.imf.org/en/News/Articles/2024/06/26/pr-24242-zambia-imf-completes-3rd-review-under-ecf-and-approves-augmentation#:~:text=Zambia's%20ECF%20Arrangement%20was%20approved,about%20US%241.7%20billion%2C>)

²⁸ GCF FP080 (Accessed at: <https://www.greenclimate.fund/project/fp080>)

²⁹ GCF FP072 (Accessed at: <https://www.greenclimate.fund/project/fp072>)

³⁰ GEF Zambia Project Portfolio (Accessed at: <https://www.thegef.org/projects-operations/country-profiles/zambia>)

nature swaps, green bonds, and carbon financing, present promising avenues. For instance, in January 2024, CEC Renewables Ltd became the first firm to list a green bond on the Lusaka Securities Exchange (LuSE), exemplifying the potential of market-based solutions. Furthermore, carbon financing projects like the Integrated Forest Landscape show how carbon financing can help address portions of Zambia’s financing gap while contributing to emergency relief efforts.

By developing robust project proposals focused on renewable energy, sustainable agriculture and water resource management, Zambia can position itself to tap into a diverse range of climate funding sources.

For instance, South Africa’s Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) has successfully attracted significant international climate finance, leading to substantial growth in renewable energy capacity. Similarly, Mozambique has utilized funds from the Pilot Program for Climate Resilience (PPCR) to enhance climate resilience in its agriculture sector, while Tanzania has leveraged global climate finance to implement integrated water resource management programs. Namibia’s use of the Adaptation Fund for ecosystem-based adaptation projects further demonstrates the potential for leveraging climate finance to address climate-related challenges. By Collaborating with international partners and prioritising targeted climate finance will enable Zambia respond effectively to both current and future emergencies, strengthening its capacity to manage crises.

4.4. OVERVIEW

The assessment in this section demonstrates that Zambia’s legal and institution framework for disaster management is anchored by key legislative and policy instruments such as the Disaster management Act No. 13 of 2010, the 8NDP and the National Disaster Management Policy. The DMMU, supported by other institutional structures and line ministries, plays a central role in emergency response, with critical support from international organisations. However, despite this robust framework, the effectiveness of institutional responses has been questioned, indicating a need for enhanced inter-agency coordination to ensure timely and effective disaster management. Furthermore, while the Government has demonstrated a commitment to budgeting for emergencies, as seen in the increased funding to the DMMU, challenges such as timeliness of fund disbursements and macroeconomic pressures, particularly from external debt obligations, could hinder these efforts. Going forward, Zambia must strategically leverage external and climate financing to strengthen its capacity for emergency response and resilience-building.





5. LESSONS LEARNED FROM ZIMBABWE AND MALAWI



The Southern African Development Community (SADC) region has historically faced droughts and other climate-related disasters, with their frequency and severity intensifying over the years. The El Niño has exacerbated climate patterns in Southern Africa, leading to prolonged dry spells, erratic rainfall, and widespread food insecurity. The 2023/24 season was particularly challenging, with the SADC Regional Vulnerability Assessment and Analysis Programme reporting that 56.8 million people in the region were food insecure. This section draws from Zimbabwe's response to the recent drought and Malawi's handling of severe cholera outbreak to inform Zambia's ongoing efforts.

5.1. ZIMBABWE DROUGHT RESPONSE

Zimbabwe, like many SADC countries, has been severely affected by droughts, with the most recent 2023/24 drought worsening food insecurity and water shortages, impacting both urban and rural populations. The World Food Programme (WFP) reported that approximately 5.5 million people in Zimbabwe required food assistance due to the drought, which is slightly short of the 6 million in Zambia.

Similar to Zambia, disaster management in Zimbabwe is governed by a central coordinating body, the Civil Protection Unit (CPU), established under the Disaster Management Act. This body, akin to Zambia's DMMU, plays a critical role in managing emergencies. The Government of Zimbabwe, in collaboration with international partners, has implemented several measures to mitigate the effects of disasters, including the enhancement of early warning systems and community resilience programmes to improve preparedness and response effectiveness. These efforts ensure timely evacuation and distribution of relief, which contrasts with the Zambian situation, where their effectiveness of early warning systems in preparing communities remains unclear. Zimbabwe's approach, particularly through the Zimbabwe Vulnerability Assessment Committee (ZimVAC), which regularly assesses food-insecurity and facilitates targeted aid distribution with the support of agencies like the World Food Programme (WFP), mirrors the work of various committees in Zambia at the provincial and district levels that support the DMMU.

In response to the drought crisis, the Zimbabwean Government, supported by WFP and other international agencies, has implemented an extensive food aid distribution programme targeting the most affected populations. This initiative includes distributing over 240,000 metric tons of food commodities such as cereals, pulses, and vegetable oils, reaching over 4.1 million vulnerable individuals, particularly children and pregnant women. The programme aims to cover 6 million individuals in rural areas by the peak of the lean season. The distribution is coordinated through existing Drought Relief Committees, including those operated by NGOs, to avoid miscommunication. Additionally, Zimbabwe has introduced a cash-for-cereal program to support food security in urban areas³¹.

In comparison, the Zambian Government has focused on augmenting its social safety nets through the expansion of the Social Cash Transfer (SCT) program and the introduction of the Emergency Cash Transfer (ECT), aimed at improving food security among drought-affected households. Moreover, Zambia has allocated additional funds to its school feeding program to ensure that school-going children maintain adequate nutrition. While these measures reflect a strong commitment to addressing food insecurity, Zambia's approach differs from Zimbabwe's more direct strategy of distributing actual food commodities. A more targeted food distribution effort, similar to Zimbabwe's, could potentially enhance Zambia's response to severe food insecurity in the most affected regions.

Zimbabwe has made efforts to improve the welfare of the poor and vulnerable populations by collaborating with international partners. In partnership with UNICEF and other implementing partners, the Government successfully provided safe water to 247,485 people, including 106,548 children, between January to April 2024. This comprehensive initiative included bucket chlorination, water trucking, rehabilitation of existing water infrastructure, and the drilling of new boreholes. The WFP has also played a critical role by drilling 23 of the planned 53 boreholes in Binga, Chiredzi, Hwange, and Masvingo districts. Additionally, a significant borehole drilling project, supported by China and launched on July 22, 2024, has committed to drilling 300 additional boreholes across the four provinces, further enhancing water security³².

To address food security concerns, the Government, in conjunction with its partners, has implemented agricultural extension services aimed at promoting drought-resistant crop varieties. These services also focus on educating communities about water conservation techniques and sustainable farming practices, equipping them with the knowledge and resources necessary to withstand future climatic challenges.

³¹ <https://www.unicef.org/zimbabwe/media/11151/file/UNICEF>

³² <https://www.thestar.com.my/news/world/2024/07/23/chinese-aids-zimbabwe-with-300-boreholes-to-fight-drought>

Despite these efforts, Zimbabwe faces persistent challenges, including the untimely distribution of relief aid to remote areas, logistical constraints, and infrastructure damage that hampers effective disaster response.

Zimbabwe's otherwise robust policy framework for disaster management is significantly undermined by financial constraints, high levels of corruption, poor prioritization in resource allocation, and inadequate communication strategies. The country's overreliance on donor funding to address crises and disasters adds another layer of complexity to its response capacity.³³ While the government has allocated approximately US\$ 6.8 million for drought mitigation, this amount is a small fraction of the total US\$ 429.3 million appeal. The majority of the funding is sourced from international donors, including USAID (US\$11.27 million), UNICEF (US\$84.9 million appeal), and UNDP (US\$35 million)³⁴.

For Zambia, some key lessons emerge from Zimbabwe's approach to disaster management. First, the importance of stronger coordination with NGOs cannot be overstated; such collaboration ensures that relief efforts are well-organised, reach the intended recipients effectively, and minimise the risk of aid duplication. Zambia could benefit from establishing clearer communication channels between governmental bodies, NGOs and other stakeholders to enhance coordination and efficiency in disaster response. Additionally, adopting a more proactive approach to disaster management, as seen in Zimbabwe's efforts to enhance early warning systems and community resilience, could significantly reduce Zambia's reliance on international aid. Furthermore, focusing on direct food distribution, similar to Zimbabwe's targeted food aid programs, could bolster Zambia's efforts to protect vulnerable populations during crises, ensuring that basic needs are met swiftly and effectively.

5.2. MALAWI CHOLERA RESPONSE

Malawi's response to the 2023-2024 cholera outbreak offers several important lessons for Zambia, particularly in addressing systemic vulnerabilities in public health infrastructure and water and sanitation. The scale of the outbreak began in Malawi was significant, with over 50,000 reported cases and approximately 1,500 deaths, highlighting the severe impact of inadequate water supply and sanitation, unpredictable weather patterns, and an overburdened healthcare system.

One of the key strategies employed by Malawi was the use of modern technology for early warning systems and disaster response coordination. The activation of the National Public Health Emergency Operations Centre and the deployment of international experts to support disease surveillance were crucial in managing the outbreak.

³³ <https://actalliance.org/appeals-rapid-response-funds/rf-08-2024-zimbabwe-responding-to-drought/>

³⁴ <https://www.unicef.org/zimbabwe/press-releases/unicef-calls-usd-849-million-respond-el-nino-emergency-zimbabwe>

Zambia can learn from this approach by enhancing its own early warning systems and ensuring that its public health infrastructure is capable of responding swiftly to emerging threats.

Malawi’s extensive use of mass oral cholera vaccination campaigns, which distributed over 4 million doses in high-risk areas, significantly reduced transmission rates. This highlights the importance of vaccination in controlling outbreaks and suggests that Zambia could benefit from scaling-up its vaccination efforts in vulnerable regions. Moreover, Malawi’s intensified WASH played a vital role in mitigating the spread of cholera. These efforts included distribution of water purification tablets, rehabilitating water supply systems, and conducting public awareness campaigns using various media platforms to emphasise the importance of seeking medical attention.

To strengthen healthcare capacity during the cholera outbreak, Malawi rapidly established temporary treatment centers, ensuring immediate care and reducing pressure on existing facilities. Concurrently, healthcare workers received specialized training to handle cholera management, including treatment protocols, infection control, and public health communication. The implementation of the 7-1-7 approach³⁵, based on the Integrated Disease Surveillance and Response (IDSR) guidelines, significantly improved outbreak detection and response. This coordinated effort underscores the importance of building healthcare capacity, strategic planning, and efficient response mechanisms in managing public health crises.

However, Malawi also faced challenges such as financial and logistical constraints, poor infrastructure in remote areas, and public mistrust. The outbreak emphasized the need for sustained investment in water and sanitation infrastructure, stronger healthcare systems, and continuous public health education. It also highlighted the importance of international collaboration in managing public health crises.

Zambia can draw valuable lessons from Malawi’s centralized emergency response system, its focus on WASH initiatives, and its commitment to community engagement and strengthened healthcare infrastructure. By adopting similar strategies and addressing identified challenges, Zambia can better prepare for and respond to future public health emergencies.

³⁵ The 7-1-7 approach is a strategy by the WHO that ensures epidemics are detected within 7 days, reported within 1 day, and responded to within 7 days, aiming to minimize the impact of outbreaks through rapid action.

5.1. SUMMARY

Zambia is not unique in facing the challenges posed by climate-related emergencies and public health crises, and there are valuable lessons to be drawn from neighboring countries like Zimbabwe and Malawi. Zimbabwe's approach to enhancing coordination with NGOs offers Zambia a blueprint for bolstering its drought response through stronger partnerships and more organized relief efforts. Malawi, on the other hand, demonstrated the effectiveness of prioritizing WASH initiatives and engaging communities in its successful cholera response. However, both countries have faced significant challenges with securing adequate financing for emergency responses, highlighting a critical lesson for Zambia: the urgent need to strengthen its revenue mobilization strategies. As the demand for resources in times of crisis increases, Zambia must ensure it has the financial capacity to respond effectively.



6. CONCLUSION AND RECOMMENDATIONS



In conclusion, Zambia's journey over the past decade has been fraught with significant economic, social, and environmental challenges, further aggravated by the COVID-19 pandemic, recurring droughts, and cholera outbreaks. Despite these formidable obstacles, the government's bold macro-fiscal and structural reforms have begun to bear fruit, with promising signs of fiscal stability and projected economic recovery in 2024. However, the persistent issues of rising poverty, deepening inequality, and heightened vulnerability to climate-related shocks highlight the urgent need for comprehensive and sustained interventions. To truly build resilience and protect the most vulnerable, Zambia must focus on strengthening institutional frameworks, enhancing policy coordination, and investing in long-term solutions that address the root causes of these challenges. The government's proactive measures, such as the supplementary budget for drought response and expansion of social protection programs, are commendable. Yet, these efforts must be integrated into a broader, more cohesive strategy that ensures sustainable development and inclusive growth for all Zambians, safeguarding the nation's future in an increasingly unpredictable world.

In light of the above, this paper makes the following recommendations:

(i) **Enhance Climate Resilience and Agricultural Productivity**

Prioritize the improvement of Water, Sanitation, and Hygiene (WASH) infrastructure, particularly in known cholera hotspots. Ensure the timely and adequate distribution of resources to maintain high standards of sanitation and access to clean water. Scale up health education and vaccination campaigns to prevent the spread of cholera and other waterborne diseases. Strengthen healthcare systems by investing in medical supplies, training healthcare workers, and improving healthcare facilities.

(ii) **Strengthen Health and Sanitation Infrastructure:**

Prioritize the improvement of Water, Sanitation, and Hygiene (WASH) infrastructure, particularly in known cholera hotspots. Ensure the timely and adequate distribution of resources to maintain high standards of sanitation and access to clean water. Scale up health education and vaccination campaigns to prevent the spread of cholera and other waterborne diseases. Strengthen healthcare systems by investing in medical supplies, training healthcare workers, and improving healthcare

facilities.

(iii) Expand Social Protection and Support Programs:

Increase the coverage and value of social protection programs such as the Social Cash Transfer (SCT) and Emergency Social Cash Transfer (ECT) to support vulnerable households affected by economic shocks and natural disasters. Ensure that these programs are well-funded and effectively implemented. Implement targeted interventions to address the specific needs of vulnerable groups, including women, children, and persons with disabilities. This includes providing support for unpaid care work, addressing gender-based violence, and ensuring access to essential services.

(iv) Foster Multisectoral and International Collaboration

Fostering multisectoral and international collaboration will create comprehensive and integrated responses to emergencies. Strengthening coordination among government agencies, NGOs, and international partners is essential. Leveraging international financial support, including climate financing, green bonds, and public-private partnerships, will supplement domestic efforts in addressing climate-related and health emergencies. Advocating for increased budget allocations towards critical sectors such as health, education, and food security will build a resilient and sustainable socio-economic environment.

(v) Improve Economic Diversification and Fiscal Management:

Diversify the economy by promoting sectors beyond agriculture and mining, such as manufacturing, tourism, and renewable energy. This will create more employment opportunities and reduce dependency on a few economic sectors. Strengthen fiscal management by enhancing revenue collection mechanisms, reducing fiscal deficits, and ensuring efficient allocation of resources. This includes addressing the challenges in tax revenue collection, particularly from the mining sector, and improving budget execution in critical areas like health, education, and social protection.



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