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Zambia's pursuit of sustainable development: how far is it from realizing its Vision 2030?

Master's Thesis

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Outline

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List of Acronyms and Abbreviations

ADB	African Development Bank
AIDS	Acquired Immunodeficiency Syndrome
Bn	Billions
CSO	Central Statistical Office
FNDP	Fifth National Development Plan
GDP	Gross Domestic Product
HIV	Human Immunodeficiency Virus
MMD	Movement for Multiparty Democracy
PF	Patriotic Front
PPP	Purchasing Power Parity
R-SNDP	Revised Sixth National Development Plan
SADC	Southern African Development Community
SADCC	Southern African Development Coordination Conference
SNDP	Sixth National Development Plan
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
US$	United States Dollars
WHO	World Health Organization

Acknowledgement

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Given that many national development plans are multi-sectoral by definition, Zambia's 25-year development plan: *Zambia Vision 2030* is such as well. The greatest benefit I have drawn from this painstaking exercise, is a multi-sectoral perspective of Zambia's socio-economic development trajectory. In addition, I also have now a better understanding of how the Southern African Development Community (SADC) was formed, how it has evolved over time and how it is currently configured to add value to the respective developmental agendas of its 15 member states. Without this research paper, I would still be in the group of some people who only look at SADC as a regional grouping where policies and treaties are just agreed and never implemented by member states.

I have made every attempt to reference sources of my data throughout the main text. Sources that were only consulted but not used in the paper are also included in the reference list. If there are any errors and/or omissions, they are entirely mine and not the responsibility of my Professors at CERIS.

Executive Summary

Introduction

Zambia embarked on long-term development planning in 2006 by developing and launching a 25-year strategic development plan: Zambia Vision 2030 (hereinafter called Vision 2030) whose aim is to drive the country to a prosperous middle income status by 2030. Vision 2030 has 11 socio-economic development objectives and targets against which the country's development trajectory is supposed to be measured within the 25-year timeframe (2006-2030). Given that water and sanitation were bundled together in one objective and target, the author has disentangled them into two separate objectives and targets for easy measurement (thus giving Vision 2030 twelve [12] objectives and targets). The progress of these objectives and targets is summarized in a table included on the next page.

This paper has taken stock of, analyzed Vision 2030 ten-year progress: 2006-2015 and made relevant policy recommendations to guide policy makers and bureaucrats during the second half of Vision 2030 implementation.

The researcher also found it important to situate Zambia's development trajectory within the broader Southern African Development Community (SADC) regional socio-economic development dynamics given that Zambia has been one of the key players of this regional block since its inception in 1980. The 15 member states of SADC are: Angola, Botswana, Democratic Republic of Congo (DRC), Lesotho, Malawi, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, Swaziland, South Africa, Tanzania, Zambia and Zimbabwe.

This paper argues that though poverty and inequality levels are still significantly high, overall, Zambia has made some progress, however at a slow pace, to deliver on all Vision 2030 targets.

Zambia and SADC

In 2015, SADC had a combined Gross Domestic Product (GDP) of US$630,128 billion. Zambia contributed 3.4% to the total regional figure giving it a 5th position in terms of GDP size from the biggest. The biggest contribution came from South Africa (50.4%) followed by Angola (18.3%), then Tanzania (7.3%) and DRC (6.0%). The foregoing clearly demonstrates South Africa's economic hegemony in SADC and Zambia's urgent and legitimate need to grow its economic base and output.

In terms of GDP per capita, Zambia's performance drops to the median position, it takes up the 8th one (out of 15 member states). Countries with relatively smaller GDP sizes and smaller population sizes have very high GDP per capita. Seychelles tops the SADC list with $14,777 and yet it has the smallest GDP size in the region ($1.3 billion). Seychelles is followed by Mauritius and then Botswana. South Africa is in the fourth position, followed by Namibia, Angola, Swaziland and Zambia is in the 8th position with a GDP per capita of $1,375.

Zambia has a medium human development index (HDI). HDI is UNDP's international composite measure of life expectancy, income and education. Zambia had a sixth position on the SADC HDI ranking (2014). Zambia made some progress on HDI from 0.555 (2010) to 0.586 (2014). In 2014 Zambians had a life expectancy of 60.1 years; 6.6 mean years of schooling and a per capita income of $3,743 (purchasing power parity – PPP). With 6.6 mean years of schooling, it means that majority of Zambian citizens only have primary education thus depriving the country of the much needed highly skilled and trained workforce.

Table 0: Summary of Vision 2030 Progress: 2006-2015

Vision 2030 Objectives	2005/6 Baseline	2015 SADC Performance	Zambia 2015 Performance	Zambia 2030 Target	2030 Variance
Annual real economic growth rate	5.8%	2.3%	3.2%	6-12%	2.8%
Inflation rate	8.8%	5.7%	10.1%	≤5%	-5.1%
Population growth rate	2.9%	2.4%	3.0%	<1.0%	-2.0%
National poverty headcount ratio	60.5%	45.8%[1]	54.4%	<20%	-33.6%
Income inequality (Gini Coefficient)	54.6%	46.7%[2]	69%	<40	-29%
Access to safe water sources	59%	67.1%[3]	67.7%	100%	32.3%
Access to improved sanitation facilities	41%	56.3%	72.8%	100%	27.2%
Average annual per capita expenditure on health	$52	$208.8	$69	$150	$81
Share of industry in GDP	29%	23.37%	35%	38%	3%
Share of manufactures in GDP	13%	10.9%	7.9%	18%	10.1%
Share of manufactures exports	13%	Not available	23.1%	80%	56.9%
Share of services in GDP	50%	64.7%	60%	50%	+10%

Sources: Vision 2030, WHO, World Bank, SADC, 7NDP, Trading Economics, Central Statistical Office

[1] This value is based on 2014 figures of 13 SADC member states – that is, excluding Mauritius and Seychelles as their values were missing on the database available at: http://sadc.opendataforafrica.org/SADCPNDID2016/sadc-statistical-yearbook-2014-poverty-and-income-distribution?country=1000140-zambia – (accessed 1st February, 2018).

[2] Ibid

[3] SADC database on water and sanitation regarding its member states is only up to date as of 2011 and does not include Mauritius and Seychelles: http://sadc.opendataforafrica.org/SADCPNDID2016/sadc-statistical-yearbook-2014-poverty-and-income-distribution?country=1000140-zambia - (accessed 1st February, 2018).

Table Key

On track to meet target	
Target met	
Likely to meet target with extra effort	
Completely off-track	

Zambia's performance on its 12 socio-economic indicators against Vision 2030 targets is mixed. The country has grown its share of services in GDP from 50% (2005) to slightly over 60% in 2015. Zambia is equally poised to meet three targets, namely, reducing its inflation rate to 5%; having 100% access to safe water sources and sanitation facilities and increasing the share of industry in GDP to 38%. It is also probable with extra effort that the country might increase its real economic growth rate to 6% and reduce population growth rate to slightly below 2%. Based on Zambia's past 10 years' performance, it's highly unlikely that the targets of the following indicators will be met by 2030, namely, reducing national poverty headcount and income inequality, and increasing per capita Government expenditure on health, and the share of manufactures in GDP and share of manufactures exports.

Zambia's Economic Structure

Zambia's economic structure has undergone some transformation since 2005 but what is consistent throughout the period under study is that the services sector remains a major contributor to the country's real economic growth and that mining is the country's main foreign exchange earner. In 2005, the services sector contributed 50% to GDP and 10 years later, about 61% of Zambia's economic output came from service provision. The industrial sector contribution to GDP has seen a downward trend from 42% (2005) to 29.9% in 2015. The reduction in industrial output is largely because of closure of some manufacturing companies. Currently, the industrial sector is dominated by copper mining and downstream related activities which also constitute about 80% of Zambia's export earnings. Mining contributes about 12% to Zambia's GDP.

The Paradox of Economic Growth amidst growing Income Inequality

Zambia's economic growth has not necessarily translated into lifting majority citizens out of poverty. In 2015, there were more Zambians living in poverty than in 2006. In 2006, Zambia had 7.5m citizens (60.5%) living below the international poverty line and in 2015 there were 9.3m (57.5%) Zambians living on less than $1.9 per day. Vision 2030 objective was to reduce poverty headcount to less than 20%. Why is income poverty on the rise? There are multiple plausible explanations. First, dividends of rapid economic growth seem to be skewed towards the rich and middle class. In 2015, Zambia's wealthy group controlled 61.3% of total income while the middle class had 29.9% leaving the poor with a combined total income of 8.9% . Second, though mining is the country's main foreign exchange earner, it is not the main employer. Mining employs less than 2% of Zambia's workforce. Furthermore, 60% of Zambians live in rural areas where subsistence farming is their main source of livelihood. In 2015, agriculture employed 58.7% Zambians . The agricultural sector is characterized by several constraints that continue to hinder economic empowerment of farmers. Some of these challenges include poor road network, late supply of farming inputs, inadequate extension services, over reliance on rain-fed agriculture, inadequate storage facilities, inefficient crop markets, promotion of one crop (maize) at the expense of other equally important cash crops such as groundnuts, rice, soya beans etc.

Inflation

The major causes of inflation in Zambia are the price of copper (which equates to the value of the local currency, *Kwacha*, due to it being the main foreign currency earner) and the cost of energy (fuel and electricity). The price of copper on the international market and the cost of energy have significant effects on the cost of essential goods and services.

Vision 2030 set out an ambitious target of reducing inflation from 8.8% (2006) to 5% by the year 2030. By 2015, inflation had actually gone up to 10.1% largely due to electricity shortages (caused by drought) and low copper prices on the international market coupled with food shortages due to the drought that was experienced in 2014.

Population Dynamics

In 2015, Zambia's population was estimated at 15.5 million translating into a 28.1% population increase from 2005 which was estimated at 12.1 million. The average population growth rate between 2005 and 2015 was 3%. Zambia's growing population is caused mainly by high fertility rates of 5.3 per mother coupled with reductions in infant and maternal deaths. Poor and uneducated women had the highest fertility rate of 7.1. Fertility rates were lowest (3.0) among wealthier women with post-secondary education.

Zambia has a youthful population. 65% of the total population is below the age of 25 years of which the majority are between ages 5 and 20. The foregoing has got serious implications on dependence ratios. In addition, going by the country's high fertility rates, it is very unlikely that the desired less than 1% population growth rate will be achieved by 2030. Although Zambia's population is growing rapidly, the country is still sparsely populated particularly in rural areas. Population density is 22 people per square kilometer.

The densely populated towns are found in Lusaka and Copperbelt provinces. Local authorities are financially constrained in these two provinces to meet demands for decent and affordable housing, safe water and proper sanitation and street lighting. The poor, who are often uneducated and with big families, find themselves living in unplanned settlements such as slums which are perennial epicenters of epidemics such as cholera. Zambia's population growth rate is outpacing public service provision of essential services such as healthcare, water and sanitation, education, roads and other public amenities such as street lighting and marketplaces.

Health Financing

Zambia has been making some progress in strengthening its health system. It achieved some of its health MDGs regarding HIV/AIDs and tuberculosis and also made significant reductions in malaria cases and maternal and child mortality rates as will be shown later. However, Zambia's health system still suffers from insufficient funding; inefficient movement of funds through various offices due to leakages; and from lack of financial protection and equity in payment, service use and benefits allocation.

The average per capita total health expenditure from 2005-2015 was $67.2 which is 55.2% below the Vision 2030 target of $150. More than 50% of total expenditure on health was private (not from Government) between 2005 and 2010. Over 60% of private expenditure on health is due to out-of-pocket expenses meaning that the majority Zambians do not have health insurance to cover their medical bills. Government investment in health started increasing from 2010 onwards largely because of general elections in 2011. Public expenditure on health averaged 52.9% from 2010-2014. As a share of GDP, the period average (2005-2014) total expenditure on health was 5.1%.

Conclusion and Policy Recommendations

Zambia is certainly making progress towards actualization of Vision 2030 but perhaps at a slow pace particularly regarding reversing increasing poverty and inequality levels. GDP grew from $8.3bn (2005) to $21.2bn (2015) representing a 155% economic growth over a 10-year period but poverty headcount ratio only reduced by 3% that is from 60.5% (2006) to 57.5% in 2015. In nominal terms, poverty actually increased from 7.5m to 9.3m citizens. The Patriotic Front (PF) Government has the opportunity to ensure that its pro-poor policies are implemented and lift millions of Zambians out of want. Among the many game changers, the PF Government can also pay attention to, include the following:

1. Improve agriculture productivity and access to lucrative markets particularly for small scale farmers. Agriculture is the biggest employer in Zambia, it absorbs about 57% of the country's workforce but only contributes less than 10% to GDP.
2. Increase the beneficiaries of and the monthly allocation provided by the social cash transfer program. The Ministry of Finance and the Ministry of Community Development and Social Services can make good use of the 2015 World Bank report that mapped out sub-national poverty in Zambia so that social protection programs are directed at people who need them most.
3. Revamp the manufacturing sector to add value to agricultural produce and mineral extracts. Manufacturing industries can create jobs for youths; provide a ready market for small scale farmers and widen Zambia's foreign exchange base (which is currently being dominated by copper. Copper constitutes about 80% of export earnings).

4. Government needs to monitor and review closely mining companies procurement policies and practices to ensure that they buy local goods and services (those that can be sourced locally) and by so doing, mining companies will contribute to the growth of Zambia's private sector and ultimately enhance prospects of employment opportunities for many Zambians.
5. Continue to invest in health. Zambia needs a healthy (and skilled population) to drive the 2030 agenda. Out of pocket expenses in 2015 stood at about $30 which is more than the recommended WHO threshold of $20 per capita.
6. All the above policy actions have got budgetary implications. It is therefore imperative for Government to diligently and judiciously cultivate fiscal discipline and reduce leakages across all sectors. Corrupt public officials should be duly investigated and prosecuted accordingly.

Admittedly, there are many challenges ahead but opportunities equally abound for Zambia to unleash its inclusive social-economic potential by 2030. Vision 2030 requires visionary leadership, patriotic citizens and a collective resolve to make Zambia a great place to call home.

Chapter I

Introduction

A. Background and Purpose

Zambia is located south of the Sahara desert, in Southern Africa. In 2015, it was home to 15.5 million citizens. Its gross domestic product was estimated at $21.2 billion in 2015. The country is rich in natural resources. It is the 8th world largest copper producer (World Atlas, 2017); 40% of water bodies in southern Africa are found in Zambia; it has a low population density of 22 people per square kilometer (Central Statistical Office, 2015b) and it has not had any armed conflict since gaining political independence from the United Kingdom in 1964. With over 50 years of political independence, more than half of Zambia's population is still living on less than $2 a day, the economy has not greatly diversified, infants and mothers continue to die from preventable causes.

In 2006, Zambia developed a 25-year development strategic plan that is supposed to be implemented through 5-year development plans and annual budgets. This paper takes stock of the progress that was recorded between 2006 and 2015 against Vision 2030 socio-economic indicators and targets through a desk review in order to contribute to Zambia's development discourse and to Government's policy and investment decisions during the second and last phase of Vision 2030.

Review of Vision 2030 at its 10-year point of implementation is significant. There has never been a formal and deliberate review of Vision 2030 since its launch in 2006. What have been reviewed/evaluated are 5-year development (medium term) plans (as it will be shown lower). Though these medium term development plans do posit that they are anchored in Vision 2030, namely to propel Zambia into a middle-income country status by 2030, their respective reviews of past performance and development forecast do not show how far the country has travelled in achieving Vision 2030 targets and what will be done differently to ensure that the 12 development milestones outlined in the 25-year development plan are realized.

The paper is essentially divided into three chapters:

1. Chapter one begins by identifying Zambia's biggest development challenge, highlights how the paper was written and acknowledges the challenges that were encountered along the way.
2. Chapter two is dedicated to the actual desk review and is divided into two complementary parts.
    a. The first part gives a macro picture of both SADC and Zambia. It traces the inextricable link between economic crisis and economic planning in post-1945 non-communist states; positions Zambia's development trajectory within the broader socio-economic development context of the Southern African Development Community (SADC), gives a synopsis of Zambia's development planning history and then provides a high-level summary of Zambia's Vision 2030 10-year performance on 12 socio-economic development indicators against its own 2030 targets.
    b. The second part goes a step further to discuss in greater depth select Vision 2030 indicators and targets and compares them with the average SADC performance, where appropriate.
3. Chapter three recapitulates and concludes the inquiry with a few policy recommendations to guide primarily the Zambian Government economic policies and investment decisions during the second half of Vision 2030.

This paper argues that though poverty and inequality levels are still significantly high, overall, Zambia has made some progress, however at a slow pace, to deliver on all Vision 2030 targets.

B. The Issue

Zambia's biggest socio-economic development challenge is twofold, namely, poverty and inequality. 50 years of political independence and over 100 years of extensive copper mining, the country has more than 50% of its population (over 8 million citizens) living on less than $2 a day (Central Statistical Office, 2015, World Bank 2017).

Is Zambia's pursuit of sustainable development really attainable? Is the foregoing because Zambia inherited, from its colonial masters, a disproportionately disempowered socio-economic base? Is Zambia's underdevelopment a consequence of lack of leadership or it is a combination of several factors including the ones listed above?

If nothing unusual is done, it is highly unlikely that Zambia will meet several Sustainable Development Goals (SDGs) including ending poverty (SDG1), ending hunger (SDG2), promoting good health and wellbeing (SDG3), ensuring quality education for all (SDG4), ensuring access to clean water and sanitation for all (SDG6), fostering decent work and economic growth (SDG8) and reducing inequalities (SDG10) (UN, 2015).

Though the twin problem of poverty and inequality is huge, it is not unsurmountable. Some efforts have been made in this regard. In 2005, Zambia got a debt relief of $5bn under the Highly Indebted Poor Countries program. Shortly thereafter, the then Government under the leadership of the late President Levy Patrick Mwanawasa decided to invest in long term development planning in order to enhance Zambia's prospects of attaining inclusive and sustainable development. In 2006, a 25-year strategic development plan, Zambia Vision 2030, was developed and launched to guide the country's development planning and financing.

C. Research Method

This research is purely done on desk review. It describes and evaluates the 10-year performance of Zambia's Vision 2030 using the indicators and targets that were set in 2006 when the document was prepared. The paper also provides recommendations particularly to the Zambian Government to consider when developing and approving subsequent economic policies.

Several documents were reviewed that were written by the Zambian Government, global and regional multi-lateral agencies, academia and think tanks. These documents spanned a broad range of topics including history of economic planning, Zambia's strategic development plan reviews, national and regional statistics, regional demographic profiles, health financing and the economic structure of Southern African countries, etc. A detailed list of all consulted publications is provided in the reference section. All statistics and other relevant findings were diligently triangulated with publications at country, regional and global levels.

D. Study Challenges and Limitations

The major challenge that was encountered during this study was the lack of statistics for the year 2015 for some member states of the Southern African Development Community (SADC). The SADC database did not have 2015 statistics on poverty headcount ratio and income inequality for Seychelles and Mauritius (so, the SADC average is calculated out of 13 instead of 15 member states). In addition, the latest statistics regarding water and sanitation on the SADC database are for 2011.

Chapter II

Desk Review Findings

Part I: Macro Synopsis of SADC and Zambia's Development

A. Crisis and Economic Planning

Zambia's Vision 2030 is one of the forms of long-term economic planning meant to guide the country's economic policies and investment decisions during its implementation period (2006-2030). Robust economic planning in non-communist states can trace its origins to World War II (WWII). To a bigger extent, economic crises between 1945 to-date have forced several governments, across the globe, to define their medium and long-term development plans. In the aftermath and during the devastating effects of the WWII particularly for European allies of the United States (US), the US devised the European Recovery Program (Marshall Plan) to run from 1947-1951. The Marshall Plan was intended to reconstruct the economies and spirits of western Europe. Sixteen countries, including Germany, were part of the program and shaped the support they required, state by state, with administrative and technical assistance provided through the Economic Cooperation Administration of the US. European countries received approximately $13 billion in aid, in the form of food, staples, fuel, machinery and investment in industrial capacity in Europe from the US (George Marshall Foundation, 2017).

The United Kingdom (UK) developed a 5-year plan in 1961 to deal with a balance of payment crisis. Dissatisfaction with the economic performance of the 1950s forced Belgium in 1959 to develop a plan aimed at increasing its Gross National Product by 4% - which was double of what was achieved from 1955-1960 (Hackett, et al, 2014).

Zambia developed its first medium term national development plan (1966-1971) shortly after gaining political independence from the UK in 1964 in order to promote, among other things, infrastructure development and manufacturing (Hamilton, et al, 2017).

Following the oil price spikes of the 1970s and the resultant indebtedness of several developing countries, the International Monetary Fund and the World Bank placed a conditionality for Southern countries to develop Structural Adjustment Programs and Poverty Reduction Strategy Papers in order to access concessional loans. Conditionality associated with the foregoing loans included macro-economic requirements such as reduced budget deficits, devaluation, and reduced domestic credit expansion, and structural conditions like freeing controlled prices and interest rates, reducing trade barriers, and privatizing state enterprises (Easterly, 2003:364).

The Southern African Development Community – SADC - (of which Zambia is a member state) was created in 1980 out of the need to reduce economic dependence on the then apartheid South Africa (SADC, 2017).

Zambia's 25-year development plan (2006-2030), *Vision 2030*, was conceived in the aftermath of a $5 billion debt relief in 2005 as part of the Highly Indebted Poor Countries arrangement. Resources that were freed up from loan repayments were to be repurposed to foster equitable socio-economic development through 5-year development plans and annual budgets.

B. Zambia's Broader Socio-Economic Development Context: Southern African Development Community

The current Southern African Development Community (SADC) headquartered in Gaborone, Botswana, was born out of a 1980 Southern African Development Co-ordination Conference, held in Lusaka and whose overarching goal was to promote economic liberation and national political liberation in Southern Africa especially for countries such as South Africa, Namibia that were still being ruled by colonial governments.

After 12 years of consultations among the leaders of Southern Africa, Southern African Development Co-ordination Conference (SADCC) was transformed, on 28 August 1992 in Windhoek, Namibia, to Southern Africa Development Community (SADC).

Top on the list of eight SADC objectives contained in the SADC Treaty is achieving development and economic growth, alleviating poverty, enhancing the standard and quality of life of the peoples of Southern Africa and supporting the socially disadvantaged through regional integration. The foregoing and seven other objectives, are to be achieved through increased regional integration, built on democratic principles, and equitable and sustainable development (SADC, 1992). SADC has 15 member states, namely, Angola, Botswana, Democratic Republic of Congo (DRC), Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

In 2015, SADC had a combined Gross Domestic Product (GDP) in the sum of $630,128 billion. 50.4% of this amount was South Africa's. The second, third and fourth positions went to Angola (18.3%), Tanzania (7.3%), and DRC (6.0%) respectively. Zambia came fifth in terms of GDP size with a contribution of 3.4% to the regional figure. Zambia has maintained its fifth SADC ranking regarding GDP size since 2007 though there have been variations in amounts involved between 2007 and 2015. During this period, Zambia's highest GDP size was recorded in 2013 ($28 billion) and the lowest in 2007 ($14 billion). Zambia doubled its GDP size over a 7-year period largely due to high copper prices on the international market. Arguably, Zambia's contribution to the regional GDP is relatively small.

Table 1: GDP in SADC at Current Market Price (Million US$), 2007-2015

SADC Member States	2007	2008	2009	2010	2011	2012	2013	2014	2015
Angola	65 266	88 539	70 415	83 799	111 943	128 138	136 725	145 668	115 114
Botswana	10 938	10 945	10 267	12 787	15 438	14 420	14 902	16 251	14 448
DRC	16 366	19 144	16 004	21 564	25 842	29 310	32 687	35 910	37 587
Lesotho	1 824	1 867	1 886	2 393	2 781	2 681	2 534	2 512	2 337
Madagascar	7 343	9 413	8 544	8 730	9 893	9 920	10 602	10 674	8 920
Malawi	4 433	5 322	6 185	6 959	8 005	5 721	5 222	5 972	6 430
Mauritius	8 146	9 984	9 135	10 002	11 517	11 669	12 122	12 804	11 691
Mozambique	9 455	11 543	11 246	10 450	12 732	15 414	16 128	17 322	15 457
Namibia	8 553	8 346	8 954	10 911	12 602	13 032	12 767	11 659	12 077
Seychelles	1 033	969	849	970	1 019	1 060	1 316	1 349	1 380
South Africa	299 033	287 100	297 217	375 298	416 878	396 826	366 818	351 262	317 628
Swaziland	3 528	3 337	3 664	4 496	4 873	4 789	4 467	4 369	3 946
Tanzania	21 715	27 389	28 574	31 105	33 678	39 080	44 401	48 224	45 766
Zambia	14 057	17 909	15 329	20 266	23 461	25 528	28 076	27 163	21 274
Zimbabwe	6 962	6 451	8 157	10 052	12 072	14 058	15 224	15 834	16 072
SADC Total	**478 653**	**508 257**	**496 427**	**609 781**	**702 732**	**711 647**	**703 989**	**706 972**	**630 128**

Source: SADC, 2016

In terms of GDP per capita, Zambia's performance drops to the median position, it takes up the 8th one (out of 15 member states). Countries with relatively smaller GDP sizes and smaller population sizes have very high GDP per capita. Seychelles tops the SADC list with $14,777 and yet it has the smallest GDP size in the region ($1.3 billion). Seychelles is followed by Mauritius and then Botswana. South Africa is in the fourth position, followed by Namibia, Angola, Swaziland and Zambia in the 8th position with a GDP per capita of $1,375. The smaller GDP per capita were recorded by Mozambique ($601), DRC ($442) Malawi ($394) and Madagascar ($387). All these four countries with GDP per capita of less than $610 had each more than 16 million citizens in 2015 meaning that these countries still have a lot to do in order to grow their economies and catch up with their neighbors in terms of raising the living standards of their people.

The foregoing clearly demonstrates that though SADC GDP size has grown from $20 billion (1992) to $630 billion (2015) – representing 30.5% growth rate, economic growth is not evenly shared. The GDP per capita of DRC, Madagascar, Malawi and Mozambique have all not grown by more than $200 between 2007 and 2015 as shown by the table below. However, during the same period, Tanzania nearly doubled its GDP per capita from $551 to $938 and Zimbabwe, amidst international sanctions, grew its GDP per capita from $578 to $1153 GDP largely due to remittances from the diaspora. Remittances in Zimbabwe accounted for about 6.5% of the country's GDP (SADC, 2016:37) How can this economic divide be explained between the low performers and fast growing economies? Among other things, three key factors could be discerned, namely, fragility/armed conflict, strong and patriotic leadership, resource endowments (skilled labor, natural resource base, capital and technological capabilities).

Table 2: GDP per Capita in SADC (US$ per head), 2007-2015

SADC Member States	2007	2008	2009	2010	2011	2012	2013	2014	2015
Angola	3 137	4 127	3 186	3 675	4 757	5 275	5 452	5 624	4 314
Botswana	5 819	5 716	5 263	6 433	7 624	6 971	7 062	7 561	6 610
DRC	249	281	227	296	343	377	406	432	442
Lesotho	970	991	1 000	1 265	1 466	1 410	1 328	1 311	1 214
Madagascar	396	494	436	433	478	467	485	476	387
Malawi	344	407	457	499	556	385	341	378	394
Mauritius	6 569	8 026	7 325	8 001	9 199	9 290	9 629	10 154	9 257
Mozambique	459	545	516	466	570	647	662	692	601
Namibia	4 218	4 042	4 258	5 092	5 956	6 046	5 813	5 210	5 295
Seychelles	12 296	11 405	9 761	11 020	11 736	12 147	14 783	14 765	14 777
South Africa	6 117	5 793	5 914	7 362	8 059	7 558	6 881	6 487	5 774
Swaziland	3 466	3 233	3 509	4 262	4 567	4 434	4 087	3 950	3 526
Tanzania	551	673	682	720	757	870	962	1 007	938
Zambia	1 174	1 457	1 214	1 548	1 710	1 805	1 923	1 808	1 375
Zimbabwe	578	532	667	815	947	1 076	1 139	1 160	1 153
SADC Average	**1 847**	**1 913**	**1 820**	**2 176**	**2 441**	**2 411**	**2 322**	**2 267**	**1 976**

Source: SADC 2016

How did SADC economic performance translate into human development as measured by the UNDP Human Development Index (composite measure of life expectancy, education and income)? Just like economic growth is varied across SADC member states, human development is equally heterogeneous among SADC member countries. SADC states are spread across high human development (Mauritius and Seychelles), medium human development (Botswana, South Africa, Namibia and Zambia) and low human development (Angola, Swaziland, Tanzania, Madagascar, Zimbabwe, Lesotho, Malawi, DRC and Mozambique).

Table 3: 2015 SADC Member States Human Development Indexes and their Components

SADC Member States	HDI	HDI 2014	HDI changes	Life Expectancy at birth	Expected years of schooling	Mean years of schooling	Gross national income per capita (2011 $PPP)
	2010	2014	2014	2014	2014	2014	2014
Mauritius	0.756	0.777	0.021	74.4	15.6	8.5	17,470
Seychelles	0.743	0.772	0.029	73.1	13.4	9.4	23,300
Botswana	0.681	0.698	0.017	64.0	12.5	8.9	16,646
South Africa	0.643	0.666	0.023	57.4	13.6	9.9	12,122
Namibia	0.610	0.628	0.018	64.0	11.3	6.2	9,418
Zambia	0.555	0.586	0.031	60.1	13.5	6.6	3,743
Angola	0.509	0.532	0.023	52.3	11.4	4.7	6,822
Swaziland	0.525	0.531	0.006	49.0	11.3	7.1	5,542
Tanzania	0.500	0.521	0.021	65.0	9.2	5.1	2,411
Madagascar	0.504	0.510	0.006	65.0	10.3	6.0	1,328
Zimbabwe	0.461	0.509	0.048	63.1	10.9	7.3	1,615
Lesotho	0.472	0.497	0.025	49.8	11.1	5.9	3,306
Malawi	0.420	0.445	0.025	62.8	10.8	4.3	747
DRC	0.408	0.433	0.025	58.7	9.8	4.1	680
Mozambique	0.401	0.416	0.015	55.1	9.3	3.2	1,123

Source: Adapted from UNDP, 2015

Table 3 Key

High human development index	
Medium human development index	
Low human development index	

Zimbabwe recorded the biggest growth in the human development index from 2010 to 2014. Zimbabwe increased its value by 0.048 (from 0.461 to 0.509) followed by Zambia that grew by 0.031 (from 0.555 to 0.586). Least growth in human development was reported in Madagascar and Swaziland whose HDI grew by only 0.006 during the same period.

The small highland nations: Mauritius and Seychelles have the longest life expectancy at birth (both above 70 years) while the two sister Kingdoms, namely, Lesotho and Swaziland have the lowest life expectancy (49 years each) because of weak health systems, poverty and high prevalence rates of HIV and AIDS. Swaziland has the highest HIV prevalence rate (27%) while Lesotho has the second highest at 25% (Avert: 2017). Botswana has equally a very high HIV and AIDS prevalence rate (21.9%) but its people have prospects of living relatively longer lives up to 64 years largely because the Botswana government has invested significantly in its health system, among other things, in antiretroviral therapy (ibid).

Mauritius, Seychelles, Botswana and South Africa are making serious investment in the education of their people perhaps this could also explain, to a larger extent, why their economies keep on growing and their HDI values are higher in the region. All these four (4) countries have over eight (8) years mean years of schooling. Zambia has got 6.6 mean years of schooling implying that most people end their academic journey in primary school thus depriving the country of the much needed skilled and well trained workforce. Mozambique has the least mean schooling period (3.2 years).

C. Origin of Zambia's Vision 2030

Zambia embarked on national development planning shortly after gaining political independence from Britain in 1964. A 2-year transitional development plan was marshalled as a precursor to 5-year development plans (medium term development plans). Each 5-year development plan had a particular theme and a strategic focus aimed at improving citizens' socio-economic conditions. These discrete development plans contributed to fragmented development efforts and thereby leading to minimal development impact. Zambia's first 5-year development plan covered the period from 1966-71 and it is reported to have been the most successful in promoting infrastructural and manufacturing development across the country (Andrew *et al*, 2017).

In 2005, Zambia decided to break away from short termism and adopted a long-term horizon to development planning. Government invested in countrywide consultations in all the then 72 districts in order to listen to and incorporate the governance and development aspirations of its citizens. These national-wide deliberations led to the first ever 25-year collective development dream: Vision 2030 that was launched by the late President Levy Patrick Mwanawasa in December 2006. Vision 2030 is supposed to be implemented through 5-year development plans and annual budgets.

Vision 2030 aspires to propel Zambia to be a prosperous middle-income country by 2030. This generational development plan outlines the goals and targets to be achieved in the various aspects of the country's social-economic life over a 25-year period. The plan also spells out the challenges and obstacles that Zambia must overcome in order to realize its development agenda.

Vision 2030 is founded on seven key principles, namely, (i) sustainable development; (ii) upholding democratic principles; (iii) respect for human rights; (iv) fostering family values; (v) a positive attitude to work; (vi) peaceful coexistence; and (vii) upholding good traditional values.

I. Vision 2030 Socio-Economic Development Objectives and Targets

In order for Zambia to attain the middle-income status by 2030, it set itself the following socio-economic development objectives and targets:

1. To attain and sustain annual real economic growth rates of between 6 and 10 percent;
2. To attain and maintain a moderate inflation rate of 5 percent;
3. To decelerate the annual population growth rate from its 2005 rate of 2.9 percent to a rate of less than 1.0 percent over the next 25 years;
4. To reduce national poverty head count to less than 20 percent of the population; and,
5. To reduce income inequalities measured by a Gini coefficient of less than 40;
6. To provide secure access to safe potable water sources and improved sanitation facilities to 100 percent of the population in both urban and rural areas.
7. Increasing annual health expenditure per capita to a period average of US$150,
8. Increasing the share of industry in GDP from 29 percent in 2006 to 38 percent in 2030;
9. Increasing the share of manufactures in GDP from 13 percent in 2006 to 18 percent in 2030;
10. Increasing the share of manufactures exports to 80 percent of merchandise exports,
11. Maintaining the share of services in GDP at about half (Zambia Vision 2030, 2006)

D. Overview of Progress Towards Vision 2030 Targets

I. Performance of 5-year Strategic Development Plans since 2006

From 2006 to 2015, Zambia has implemented three medium-term strategic development plans, namely, the Fifth National Development Plan (FNDP: 2006-2010), the Sixth National Development Plan (SNDP: 2011), the Revised Sixth National Development Plan (R-SNDP: 2012-2016). The overarching goal of FNDP was wealth and job creation through citizen participation and technological advancement. The plan aimed at facilitating investment in growth stimulating initiatives as vehicles for fast wealth creation and poverty reduction. Agriculture was identified as a lever of economic growth and poverty reduction in an attempt to diversify Zambia's economic base that has been heavily dominated by copper and cobalt for several years.

The SNDP overall goal was sustained economic growth and poverty reduction through infrastructure and human development. However, given that the Movement for Multiparty Democracy (MMD) lost the September 2011 general elections to the Patriotic Front (PF), the PF Government upon assuming Office, revised the SNDP. The Revised SNDP theme was people-centered economic growth and development. The revised development plan prioritized capital investments with a bias towards rural development and job creation for inclusive economic growth. Zambia witnessed unprecedented construction of new infrastructure and upgrading of existing ones in several sectors: education, health, energy, agriculture and most importantly roads. Below are quick highlights of the key socio-economic changes that were recorded during this 10-year period:

1. The Gross Domestic Product (GDP) grew at an average 6.9% per annum against a target of above 7%. The boom in commodity prices during FNDP contributed largely to Zambia's economic growth such that when copper prices started plummeting in 2015, Zambia's GDP also starting declining.
2. During the FNDP (2006-2009), inflation rate averaged 11.4%. Zambia attained a single digit inflation rate during the SNDP and R-SNDP periods. For the most part of this period, inflation averaged 9.9% except for quarter four of 2015 when the Kwacha (Zambia's local currency) depreciated by over 70% as a result of reduced world commodity prices that saw inflation skyrocketing to 14.3% (Seventh National Development Plan [7NDP], 2017:18)

3. Zambia recorded current account surpluses between 2006 and 2014. Nonetheless, at the close of 2015, as it can be deduced from preceding sections, the country witnessed a current account deficit of $767.2 million due to depreciation of the Kwacha against major currencies, reduced export earnings (dominated by copper) (ibid).
4. In 2014, over 80% of Zambia's labor force was in the informal sector (largely agriculture and retail) that was characterized by low wages, capital investment and technology consequently rendering majority citizens vulnerable and with little prospects to come out of the income poverty trap.
5. Total fertility rates among women were still high during the period under review. In 2013-14, the average fertility rate was 5.3. The high fertility rate is attributable to low employment, low education levels among women and lack of access to modern contraceptives particularly in rural areas. The country's population grew at an average rate of 2.8% per annum between 2000 and 2010. The population size increased from 11.8 million in 2006 to 15.4 million in 2015 (Central Statistical Office, 2015).
6. Zambia's life expectancy in 2015 stood at 61.8 years which was above the SADC Regional average of 59.9 years. SADC has seen its life expectancy grow from 51.8 years in 2007 to 59.9 years in 2015 due to improved nutrition, water and sanitation and medical interventions, among other things. Malawi's and Mozambique's life expectancies were both below the regional average as they were 58.3 and 57.6 years respectively. In all the three countries, HIV/AIDS is the number one cause of morbidity and mortality (WHO, 2015; SADC, 2016).
7. Though Zambia's poverty prevalence reduced from 60.5% in 2006 to 57.5% in 2015, income inequality and absolute number of poor people living below the $1.9 poverty line increased. The number of poor people increased from 7.5 million in 2006 to 9.3 million in 2015 (World Bank, 2017). Income inequality as measured by the Gini Coefficient increased from 0.60 in 2006 to 0.69 in 2015 (7NDP).
8. From 2005 to 2014, Zambia's health sector witnessed a 10% increase in investment from Government. General government expenditure as a percentage of total health expenditure grew from 45.1% in 2006 to 55.3% in 2014 (WHO, 2015). The average per capita total health expenditure from 2005-2015 was $67.2 which is 55.2% below the Vision 2030 target of $150. More than 50% of total expenditure on health was private (not from Government) between 2005 and 2010. Private health expenditure was also dominated by out of pocket expenses, meaning that a lot of citizens do not have health insurance and are using their savings and/or borrowed money to cover their medical bills.

II. Performance Summary of Vision 2030 Socio-Economic Development Objectives

This section provides a high-level summary of the progress that has been recorded against the 11 socio-economic targets contained in Vision 2030. Baseline figures are largely taken from 2005 given that is when the country undertook its living conditions and economic survey (which also served as a baseline for Vision 2030). The table below has 12 objectives and targets instead of 11 so that water and sanitation can be measured separately (as indicated above already).

Table 4: **Summary of Vision 2030 Progress (2006-2015)**

Vision 2030 Objectives	**2005/6 Baseline**	**2015 SADC Performance**	**Zambia 2015 Performance**	**Zambia 2030 Target**	**2030 Variance**
Annual real economic growth rate	5.8%	2.3%	3.2%	6-12%	2.8%
Inflation rate	8.8%	5.7%	10.1%	≤5%	-5.1%
Population growth rate	2.9%	2.4%	3.0%	<1.0%	-2.0%
National poverty headcount ratio	60.5%	45.8%[4]	54.4%	<20%	-33.6%
Income inequality (Gini Coefficient)	54.6%	46.7%[5]	69%	<40	-29%
Access to safe water sources	59%	67.1%[6]	67.7%	100%	32.3%
Access to improved sanitation facilities	41%	56.3%	72.8%	100%	27.2%
Average annual per capita expenditure on health	$52	$208.8	$69	$150	$81

[4] This value is based on 2014 figures of 13 SADC member states – that is, excluding Mauritius and Seychelles as their values were missing on the database available at: http://sadc.opendataforafrica.org/SADCPNDID2016/sadc-statistical-yearbook-2014-poverty-and-income-distribution?country=1000140-zambia – (accessed 1st February, 2018).

[5] Ibid

[6] SADC database on water and sanitation regarding its member states is only up to date as of 2011 and does not include Mauritius and Seychelles: http://sadc.opendataforafrica.org/SADCPNDID2016/sadc-statistical-yearbook-2014-poverty-and-income-distribution?country=1000140-zambia - (accessed 1st February, 2018).

Share of industry in GDP	29%	23.37%	35%	38%	3%
Share of manufactures in GDP	13%	10.9%	7.9%	18%	10.1%
Share of manufactures exports	13%	Not available	23.1%	80%	56.9%
Share of services in GDP	50%	64.7%	60%	50%	+10%

Sources: Vision 2030, WHO, World Bank, SADC, 7NDP, Trading Economics, CSO

Table Key

On track to meet target	
Target met	
Likely to meet target with extra effort	
Completely off-track	

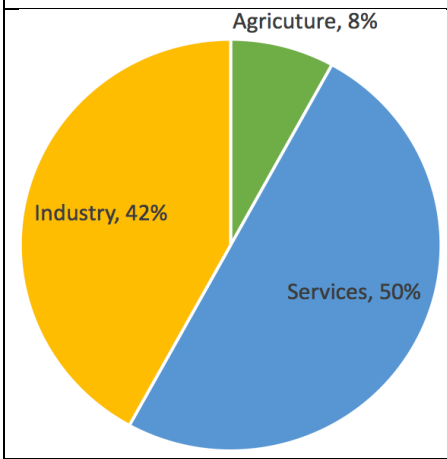
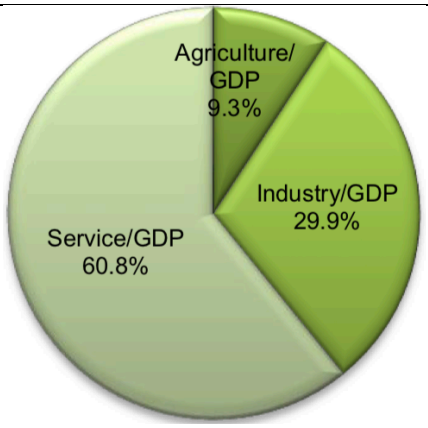
Zambia's performance on its 12 socio-economic indicators against Vision 2030 targets is mixed. The country has grown its share of services in GDP from 50% (2005) to slightly over 60% in 2015. Zambia is equally poised to meet three targets, namely, reducing its inflation rate to 5%; having 100% access to safe water sources and sanitation facilities and increasing the share of industry in GDP to 38%. It is also probable with extra effort that the country might increase its real economic growth rate to 6% and reduce population growth rate to slightly below 2%. Based on Zambia's past 10 years' performance, it's highly unlikely that the targets of the following indicators will be met by 2030, namely, reducing national poverty headcount and income inequality, and increasing per capita Government expenditure on health, and the share of manufactures in GDP and share of manufactures exports (as a percentage of merchandise exports).

Part II: Detailed Discussion of Vision 2030 Progress

This section distills further Vision 2030 Progress and its impact on the well-being of the Zambian people. The detailed treatise will be restricted to the following constitutive elements of Vision 2030, namely, Zambia's economic structure, the paradox of economic growth amidst growing income inequality, inflation, population dynamics and health financing.

A. Zambia's Economic Structure

Figure 1: Zambia's GDP by Sector in 2005 and 2015

2005 (GDP = $8.3bn)	**2015 (GDP = $21.2bn)**
	
Source: Author's creation based on Zambia Vision 2030 Data	**Source**: KPMG, 2015:3

Zambia's economic structure has undergone some transformation since 2005 but what is consistent throughout the period under study is that the services sector remains a major contributor to the country's real economic growth and that mining is the country's main foreign exchange earner. In 2005, the services sector contributed 50% to GDP and 10 years later, about 61% of Zambia's economic output came from service provision. The industrial sector contribution to GDP has seen a downward trend from 42% (2005) to 29.9% in 2015. The reduction in industrial output is largely because of closure of some manufacturing companies. Currently, the industrial sector is dominated by copper mining and downstream related activities which also constitute about 80% of Zambia's export earnings. Mining contributes about 12% to Zambia's GDP. The extractives sector has potential to do more in terms of wealth creation for Zambians, however, as of 2015, 95% of goods and services used by the mining industry were imported largely because the country had no enforceable policy and legislation that compelled

mining companies to effectively use local products and services (World Bank, 2016). Zambia's over reliance on mining for its foreign exchange earnings makes it highly vulnerable to frequently fluctuating prices on international commodity markets.

From mid 2014 to late 2016, the mining sector productivity slowed down due to plummeting copper prices on the international commodity markets and erratic power supply. Zambia suffered a serious drought in 2015 as result of El Niño and given that most of Zambia's electrical energy is generated from water, the mining sector was not spared from power rationing.

Food shortages coupled with reduced copper prices and electricity supply had devastating effects on Zambia's balance of payments and ultimately on the value of the local currency, Kwacha. Inflation rates skyrocketed to as high as 17% in 2016 (Central Statistical Office [CSO], 2016).

Although agriculture is the biggest employer of Zambia's workforce, 85% in 2005 and 58% in 2015 (CSO, 2005, 2016), much of it is subsistence farming and its contribution to GDP is below 10% because of low productivity and lack of access to lucrative markets particularly among small scale farmers who dominate the sector. Low agricultural productivity has serious consequences on poverty reduction as will be discussed later.

The above findings on Zambia's economic structure are consistent with SADC regional trends. More than 50% of SADC GDP is from services. Agriculture contributes between 4% and 13% to GDP and about 13% to overall SADC export earnings (SADC, 2012). More than 70% of the region's population depends on agriculture for food, income and employment. The region's economic growth has been constrained largely due to poor performance in the agriculture sector (SADC, 2012).

Though mining contributes 60% of SADC foreign exchange earnings and 10% of the regional GDP, it only employs about 5% of the population. The big question for policymakers and senior bureaucrats is how are they using tax revenues from mining activities to benefit the rest of the population not directly or indirectly employed by mining companies?

B. The Paradox of Economic Growth amidst growing Income Inequality

A 2012 policy brief by the African Development Bank (ADB) argued that Africa is the second most inequitable region in the world after Latin America. ADB further posited that in 2010, six out of the 10 most unequal countries worldwide were in Sub-Saharan Africa, and specifically, in Southern Africa. These six most unequal SADC countries are: Namibia, South Africa, Angola, Botswana, Zambia, Lesotho and Swaziland. The implications are that though these countries could be recording increasing per capita income, wealth is not shared with the majority of people living within the borders of these countries. Inequality of income also entails inequality in education, health and nutrition outcomes among poor households thus perpetuating generational poverty.

Zambia witnessed sustained real economic growth rates between 2005 and 2011. Real economic growth rates ranged from 7.9% (2006) to 10.3% (2010). The average real economic growth rate for this period was 8.7% largely driven by high copper prices. Zambia saw a continued reduction in its economic performance from 2011 onwards (5.6%) with a slight improvement in 2012 (7.6%). 2015 recorded the least growth (2.9%) largely because of plummeting copper (commodity) prices on the international market. In 2015, copper accounted for over 70% exports, making it the largest source of foreign exchange for the country followed by cereals (2.9%) particularly maize (Trading Economics, 2017).

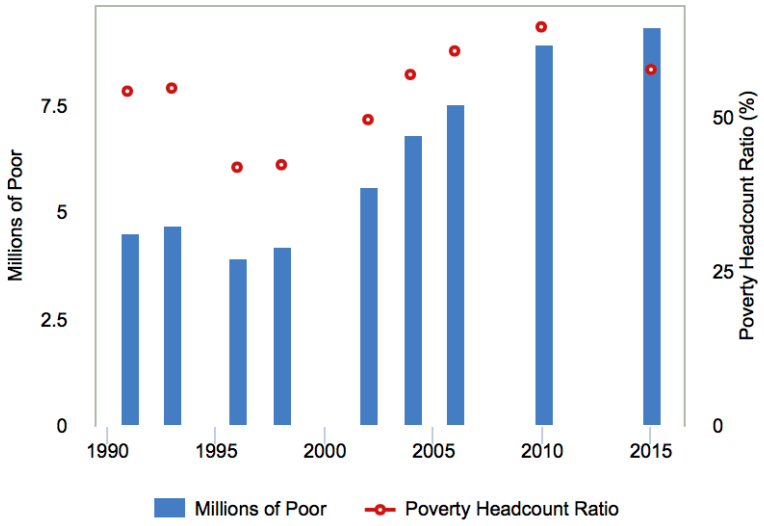
Zambia's economic growth has not necessarily translated into lifting majority citizens out of poverty. In 2015, there were more Zambians living in poverty than in 2006. In 2006, Zambia had 7.5m citizens (60.5%) living below the international poverty line and in 2015 there were 9.3m (57.5%) Zambians living on less than $1.9 per day (CSO, 2016a). Vision 2030 objective was to reduce poverty headcount to less than 20%. Why is income poverty on the rise? There are multiple plausible explanations. First, dividends of rapid economic growth seem to be skewed towards the rich and middle class. In 2015, Zambia's wealthy group controlled 61.3% of total income while the middle class had 29.9% leaving the poor with a combined total income of 8.9% (World Bank, 2015). Second, though mining is the country's main foreign exchange earner, it is not the main employer. Mining employs less than 2% of Zambia's workforce (CSO, 2016b:57). 60% of Zambians live in rural areas where subsistence farming is their main source of livelihood. In 2015, agriculture employed 58.7% Zambians (ibid). The agricultural sector is characterized by

several constraints that continue to hinder economic empowerment of farmers. Some of these challenges include poor road network, late supply of farming inputs, inadequate extension services, over reliance on rain-fed agriculture, inadequate storage facilities, inefficient crop markets, promotion of one crop (maize) at the expense of other equally important cash crops such as groundnuts, rice, soya beans, etc.

If poverty is to be disaggregated by political leadership that have ruled Zambia since the end of the one-party state in 1991 when poverty headcount ratio was at 54% (4.5m citizens), then the Movement for Multiparty Democracy (MMD) that ruled Zambia for 20 years (1992-2011) must be given the highest responsibility. The MMD only worked during the first term in office (1992-1996) when they reduced the incidence of poverty from 54% to 41.7% as shown in the figure below. There were more people thrown into destitution during the last 15 years of the MMD rule (1996-2011). Poverty grew from 41.7% (1996) to 64.5% (2010), the number of poor people actually doubled from 4.5m (1991) to 8.9m (2010). The MMD leadership left Zambians poorer than when they assumed the highest Office in 1992.

When the MMD tenure is put into a wider context, one would notice other extenuating factors that compounded inclusive growth including massive privatization of state-owned enterprises, downsizing of the public-sector due to structural adjustment programs and the high debt burden. The above macro processes led to significant job losses, increased vulnerability and consequently poverty increase. External economic and development blue prints are not to blame for the MMD failure to reverse increasing poverty trends, they had a choice to develop locally owned and tested development models.

Figure 2: Zambians living on less than $1.90 a day: 1990-2015



Source: World Bank, 2017

Zambia's social protection systems are also in their infancy. For example, the social cash transfer scheme has not covered all vulnerable and eligible households. The money that is also given to beneficiaries is equally small (less than $30 per month) when measured against the individual basic needs basket for a family of five people which was pegged at $240 per month (2015).

The foregoing explains partly why income inequality continues to go up. The Gini coefficient increased from 54.6% (2005) to 69% (2015) largely because of differences in wage salaries between the majority citizens employed in the informal sector and those in the formal sector. In 2015, 57% of Zambians (aged 12 years and older) were self-employed in some small trade; 5% were employed by Government and 14% by the private sector. 18% of the employable citizenry were unpaid family workers (CSO, 2016b:58).

C. Inflation

As part of the SADC regional integration aspiration, member states signed a Memorandum of Understanding on Macroeconomic Convergence in 2002 which was subsequently annexed to the Protocol on Finance and Investment in 2006. Macroeconomic convergence requires that SADC member states need to put in place necessary processes and structures to restrict inflation to low and stable levels, maintain prudent fiscal stances with minimal deficits, maintain sustainable balances in current accounts and minimize market distortions (SADC, 2012). SADC Secretariat further stated that though progress has been made by several member states to reduce inflation to single digits, inflationary pressures still abound.

In 2015 Malawi had the highest inflation rate (21.9%) in SADC, followed by Angola (14.3%) and Zambia took the third position with 10.2%.

SADC Secretariat has identified four critical drivers of inflation in the region:

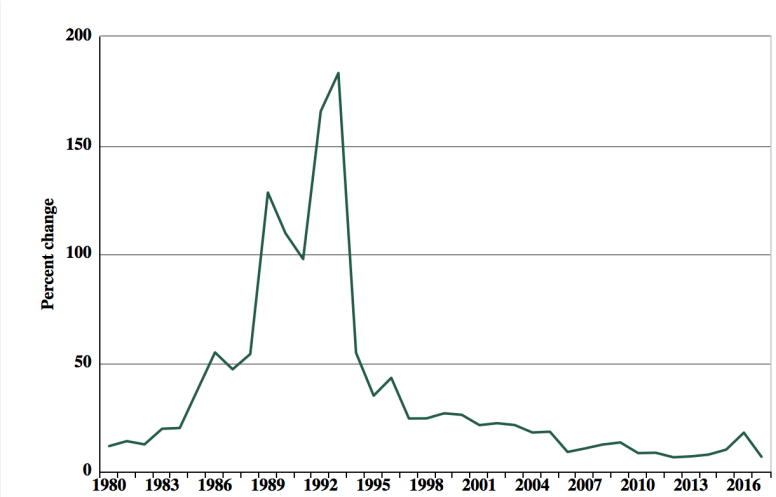
1. Food and energy costs
2. Wage increases
3. High utility charges, and
4. Exchange rate changes against the US dollar.

Food and energy costs are the main drivers of inflation in SADC largely because they constitute the biggest expenditure for majority households. Several SADC countries are fuel importers, so, any increases in fuel prices on the international market affect and reduce the buying power of the majority poor. Climate change is increasingly affecting rain-fed agriculture due to persistent droughts in the region. SADC countries are importing food, at a huge cost, to feed their citizens.

In the case of Zambia, the major causes of inflation are the price of copper (which equates to the value of the local currency, Kwacha, due to it being the main foreign currency earner) and the cost of energy (fuel and electricity). The price of copper on the international market and the cost of energy have significant effects on the cost of essential goods and services.

Vision 2030 set out an ambitious target of reducing inflation 8.8% (2006) to 5% by the year 2030. By 2015, inflation had actually gone up to 10.1% largely due to electricity shortages (caused by drought) and low copper prices on the international market coupled with food shortages due to the drought that was experienced in 2014.

Figure 3: Zambia's Inflation Rate between 1980 and 2017



Date	Value	Change, %
2017	6.8	-62.01 %
2016	17.9	77.10 %
2015	10.1	29.39 %
2014	7.8	11.94 %
2013	7.0	6.13 %
2012	6.6	-24.06 %
2011	8.7	1.86 %
2010	8.5	-36.53 %
2009	13.4	7.57 %
2008	12.4	16.84 %
2007	10.7	18.17 %
2006	9.0	

Source: Knoema, 2017

When Zambia's consumer price index changes (inflation rates) are viewed over a 12-year period (2005-2017), it can be argued that the country has generally performed well in bringing the inflation rate down to a 1-digit figure with five exceptions: 2007 (10.7%), 2008 (12.4%), 2009 (13.4%), 2015 (10.1%) and 2016 (17.9%). 2016 saw the highest inflation rate since 2005 and it can be explained largely due to low copper prices on the international market that were recorded in 2015 and 2016. Until today, the value of the local currency (Kwacha) is closely connected to how much copper is fetching on the international commodity markets. The figure below clearly illustrates how the Kwacha significantly started depreciating late 2013 through 2014, 2015, 2016 and how it has regained value in 2017.

Figure 4: Kwacha-US Dollar Exchange Rates from 2 January 2013 - 15 November 2017

Source: XE, 2017

D. Population Dynamics

Population growth rate is a natural product of the interplay of three major factors: mortality, fertility and migration (UNECA, 2016). For several years, for example, Zambia has been home to refugees from neighboring countries such as Angola, DRC, Rwanda and Burundi. Some of the refugees who have stayed for longer periods in the country and are hesitant to go back to their respective countries of origin, have actually been granted citizenship.

In 2015, Zambia's population was estimated at 15.5m translating into a 28.1% population increase from 2005 which was estimated at 12.1m (CSO, 2016b). The average population growth rate between 2005 and 2015 was 3%. Zambia's growing population is caused mainly by high fertility rates of 5.3 per mother coupled with reductions in infant and maternal deaths. Poor and uneducated women had the highest fertility rate of 7.1. Fertility rates were lowest (3.0) among wealthier women with post-secondary education. As it can be inferred from the preceding statement, fertility rates were closely related to access to family planning services, level of education and economic status of women. Poor and uneducated women from rural communities are more likely to marry early, have more children as they regard children as a source of prestige among peers and, most importantly, as a guarantee of social security particularly during old age.

Zambia has a youthful population. 65% of the total population is below the age of 25 years of which the majority are between ages 5 and 20. The foregoing has got serious implications on dependence ratios. The table on the next page provides a detailed breakdown of Zambia's 2015 population by age group and sex.

Table 5: Percentage Distribution of Zambia's Population by Age Group and Sex, 2015

Age Group	Male	Female	Both	Number of persons
Total	**100**	**100**	**100**	**15,473,905**
0 - 4	9.9	10.0	9.9	1,536,048
5 - 9	18.8	18.7	18.8	2,902,927
10- 14	14.3	14.2	14.2	2,201,329
15 - 19	12.6	12.6	12.6	1,951,215
20 - 24	9.5	9.6	9.6	1,483,666
25 - 29	7.1	7.9	7.5	1,163,404
30 - 34	6.1	6.3	6.2	960,741
35 - 39	5.7	5.5	5.6	868,372
40 - 44	4.5	3.9	4.2	647,030
45 - 49	3.3	2.8	3.0	466,454
50 - 54	2.3	2.4	2.3	362,640
55 - 59	1.9	1.8	1.9	287,784
60 - 64	1.2	1.4	1.3	198,116
65 +	2.8	3.0	2.9	444,177

Source: CSO, 2016b:12

Going by the country's high fertility rates, it is very unlikely that the less than 1% population growth rate will be achieved by 2030. Although Zambia's population is growing rapidly, the country is still sparsely populated particularly in rural areas. Population density is 22 people per square kilometer (CSO, 2016b).

The densely populated towns are found in Lusaka and Copperbelt provinces. Local authorities are financially constrained in these two provinces to meet demands for decent and affordable housing, safe water and proper sanitation and street lighting. The poor, often uneducated and with big families, find themselves living in unplanned settlements such as slums which are perennial epicenters of epidemics such as cholera. Zambia's population growth rate is outpacing public service provision of essential services such as healthcare, water and sanitation, education, roads and other public amenities such as street lighting and marketplaces.

E. Health Financing

SADC member states (while acknowledging variation between countries) face several significant challenges to provide quality, accessible and affordable healthcare particularly in public and rural facilities. The region also is marked by a high disease burden which is often a complex mix of communicable and non-communicable diseases as well as trauma and violence (Finmark Trust, 2016). In the face of poor health services, long waiting periods to be attended to, lack of skilled medical staff in public facilities, poor households spend significant sums of money (out of their pockets) to access private healthcare. SADC has also a disproportionate share of HIV prevalence rates than any other part of the world mainly because of South Africa which has 7.1 million people living with HIV (Avert, 2016).

Zambia has been making some progress in strengthening its health system. It achieved some of its health MDGs regarding HIV/AIDS and tuberculosis and also made significant reductions in malaria cases and maternal and child mortality rates as will be shown on the next page. However, Zambia's health system still suffers from insufficient funding; inefficient flow of funds through the various functions due to leakages; and from lack of financial protection and equity in payment, service use and benefits allocation (Freedom to Create, 2016).

The average per capita total health expenditure from 2005-2015 was $67.2 which is 55.2% below the Vision 2030 target of $150. More than 50% of total expenditure on health was private (not

from Government) between 2005 and 2010. Over 60% of private expenditure on health is due to out-of-pocket expenses (WHO, 2014), meaning that the majority Zambians do not have health insurance to cover their medical bills. Government investment in health started increasing from 2010 onwards largely because of general elections in 2011 (a similar political campaign technique was seen in 2005 a year before general elections as shown in the table below). Public expenditure on health averaged 52.9% from 2010-2014 (ibid). Investment in health saw a steady increase since the Patriotic Front Party assumed Government in 2011 given that the late Party Leader and President (Michael Sata) was a former Minister of Health and his wife a qualified gynecologist and obstetrician. As a share of GDP, the period average (2005-2014) total expenditure on health is 5.1%. The table below summarizes Zambia's investment in health by Government and private individuals/sector from 2005-2014.

Table 6: Government and Private Expenditure on Health as % of Total Expenditure on Health 2005-2014

Countries	General government expenditure on health as % of total expenditure*										Private expenditure on health as % of total expenditure on health*									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Zambia	52.4	45.1	43.2	44.9	47.8	51.7	50.4	51.6	55.4	55.3	47.6	54.9	56.8	55.1	52.2	48.3	49.6	48.4	44.6	44.7

Source: WHO, 2014

Has increased investment in health led to improved health outcomes among Zambians? The answer is mixed, for example, when infant and maternal health indicators are analyzed. Infant mortality rate reduced by 35% between 2003 and 2016 that is from 76 per 1,000 live births in 2004 to 45 per 1,000 live births in 2015 (CSO *et al*, 2015:111). The main child health interventions being implemented in Zambia are the Expanded Programme on Immunization (EPI) and the Integrated Management of Childhood Illnesses (IMCI) programme. The Prevention of Mother-to-Child Transmission (PMTCT) of HIV programme has also made progress by ensuring that women who are HIV positive have reduced risk of transmitting HIV to their babies. All infants born to HIV-positive mothers are put on anti-retroviral treatment (ibid). Despite the above progress children continue to be plagued by malaria, diarrhea, respiratory infections, malnutrition, anemia and HIV and AIDS.

Maternal mortality rate equally reduced by 39.8% between 2004 and 2016, that is, from 372 per 100,000 live births in 2004 to 224 per 100,000 live births in 2015 (WHO, 2016). The 272 per

100,000 live births maternal mortality rate is still far from the 159-target set by the National Health Strategic Plan (2011-2015). Some of the major causes of high maternal deaths in Zambia include hemorrhage, sepsis, obstructed labor, hypertensive conditions, abortion, malaria, and HIV.

There are demographic differentials in both infant and maternal mortality rates. Rural, uneducated and poor households carry the heaviest burden of morbidity and mortality (CSO *et al*, 2015). Why are infants and mothers still dying from preventable causes? The reasons are manifold and include inadequate qualified staff, long distances to health facilities, poor nutrition, and stock out of essential drugs.

Chapter III

Conclusion and Policy Recommendations

Zambia is certainly making progress towards actualization of Vision 2030 but perhaps at a slow pace particularly regarding reversing increasing poverty and inequality levels. Infant and maternal mortality rates decreased but not to acceptable numbers. GDP grew from $8.3bn (2005) to $21.2bn (2015) representing a 155% economic growth over a 10-year period but poverty headcount ratio only reduced by 3% that is from 60.5% (2006) to 57.5% in 2015 (World Bank, 2017). In nominal terms, poverty has actually increased from 7.5m to 9.3m citizens. As Zambia's population increases and as the economy grows, more citizens are being thrown into deprivation of basic needs. It is like possession by dispossession.

If the current Patriotic Front Government (that assumed Office in 2011) would follow the MMD legacy of only delivering inclusive growth during their first term in Office (2011-2016), then Vision 2030 will only be a great collective aspiration on paper. The PF Government has managed to reduce poverty headcount ratio by 7%, that is, from 64.4% (2010) to 57.5% (2015) though in absolute terms there are 400,000 more people who have become poorer during the same period.

The PF Government has the opportunity to ensure that its pro-poor policies are implemented and lift millions of Zambians out of want. Among the many game changers, the PF Government can also pay attention to, include the following:

1. Improve agriculture productivity and access to lucrative markets particularly for small scale farmers. Agriculture is the biggest employer in Zambia, it absorbs about 57% of the country's workforce but only contributes less than 10% to GDP.
2. Increase the beneficiaries of and the monthly allocation provided by the social cash transfer program. The Ministry of Finance and the Ministry of Community Development and Social Services can make good use of the 2015 CSO-World Bank report that mapped out sub-national poverty so that social protection programs are directed at people who need them most.
3. Revamp the manufacturing sector to add value to agricultural produce and mineral extracts. Manufacturing industries can create jobs for youths; provide a ready market for small scale farmers and widen Zambia's foreign exchange base (which is currently being dominated by copper. Copper constitutes about 80% of export earnings).
4. Government needs to monitor and review closely mining companies procurement policies and practices to ensure that they buy local goods and services (those that can be sourced locally) and by so doing, mining companies will contribute to the growth of Zambia's private sector and ultimately enhance prospects of employment opportunities for many Zambians.
5. Continue to invest in health. Zambia needs a healthy (and skilled population) to drive the 2030 agenda. Out of pocket expenses in 2015 stood at about $30 which is more than the recommended WHO threshold of $20 per capita.
6. All the above policy actions have got budgetary implications. It is therefore imperative for Government to diligently and judiciously cultivate fiscal discipline and reduce corruption across all sectors. Corrupt public officials should be duly investigated and prosecuted accordingly.

Admittedly, there are many challenges ahead but opportunities equally abound for Zambia to unleash its inclusive social-economic potential by 2030. Vision 2030 requires visionary leadership, patriotic citizens and a collective resolve to make Zambia a great place to call home.

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