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Invertir en la población rural

## República de Zambia

### Programa sobre Oportunidades Estratégicas Nacionales (2019-2024)

#### Nota para los representantes en la Junta Ejecutiva

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Para **examen**

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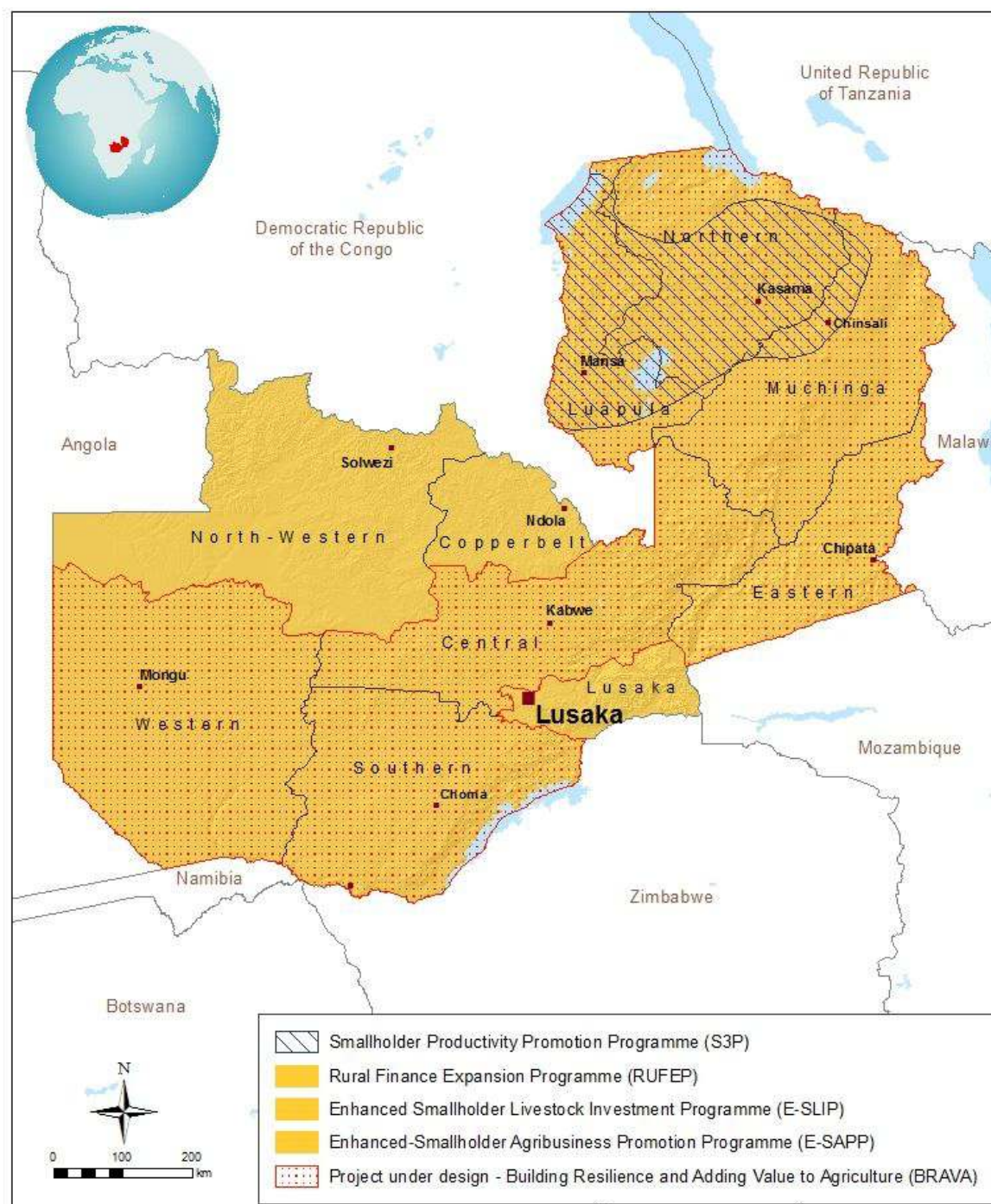
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## **Acrónimos y siglas**

BADEA	Banco Árabe para el Desarrollo Económico de África
BAfD	Banco Africano de Desarrollo
COSOP	Programa sobre Oportunidades Estratégicas Nacionales
FIDA11	Undécima Reposición de los Recursos del FIDA
OFID	Fondo de la OPEP para el Desarrollo Internacional
PIB	producto interno bruto
PMA	Programa Mundial de Alimentos
POA	plan operacional anual

## Mapa de las operaciones financiadas por el FIDA en el país



Las denominaciones empleadas y la forma en que aparecen presentados los datos en este mapa no suponen juicio alguno del FIDA respecto de la demarcación de las fronteras o límites que figuran en él ni acerca de las autoridades competentes.  
 Mapa elaborado por el FIDA | 08-02-2019

## Resumen

1. La República de Zambia está saliendo de un período de crecimiento económico lento (2015-2017), que incidió negativamente en la capacidad del Gobierno para invertir en los sectores rural y agrícola durante los últimos años. El 60 % de la población del país (en particular, los pequeños agricultores de subsistencia) viven por debajo del umbral de pobreza, y es en las provincias del Este, Oeste, Norte, Centro y Luapula donde se encuentra la mayor concentración de población pobre. Además, Zambia sigue presentando un elevado riesgo de sobreendeudamiento.
2. El séptimo Plan Nacional de Desarrollo (2017-2021) de Zambia ofrece una gran oportunidad para diversificar la actividad económica minera hacia la agrícola. Sin embargo, se presentan dificultades a la hora de convertir la visión de este plan en resultados concretos. Los pequeños agricultores siguen estando marginados, y apenas disponen de acceso a los insumos, los mercados y las tecnologías innovadoras que les ayudarían a fortalecer su resiliencia ante el cambio climático. Las incoherencias en las políticas y el notorio papel que el Gobierno desempeña en los mercados de insumos y productos agrícolas limitan la participación del sector privado en los mercados agrícolas. Las disparidades entre géneros y de edad siguen siendo apreciables, particularmente en las zonas rurales, al tiempo que Zambia tiene una de las tasas de subalimentación más altas del mundo.
3. El objetivo del presente Programa sobre Oportunidades Estratégicas Nacionales (COSOP) consiste en aumentar los ingresos y mejorar la seguridad alimentaria y la nutrición de la población rural pobre y vulnerable a través de unos medios de vida rurales inclusivos, sostenibles, diversificados y resilientes al cambio climático. Esto se logrará mediante la consecución de dos objetivos estratégicos interrelacionados, a saber:
 

**Objetivo estratégico 1.** Aumentar la producción, la productividad y la comercialización del sector agrícola a fin de fortalecer la resiliencia de los sistemas de producción en pequeña escala y mejorar la nutrición y la seguridad alimentaria.

**Objetivo estratégico 2.** Desarrollar cadenas de valor agrícolas eficientes que tengan en cuenta la nutrición con las que aumentar la participación de los pequeños agricultores en los mercados y crear oportunidades de empleo.
4. Entre las principales características del presente COSOP cabe destacar:
  - i) comercialización y diversificación de la producción agrícola para cubrir las necesidades relativas a la generación de ingresos y la nutrición, y crear empleo, especialmente para las mujeres y los jóvenes; ii) un esfuerzo intensivo por aumentar tanto la cofinanciación internacional (procedente de, por ejemplo, el Banco Africano de Desarrollo (BAfD), el Banco Árabe para el Desarrollo Económico de África (BADEA), el Fondo de la OPEP para el Desarrollo Internacional (OFID) y el Banco Mundial) como la cofinanciación nacional; iii) una estrecha colaboración con las organizaciones de agricultores, el sector privado y asociados como el Programa Mundial de Alimentos (PMA) y la Plataforma para la Gestión de Riesgos Agrícolas (PARM), con miras a adoptar medidas de defensa que garanticen que las inversiones del FIDA en el país puedan hacer frente al cambio climático, y iv) reorientación de las inversiones del FIDA hacia las zonas geográficas con los mayores índices de pobreza prestando atención a las cadenas de valor que tengan en cuenta la nutrición.
5. A través de este COSOP, las condiciones de los préstamos que se concedan a Zambia pasarán de ser muy favorables a combinadas. Los objetivos estratégicos se lograrán por medio de la cartera en curso y el Programa de Fomento de la Resiliencia y Agregación de Valor a la Agricultura, cuya ejecución se realizará durante la Undécima Reposición de los Recursos del FIDA (FIDA11). Está previsto que con los recursos de la FIDA12 se pueda consolidar la cartera en curso, respaldar la reestructuración de la cartera y ajustarla según sea necesario para alcanzar los resultados y el impacto deseados. En el marco de los proyectos financiados con donaciones complementarias se fomentará la innovación y el aprendizaje, así como la cooperación Sur-Sur y la cooperación triangular.

## República de Zambia

### Programa sobre Oportunidades Estratégicas Nacionales

#### I. Contexto del país y programa del sector rural: principales desafíos y oportunidades

1. **Contexto socioeconómico.** La República de Zambia es un país sin litoral pero rico en recursos, que abarca una superficie de 752 616 km<sup>2</sup>, en donde se calcula que habitan 17,7 millones de personas, de las cuales cerca del 57 % vive en zonas rurales (la densidad de población en las zonas rurales es de 23 personas/km<sup>2</sup>). La República de Zambia está saliendo de un período de crecimiento económico lento (2015-2017), provocado por un debilitamiento de la situación fiscal que obedecía a una inflación elevada, un rápido aumento de la deuda pública, el descenso de los precios del cobre, las malas cosechas tras el paso de El Niño y la disminución de un 22 % del precio del maíz.
2. Es posible que la deuda pública de Zambia (el 62,6 % del producto interno bruto (PIB) en 2018) siga aumentando si el Gobierno no ajusta sus políticas, de conformidad con el análisis de sostenibilidad de la deuda del Fondo Monetario Internacional (FMI). Ese aumento podría originar una reducción de la inversión pública, que a su vez podría repercutir negativamente en el objetivo del país de reducir la pobreza. Asimismo, las próximas elecciones presidenciales, que tendrán lugar en 2021, podrían afectar a la estabilidad macroeconómica del país. El crecimiento de los ingresos y los empréstitos de mercado podrían reducir la capacidad de Zambia para acceder a financiación en forma de donaciones y en condiciones favorables (véase el apéndice II). Esta situación podría verse agravada a causa de la mala calificación con respecto al índice de percepción de la corrupción<sup>1</sup>: Zambia, con una puntuación de 37 puntos sobre 100, ocupa el puesto 96.º de un total de 180 países.

Cuadro 1  
Hipótesis de crecimiento

	Proyecciones			
	2018	2019	2020	2021
PIB a precios corrientes (en miles de millones de dólares de los Estados Unidos)	25,778	26,118	27,4	29,072
Total de la deuda pública de la administración central (% PIB)*	60,0	62,4	63,3	64,0
Población (en millones de personas)	17,77	18,32	18,88	20,04

3. **Pobreza rural.** El crecimiento económico de Zambia no se ha materializado debidamente en una reducción de la pobreza, puesto que el 60 % de la población todavía vive por debajo del umbral de pobreza, de los cuales el 42 % vive en situación de extrema pobreza<sup>2</sup>. La pobreza sigue siendo el mayor desafío que afronta el desarrollo del país: el 76 % de la población rural vive en situación de pobreza. La concentración de pobreza es particularmente elevada en las provincias del Este, Oeste, Norte, Centro y Luapula<sup>3</sup>, sobre todo entre los pequeños agricultores de subsistencia. El país obtuvo malas calificaciones respecto del índice de desarrollo humano (IDH)<sup>4</sup> y la prevalencia del virus de la inmunodeficiencia

<sup>1</sup> *Transparency International* (2017).

<sup>2</sup> Panorama general del Banco Mundial relativo a Zambia (2013).

<sup>3</sup> Oeste (73 %), Luapula (67,7 %), Norte (67,7 %).

<sup>4</sup> Con una puntuación de 0,588, ocupa el puesto 144.º de un total de 188 países.

humana (VIH)<sup>5</sup> entre la población adulta ha contribuido al bajo rendimiento del sector agrícola. La tendencia al alza del coeficiente de Gini en las zonas rurales<sup>6</sup> implica niveles elevados de desigualdad que, además, seguirán aumentando.

4. A pesar de su escasa aportación al crecimiento económico (el 5 % del PIB), la agricultura sigue siendo la principal fuente de sustento de la población rural. La agricultura en pequeña escala se caracteriza por unos niveles de productividad bajos (entre 2 y 3 toneladas por cada hectárea), una escasa diversificación de la producción y debilidad de los vínculos con los mercados. Se siguen desviando los recursos públicos para respaldar el Programa de subvenciones a los insumos agrícolas, un programa de apoyo a los agricultores para la adquisición de insumos agrícolas, y para la compra de reservas estratégicas de alimentos, que comprende el 69,9 % de la asignación presupuestaria agrícola. Y por eso los pequeños agricultores, que producen el 80 % de las necesidades alimentarias del país, tienen serias dificultades para convertir la agricultura de subsistencia en agricultura comercial.
5. **Aspectos relacionados con las cuestiones de género, los jóvenes y la nutrición.** En Zambia, alrededor del 40 % de la población infantil menor de 5 años padece retraso del crecimiento, mientras que el 15 % está aquejada de malnutrición aguda (emaciación o bajo peso para la estatura). Con una puntuación de 37,6 en el Índice Global del Hambre (IGH), los niveles de hambre de Zambia son alarmantes<sup>7</sup>. La carencia de micronutrientes sigue siendo particularmente elevada entre las mujeres<sup>8</sup>. Zambia también sufre una creciente prevalencia del sobrepeso y la obesidad entre la población adulta e infantil<sup>9</sup>.
6. Que en el Índice de Desigualdad de Género (IDG) Zambia ocupe el puesto 125.<sup>o</sup> de un total de 160 países refleja el elevado grado de desigualdad entre los sexos en los niveles educativos y la participación en la fuerza de trabajo. De los 1,5 millones de hogares dedicados a la agricultura en pequeña escala en el país, el 20 % está encabezado por mujeres.
7. Más del 70 % de la población de Zambia tiene menos de 30 años<sup>10</sup>, y se prevé que este porcentaje aumente. Los jóvenes de las zonas rurales tienen empleos informales en la agricultura de subsistencia y participan en actividades de subsistencia de base familiar<sup>11</sup>. Entre los desafíos que afrontan los jóvenes figuran un escaso acceso al crédito y unos bajos niveles de educación<sup>12</sup>.
8. **Los efectos del cambio climático en la agricultura de secano.** La variabilidad climática podría suponer para Zambia una pérdida de PIB por valor de USD 4 300 millones (cerca del 0,9 % anual) durante el próximo decenio<sup>13</sup>. La combinación de los efectos provocados por el aumento de las temperaturas y la disminución de las precipitaciones representa un grave desafío para la producción ganadera y de cultivos de secano. Algunas zonas de las provincias del Oeste y del Sur, donde se han registrado menos precipitaciones, la fertilidad de los suelos es más escasa y los niveles de acidez son más elevados, requieren la adopción de medidas de adaptación sostenibles.

<sup>5</sup> Aproximadamente, el 13 % de la población de edades comprendidas entre los 15 y los 49 años.

<sup>6</sup> En las zonas rurales se pasó de un 0,65 en 2010 a un 0,69 en 2015.

<sup>7</sup> Índice Global del Hambre de 2018 (<https://www.globalhungerindex.org/zambia.html>)

<sup>8</sup> El estado de la seguridad alimentaria y la nutrición en el mundo (2018).

<sup>9</sup> El 28 % y el 8 % respectivamente en la población adulta, y el 12 % y el 3 % respectivamente en la población infantil (niños y adolescentes de entre 5 y 19 años), según los datos extraídos del perfil nutricional relativo a Zambia del *Global Nutrition Report* de 2018.

<sup>10</sup> El 28 % tienen edades comprendidas entre los 15 y los 29 años (la definición de "juventud" de Zambia es 18-35 años, la de la Unión Africana es 15-35 años y la de las Naciones Unidas es 15-24 años).

<sup>11</sup> Entre las que se incluyen la fabricación de productos artesanales, la pesca y el comercio a muy pequeña escala.

<sup>12</sup> En el caso de los hombres jóvenes, el 71 %, y en el caso de las mujeres jóvenes, el 57 %.

<sup>13</sup> Makondo *et al.* (2014); Ministerio de Turismo, Medioambiente y Recursos Naturales (2007); Sishekanu (2013).

9. **Transformación estructural.** Zambia ha comenzado un programa de transformación estructural para diversificar su economía, que depende del cobre, principalmente hacia una economía basada la agricultura. El objetivo es aprovechar las enormes superficies de tierra fértil y abundante agua del país, y la demanda del mercado de productos agrícolas diversificados, aumentando la productividad agrícola, la capacidad de almacenamiento, la elaboración y el acceso al mercado. Con estas medidas se prevé activar el desarrollo del agroprocesamiento, lo que daría como resultado oportunidades de empleo y un aumento de los ingresos públicos. Es por ello que los pequeños agricultores son el eje central del programa de transformación estructural de Zambia.

## II. Políticas gubernamentales y marco institucional

10. El séptimo Plan Nacional de Desarrollo (2017-2021) de Zambia, la segunda Política Nacional de Agricultura y el Plan Nacional de Inversión Agrícola se centran en potenciar el sector agrícola para acelerar el crecimiento. Sin embargo, el marco normativo del país sigue siendo insuficiente para fomentar la productividad de los pequeños agricultores y la comercialización de sus productos.
11. La participación del sector privado en las cadenas de valor agrícolas todavía se ve limitada debido a los factores siguientes: i) el notorio papel que el Gobierno desempeña en los mercados de insumos y productos, desplazando al sector privado; ii) la falta de un enfoque normativo integral con el que abordar el desarrollo agroempresarial<sup>14</sup>; iii) la capacidad de los pequeños agricultores para alcanzar un volumen de producción suficiente y de calidad para el mercado, y iv) unas infraestructuras rurales deficientes que no facilitan el acceso al mercado.
12. El séptimo Plan Nacional de Desarrollo<sup>15</sup> representa un giro significativo hacia la diversificación y comercialización de cultivos de alto valor que, en combinación con el agroprocesamiento, ofrece una oportunidad para el desarrollo socioeconómico de la población rural pobre. El proceso de reforma que se está ejecutando en el marco del Programa de subvenciones a los insumos agrícolas, que incluye al sector privado y la diversificación de los cultivos, supone una oportunidad para la alineación con los programas respaldados por el FIDA.
13. En las contribuciones de Zambia determinadas a nivel nacional en materia de lucha contra el cambio climático se contempla a la agricultura como un sector prioritario para la adaptación y mitigación de los efectos (dado que la mayor parte de las emisiones de gases de efecto invernadero se debe a los cambios de uso de la tierra y la actividad forestal), respaldada por una base legislativa.

## III. Actuación del FIDA: enseñanzas extraídas

14. El FIDA tiene en curso cuatro proyectos de inversión en el país, por un valor total de USD 141,4 millones (véase el apéndice IX). La antigüedad media de la cartera es de 12 años, y la mayoría de los proyectos se ejecutan en un período de 10 años, a excepción del Programa de Promoción de la Productividad de los Pequeños Agricultores. La cartera ha experimentado retrasos importantes en la puesta en marcha de los proyectos (el promedio de tiempo transcurrido entre la aprobación y el primer desembolso es de 11 meses, aproximadamente). El desempeño con peores resultados concierne a los retrasos en las adquisiciones y contrataciones, la gestión financiera y la gestión de los recursos naturales y el medio ambiente.
15. Las principales lecciones aprendidas se extrajeron de i) el Proyecto de Inversión Ganadera en Pequeñas Explotaciones, el Programa de Fomento Agroindustrial entre los Pequeños Productores y el Programa de Financiación Rural, que se completaron

<sup>14</sup> Comprende aspectos relacionados con el régimen tributario, las prohibiciones de exportación y el desarrollo del comercio y los mercados, incluida la financiación de las cadenas de valor.

<sup>15</sup> Cuyo lema reza "Acelerar el progreso de cara a la Visión 2030 sin dejar a nadie atrás".



durante la ejecución del anterior COSOP; ii) la evaluación de la estrategia y el programa en el país (EEPP) de 2014; iii) los proyectos del BAFD<sup>16</sup> y el Banco Mundial<sup>17</sup>, y iv) el Programa de subvenciones a los insumos agrícolas.

16. El cambio climático representa un riesgo para el impacto del COSOP en los ingresos y la seguridad alimentaria, particularmente en las zonas en las que los agricultores dependen de la agricultura de secano. Es preciso velar por que se mitiguen los riesgos relacionados con los precios y los rendimientos a los que se enfrentan los pequeños agricultores, y que se faciliten innovaciones tales como los seguros basados en índices.
17. Las subvenciones de los fertilizantes pueden hacer que se reduzca el nivel de compra de fertilizantes comerciales y desalentar la inversión por parte del sector privado. En el marco del Programa de subvenciones a los insumos agrícolas, la participación del sector privado en los mercados de insumos y productos sigue estando limitada<sup>18</sup>.
18. El enfoque nacional de las intervenciones del FIDA ha provocado la dispersión de recursos, limitando así su impacto. Habida cuenta del amplio alcance y aislamiento geográficos de dichas intervenciones, la capacidad de las unidades de coordinación del programa para supervisar la ejecución en el ámbito de las provincias y los distritos supone un reto.
19. Para poner fin a los retrasos en la ejecución, el FIDA debería integrar la creación de capacidad en sus intervenciones, y disponer del tiempo necesario para asimilar las enseñanzas extraídas y las innovaciones. Es preciso crear capacidad a nivel de la administración central, provincial y local, así como entre los agricultores y las partes interesadas en las cadenas de valor. Prestar más atención a la creación de capacidad facilitará una colaboración entre los agricultores y el sector privado, beneficiosa para ambas partes, y aumentará la participación de los agricultores en los procesos de planificación y desarrollo (tal como se señaló en la EEPP de 2014).
20. El hecho de que no se cuenta con una debida estrategia de lucha contra la pobreza provoca el acaparamiento de los recursos por las elites. En el marco del Programa de subvenciones a los insumos agrícolas, los desafíos causados por la falta de una estrategia de lucha contra la pobreza adecuada fueron persistentes: los agricultores más adinerados constituyeron los principales beneficiarios<sup>19</sup> mientras que solo el 31,3 % de los hogares pobres de zonas remotas se beneficiaron de las intervenciones<sup>20</sup>.
21. Las intervenciones de integración sistemática relativas a las cuestiones relacionadas con la nutrición en el marco del Programa de Fomento Agroindustrial entre los Pequeños Productores contribuyeron a reducir el porcentaje de hogares aquejados de al menos una temporada de escasez de alimentos (un 17,5 % en 2012 y 2013, y un 15,5 % en 2014 y 2015). Estas intervenciones se centraron en: la diversificación de productos; las normas de calidad e inocuidad de los alimentos a fin de fomentar el acceso a los mercados y el consumo de alimentos saludables, y la capacitación en materia de gestión previa y posterior a la cosecha.
22. Las donaciones de contrapartida han demostrado ser instrumentos eficaces para los pequeños agricultores; no obstante, la población más vulnerable necesita instrumentos adaptados para garantizar su inclusión. En el marco del Programa de

<sup>16</sup> El Proyecto de Gestión de la Ganadería Resiliente al Cambio Climático y el Proyecto de Desarrollo de Empresas Acuícolas.

<sup>17</sup> Proyecto de Apoyo al Desarrollo de la Agricultura.

<sup>18</sup> Foro Consultivo sobre Agricultura (2009); Banco Mundial (2010); Mason y Ricker-Gilbert (2013) citado en el Instituto de Investigación sobre Políticas Agrícolas de Indaba, *Agriculture Subsidies and their effects in Zambia* (2016).

<sup>19</sup> Jayne *et al.* (2011) y Mason *et al.* (2013).

<sup>20</sup> Oficina Central de Estadística de Zambia, Ministerio de Agricultura y Ganadería e Instituto de Investigación sobre Políticas Agrícolas de Indaba (2015).

Fomento Agroindustrial entre los Pequeños Productores, las contribuciones de contrapartida ordinarias del 12,5 % con respecto al límite máximo de USD 2 millones eran demasiado elevadas para los agricultores, pero demasiado bajas para atraer al sector privado.

23. Una unidad de gestión del proyecto austera, que solo cuenta con un oficial encargado de las cuestiones técnicas y la supervisión del proyecto, no es suficiente para prestar apoyo a la ejecución de manera adecuada. Un proceso de selección competitivo del personal de gestión del proyecto y unos contratos basados en los resultados son aspectos fundamentales para incentivar una ejecución eficaz.

## **IV. Estrategia en el país**

### **A. Ventaja comparativa**

24. La ventaja comparativa del FIDA consiste en el apoyo que brinda en materia de comercialización de la agricultura en pequeña escala; el aumento de la producción y la productividad; la elaboración y el acceso a los mercados, y el desarrollo de cadenas de valor inclusivas y sostenibles que contribuyan a la mejora de la nutrición. Estas intervenciones han contado con un firme apoyo en formulación de políticas y marcos institucionales para los servicios de financiación rural destinada a estimular la transformación rural. Las inversiones del FIDA han constituido un flujo ininterrumpido de intervenciones programáticas centradas en el empoderamiento de la población rural pobre. Las donaciones de contrapartida han resultado ser un instrumento prolífico con el que abordar los problemas de ineficiencia del mercado, estimular la producción de los agricultores y fomentar la participación del sector privado en las cadenas de valor agrícolas.
25. **Teoría del cambio.** Para mantener su pertinencia, es necesario que el FIDA responda al séptimo Plan Nacional de Desarrollo de Zambia, garantizando que las inversiones respalden la diversificación agrícola y que los programas de expansión incluyan a los hogares pobres y vulnerables en los medios de vida económicos de las zonas rurales. Esta teoría del cambio se ha elaborado en torno a la filosofía orientada al mercado planteada en el séptimo Plan Nacional de Desarrollo, con la que se pretende lograr la diversificación económica y la creación de empleo, y abordar la pobreza, la vulnerabilidad nutricional y la desigualdad. Por consiguiente, las intervenciones se centrarán en i) permitir a los agricultores pobres responder a las exigencias de los mercados, incluidas las de agregadores y elaboradores del sector privado; ii) ayudar a los actores de las cadenas de valor a aumentar el volumen de compra de productos procedentes de pequeños agricultores, y crear empleo para los hogares vulnerables, y iii) garantizar que las cadenas de valor tengan en cuenta la nutrición y el cambio climático, y sean social y económicamente inclusivas.

### **B. Grupo objetivo y estrategia de focalización**

26. La estrategia de focalización (véase el apéndice IV) se ha diseñado para abordar las necesidades de diferentes grupos en las zonas rurales, prestando una atención especial a la población más pobre. El grupo objetivo directo está integrado por hogares pobres y desfavorecidos de las zonas rurales que participen en explotaciones agrícolas, pesqueras y familiares (categorías A y B: agricultores de subsistencia y población pobre económicamente activa, respectivamente). Los grupos objetivo secundarios<sup>21</sup> comprenden partes interesadas que presten servicios de apoyo a los pequeños agricultores.

<sup>21</sup> Incluidos proveedores de servicios, institutos de investigación, organizaciones no gubernamentales (ONG), comerciantes de productos agrícolas, mayoristas, minoristas, elaboradores y nuevos agricultores que presten servicios de apoyo a pequeños agricultores.

27. Un marco basado en la "pirámide de pobreza" guiará la estrategia de focalización. Se realizarán actividades adaptadas a cada grupo y se prestará apoyo a los que se sitúan en la base de la pirámide para que puedan escalar a niveles superiores. La categoría A comprenderá al 90 % de los beneficiarios. La población más pobre (sin tierra) recibirá apoyo mediante la metodología basada en los hogares, vínculos con programas de protección social, acceso a la tierra y explotaciones familiares. Para aquellos con acceso a la tierra, las intervenciones se centrarán en la productividad agrícola, la seguridad alimentaria, los grupos de ahorro y crédito, las oportunidades de empleo y el desarrollo de explotaciones familiares. Los beneficiarios de la categoría B recibirán apoyo para acceder a mecanismos formales de crédito junto con apoyo a la gestión empresarial y financiera, y servicios de desarrollo de empresas y agroempresas. En cuanto a los de la categoría C, el apoyo incentivará una mejor prestación de servicios a los agricultores y oportunidades de empleo para el resto de los grupos objetivo. Los agricultores comerciales (categoría C) no superarán el 5 % del total de beneficiarios.
28. **Focalización geográfica.** El FIDA conseguirá que el Gobierno se comprometa a trasladar los programas de inversión de cobertura nacional hacia intervenciones en zonas específicas. Los criterios de focalización geográfica incluyen i) las provincias con una concentración elevada de pobreza y malnutrición; ii) la posibilidad de crear sinergias con programas existentes; iii) el potencial de producción de determinadas cadenas de valor; iv) la vulnerabilidad al cambio climático, y v) la alineación con las esferas prioritarias descritas en los planes nacionales de desarrollo.
29. Se adoptarán las medidas necesarias para evitar el acaparamiento de recursos por las elites y facilitar la inclusión de hogares más pobres. Entre dichas medidas, cabe destacar: reducir el nivel de contribución necesaria para las donaciones de contrapartida y tener en cuenta las contribuciones en especie; intensificar el apoyo prestado a los agricultores más pobres en la elaboración de las propuestas de donación de contrapartida, y garantizar que los hogares en mejor situación económica (categoría C) no reúnen los requisitos para optar a las donaciones de contrapartida de los hogares. Las empresas del sector privado con acceso a donaciones tendrán que demostrar tener vínculos claros con los pequeños agricultores de las categorías A y B.

### C. Meta general y objetivos estratégicos

30. El objetivo del presente COSOP consiste en aumentar los ingresos y mejorar la seguridad alimentaria y la nutrición de la población rural pobre y vulnerable a través de unos medios de vida rurales sostenibles, diversificados y resilientes al cambio climático. Para ello, el COSOP intentará alcanzar dos objetivos estratégicos interrelacionados y que se refuerzan mutuamente, que contribuirán a la consecución de los Objetivos de Desarrollo Sostenible 1, 2 y 13.
31. **Objetivo estratégico 1.** Aumentar la producción, la productividad y la comercialización del sector agrícola a fin de fortalecer la resiliencia de los sistemas de producción en pequeña escala y mejorar la nutrición y la seguridad alimentaria.
- Las inversiones se destinarán al suministro de insumos: acceso a semillas mejoradas (certificadas y biofortificadas) y razas mejoradas de ganado, así como su capacidad para utilizarlas; apoyo a la producción; control de plagas y enfermedades, y diversidad de productos agrícolas. El desarrollo de sistemas de agricultura por contrata animará a los pequeños agricultores a dedicarse a la producción de insumos certificados y cereales comerciales. Además, esos agricultores dispondrán de apoyo para participar en actividades de multiplicación de semillas y ganadera. La creación de capacidad, sobre todo dirigida a agricultores y personal gubernamental, garantizará que la producción tenga en cuenta el mercado; tenga en cuenta las cuestiones relacionadas con el género, los jóvenes, la nutrición y el cambio climático, y fortalezca las asociaciones de agricultores. El objetivo de las inversiones en infraestructura consistirá en aumentar la

productividad por medio de los sistemas de riego, las estructuras hidráulicas, los caminos de acceso, las instalaciones de manipulación tras la cosecha y los centros de capacitación. Los servicios de mecanización rural serán esenciales para promover la productividad de las explotaciones agrícolas y crear empleo para los jóvenes y las personas sin tierra.

32. **Objetivo estratégico 2.** Desarrollar cadenas de valor agrícolas eficientes que tengan en cuenta la nutrición con las que aumentar la participación de los pequeños agricultores en los mercados y crear oportunidades de empleo en el medio rural.

Las inversiones se centrarán en el desarrollo de cadenas de valor que tengan en cuenta la nutrición y con un gran potencial para incorporar a los pequeños agricultores en asociaciones entre el sector público, el sector privado y los productores (asociaciones 4P). Dichas inversiones se destinarán a i) la infraestructura rural resiliente al cambio climático con objeto de estimular la inversión del sector privado en las zonas rurales, tales como caminos de acceso, instalaciones de comercialización, instalaciones de acopio y almacenamiento, y sistemas de energía renovable; ii) la creación de una próspera economía rural no agrícola por medio de la prestación de servicios, el agroprocesamiento y la agregación de valor con objeto de crear empleo y oportunidades empresariales para los grupos de beneficiarios sin tierra, especialmente las mujeres y los jóvenes; iii) el fortalecimiento de las capacidades a todos los niveles que comprenda a las instituciones públicas, las organizaciones de agricultores y los proveedores de servicios locales, y iv) el desarrollo de plataformas de múltiples partes interesadas con objeto de facilitar el diálogo entre los actores de las cadenas de valor. En el marco de este objetivo estratégico también se promoverá el desarrollo de un entorno normativo propicio para una agricultura orientada al mercado por medio de la formulación de la Estrategia Nacional de Fomento de Agroindustrias en Zambia y otros marcos en beneficio de la inclusión financiera rural.

#### **Esferas transversales:**

- a) **La nutrición** se incorporará de forma sistemática a lo largo de toda la cadena de valor, desde la producción y elaboración hasta la preparación y promoción de alimentos nutritivos (por ejemplo, cereales, maní, hortalizas, ganado), así como su consumo. La labor del FIDA en materia de nutrición se ajustará al programa quinquenal de Zambia de reducción del retraso en el crecimiento (2018-2022) y se basará en el Plan Estratégico Nacional de Alimentación y Nutrición (2017-2021). Dicha labor comprende i) la promoción de la igualdad de género y el empoderamiento de las mujeres; ii) el cambio social y de comportamiento, sumado a un plan de comunicación que integre la nutrición en los servicios de extensión agrícola (por ejemplo, escuelas de campo para agricultores); iii) la diversificación de la dieta mediante una agricultura que tenga en cuenta la nutrición; iv) el aumento de la disponibilidad de hierro, proteína (ganado menor), y v) el enriquecimiento de los alimentos procesados. La estrategia en materia de nutrición se basará de manera continuada en los manuales sobre cadenas de valor que tienen en cuenta la nutrición elaborados por conducto del Programa de Fomento Agroindustrial entre los Pequeños Productores (y aplicados en el marco del Programa Ampliado de Fomento Agroindustrial entre los Pequeños Productores).
- b) **Igualdad de género y empoderamiento de la mujer.** El presente COSOP procurará que al menos el 50 % de los beneficiarios de las operaciones del FIDA sean mujeres. Con objeto de garantizar que se benefician de las nuevas oportunidades de mercado, las mujeres recibirán apoyo a fin de fomentar sus capacidades en materia de liderazgo, planificación, organización comunitaria, buenas prácticas agrícolas, agregación de valor y nutrición en el hogar. Dispondrán de un acceso preferencial a la microfinanciación (y a las donaciones

de contrapartida), que se complementará con capacitación en alfabetización financiera. Con miras a mejorar la nutrición y la generación de ingresos, las escuelas de campo para agricultores y las escuelas de negocios agrícolas se centrarán en los cultivos de alto valor y doble finalidad preferidos por las mujeres, tales como el maní, la soja y las hortalizas (por ejemplo, tomates, cebollas, coles y papas irlandesas). A fin de transformar las relaciones desiguales de género, se empleará la metodología comunitaria del Sistema de Aprendizaje Activo de Género (GALS). Los coordinadores gubernamentales para cuestiones de género desempeñarán un papel fundamental a la hora de crear capacidad en aras de una mayor sostenibilidad.

- c) **Jóvenes de las zonas rurales.** Al menos el 40 % de los participantes de los programas del FIDA serán jóvenes de entre 15 y 35 años (incluidos hogares encabezados por jóvenes). Las actividades del COSOP dirigidas a los jóvenes tendrán como objetivo crear oportunidades de empleo decente y ampliar la representación y la voz de los jóvenes. Con objeto de satisfacer las necesidades de los jóvenes, el COSOP dará prioridad a los aspectos siguientes: i) la colaboración con los sectores público y privado a fin de facilitar la inclusión financiera de los jóvenes y el desarrollo de agroempresas, prestando especial atención a la producción mecanizada de gran potencial de cultivos de alto valor y ciclo corto; ii) las oportunidades de empleo no agrícola que satisfagan las demandas del mercado laboral (por ejemplo, la prestación de servicios de extensión, la adición de valor y la agregación); iii) la formación y la capacitación técnica y profesional que comprenda módulos de aprendizaje y tutoría; iv) la prestación de apoyo que favorezca el acceso a la tierra, y el control de la misma, y los beneficios de la agricultura, y v) las oportunidades para participar en organizaciones y actividades comerciales de insumos y productos agrícolas. La aplicación de las prioridades relativas a los jóvenes estará orientada por el Plan de Acción del FIDA para los Jóvenes del Medio Rural correspondiente a 2018. El COSOP extraerá las lecciones de la donación concedida a la Nueva Alianza para el Desarrollo de África (NEPAD), dirigida a respaldar la formulación de un plan de acción nacional sobre empleo juvenil en el medio rural.
- d) **Gestión de los recursos naturales y cambio climático.** El programa de incorporación sistemática de las cuestiones relacionadas con el clima ofrece oportunidades de cofinanciación procedente de fondos vinculados al medio ambiente y al clima. Las actividades de adaptación al cambio climático se centrarán en i) mejorar el análisis de riesgos a lo largo de las cadenas de valor a las que se dé prioridad; ii) crear la capacidad de los agricultores y los equipos asesores gubernamentales en materia de gestión de los riesgos climáticos; iii) promover prácticas agrícolas resilientes al cambio climático, tales como la conservación del suelo y el agua, y iv) construir infraestructuras resilientes al cambio climático. Los beneficios de estas prácticas se complementarán con la promoción de fuentes de energía renovable en las actividades agrícolas de elaboración y agregación de valor.

## D. Gama de intervenciones del FIDA

33. **Programa de préstamos y donaciones.** Para lograr los objetivos del presente COSOP se contará con el apoyo de los cuatro programas del COSOP anterior: el Programa Ampliado de Fomento Agroindustrial entre los Pequeños Productores; el Programa Reforzado de Inversión Ganadera en Pequeñas Explotaciones; el Programa de Expansión de la Financiación Rural; el S3P (véase el cuadro 2), y el Programa de Fomento de la Resiliencia y Agregación de Valor a la Agricultura de la FIDA11. Durante el período del COSOP se ejecutará una intervención de la FIDA12. Los exámenes de mitad de período de los programas en curso representarán una oportunidad vital para evaluar y adecuar las intervenciones a fin de garantizar que se ajusten plenamente con el presente COSOP.

34. Está previsto que Zambia emplee la Política del FIDA de Reestructuración de Proyectos de 2018 para resolver los problemas de ejecución y armonizar aún más los objetivos estratégicos del COSOP con la cartera en curso. Asimismo, está prevista una labor de reestructuración de la cartera con objeto de fortalecer la diversificación agrícola, la sensibilidad a las cuestiones relacionadas con la nutrición y el cambio climático, y la lucha contra la pobreza. Para garantizar una cartera consolidada y un aumento de la eficiencia, el FIDA ejecutará un máximo de cuatro programas por cada ciclo, haciendo especial énfasis en la financiación adicional destinada a los programas que demuestren el impacto, los resultados y las posibilidades de ampliación de escala.

Cuadro 2  
Cartera del FIDA en Zambia (2011-2024)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>COSOP 2013-2018</b>	<b>FIDA8</b>		<b>FIDA9</b>			<b>FIDA10</b>								
Programa de Promoción de la Productividad de los Pequeños Agricultores														
Programa Reforzado de Inversión Ganadera en Pequeñas Explotaciones														
Programa de Expansión de la Financiación Rural														
Programa Ampliado de Fomento Agroindustrial entre los Pequeños Productores														
<b>COSOP 2019-2024</b>									<b>FIDA11</b>			<b>FIDA12</b>		
Programa de Fomento de la Resiliencia y Agregación de Valor a la Agricultura														
FIDA12 por determinar														

35. Se aprovecharán las donaciones a nivel regional y por países para complementar los proyectos de inversión del FIDA en curso, prestando especial atención en la innovación agrícola, la diversificación de los cultivos, el empleo juvenil en el medio rural y la mejora de los parámetros nutricionales.
36. **La actuación en materia de políticas a nivel nacional** se centrará en el diálogo con el Gobierno para complementar las inversiones del FIDA. Entre las medidas de actuación, cabe destacar: i) la reestructuración de la cartera de proyectos de inversión respaldados por el FIDA; ii) el fomento de la coherencia de las políticas para garantizar la participación del sector privado en las cadenas de valor agrícolas (objetivo estratégico 1); iii) la gestión de riesgos climáticos como parte integrante del desarrollo de la agricultura sostenible por medio del objetivo estratégico 1

(apoya las contribuciones de Zambia determinadas a nivel nacional en materia de lucha contra el cambio climático ); iv) integrar a los que se han reclasificado en el marco del Programa de subvenciones a los insumos agrícolas (agricultores y comerciantes de productos agrícolas) en el Programa Ampliado de Fomento Agroindustrial entre los Pequeños Productores a fin de promover la participación del sector privado en las cadenas de valor agrícolas en apoyo del objetivo estratégico 2, y v) promover la gobernanza multisectorial de la nutrición en aras de una mejora de la nutrición. Se prevé que la formulación de la Estrategia Nacional de Fomento de Agroindustrias en Zambia y la aplicación de la Política Nacional de Desarrollo del Sector Financiero y la Estrategia Nacional de Inclusión Financiera contribuyan a mejorar y armonizar la legislación que afecta al sector agroempresarial. El FIDA se centrará en intercambiar datos empíricos relacionados con las políticas extraídos de sus proyectos y en participar en el grupo temático consultivo y el Grupo de Asociados para la Cooperación Agrícola.

37. **La creación de capacidad** se integrará a lo largo de los dos objetivos estratégicos. Las intervenciones se centrarán en fortalecer las capacidades de los ministerios a lo largo de la ejecución de los proyectos de inversión respaldados por el FIDA, centrándose en las adquisiciones y contrataciones, la gestión financiera y las propias esferas de incorporación sistemática del FIDA. La creación de la Unidad de Financiación Rural, dependiente del Ministerio de Hacienda, será uno de los principales logros. Se fortalecerán las capacidades de los grupos de agricultores para que puedan representar a los agricultores. Se crearán las capacidades en materia de producción innovadora que tenga en cuenta el cambio climático y la nutrición, la gestión poscosecha y las competencias empresariales. El fomento de las capacidades de las partes interesadas en las cadenas de valor (incluido el personal de los servicios de extensión), el personal de los proyectos del FIDA y otros asociados tendrá como objetivo aumentar su comprensión acerca de los requisitos necesarios para una ejecución eficaz, y garantizar la transparencia y el cumplimiento de los procedimientos gubernamentales.
38. **La gestión de los conocimientos** garantizará que la ejecución del programa constituya un proceso constante de aprendizaje. Gracias a la cartera de proyectos, se crearán sinergias con el Sistema de Información sobre el Mercado Agrícola con miras a formular una estrategia coordinada de conocimientos y comunicación sobre la cartera en el país que genere las lecciones esenciales para reestructurar la cartera. Entre las esferas de conocimiento fundamentales se incluyen i) la transmisión de información meteorológica a los agricultores; ii) las cadenas de valor agrícolas que tienen en cuenta la nutrición y los modelos de asociación viables para los pequeños agricultores y agroempresarios, y iii) los modelos innovadores para hacer llegar financiación a las zonas rurales.
39. **Cooperación Sur-Sur y cooperación triangular.** Entre las esferas que se podrían beneficiar de la cooperación Sur-Sur y la cooperación triangular figuran la producción de cultivos, la acuicultura, la producción de forrajes y la producción de vacunas para animales. La empresa *Muchinga Agricultural Development Company*, dedicada al desarrollo agrícola, que constituye un logro significativo para el Programa de Promoción de la Productividad de los Pequeños Agricultores, recibirá una donación de USD 1,7 millones del Fondo de la India, el Brasil y Sudáfrica (IBS)<sup>22</sup>, que se destinará a la producción y agregación de valor de la soja. En el apéndice VIII se ofrece información detallada acerca de aquellos países y áreas donde el FIDA podría apoyar a los gobiernos por medio de la cooperación Sur-Sur y la cooperación triangular.

<sup>22</sup> El Fondo de la India, el Brasil y Sudáfrica es un iniciativa pionera que se dedica a la cooperación Sur-Sur en colaboración con el sistema de las Naciones Unidas. Su objetivo consiste en identificar los proyectos que pueden reproducirse y ampliarse a mayor escala para difundirlos por los países en desarrollo a modo de ejemplos de las mejores prácticas en la lucha contra la pobreza y el hambre.

## V. Innovaciones y ampliación de escala para el logro de resultados sostenibles

40. **Innovaciones.** El programa de innovación se centrará en facilitar la investigación y el desarrollo con objeto de catalizar la nutrición, la agricultura que tiene en cuenta la nutrición y las agroempresas mediante una mejora de las interacciones entre los institutos de investigación y otras importantes partes interesadas. Entre las principales innovaciones figurarán las siguientes: i) el desarrollo de nuevos servicios financieros sostenibles dirigidos a clientes de las zonas rurales, incluidas las mujeres y los jóvenes; ii) el control de enfermedades animales por parte de la comunidad; iii) sistemas participativos de información climática, y iv) variedades mejoradas de cultivos y ganado en beneficio de una mejor nutrición. Las iniciativas financiadas mediante donaciones promoverán las innovaciones, tales como los incentivos para la producción de trigo en pequeña escala y la identificación de innovaciones agrícolas en favor de los pobres<sup>23</sup>.
41. **Ampliación de escala.** Se ampliará la escala de las actividades que hayan obtenido buenos resultados mediante la inclusión de inversores del sector privado para mejorar la prestación de servicios dirigidos a los pequeños agricultores en situación de pobreza, y crear plataformas de gestión para el diálogo y la incorporación sistemática. Asimismo, la ampliación de escala se fomentará por medio de donaciones de contrapartida, que permitirán a los actores de las zonas rurales invertir en innovaciones prometedoras para lograr un mayor impacto en la producción, la productividad y el empleo. Se ampliará la escala de las experiencias de la Plataforma para la Gestión de Riesgos Agrícolas por medio del Programa de Fomento de la Resiliencia y Agregación de Valor a la Agricultura a fin de promover la gestión del riesgo agrícola.

## VI. Ejecución del COSOP

### A. Recursos financieros y metas de cofinanciación

42. El presente COSOP abarcará dos ciclos del Sistema de Asignación de Recursos basado en los Resultados (PBAS) del FIDA, a saber: un monto de USD 37,5 millones durante la FIDA11 (2019-2021), y una posible asignación en el marco de la FIDA12 (2022-2024).
43. Zambia presenta un riesgo muy elevado de sobreendeudamiento, lo que ha provocado un descenso en su calificación moderada con respecto al análisis de sostenibilidad de la deuda de la Consulta del Artículo IV de 2015 del FMI. Sobre la base de los criterios relativos al ingreso nacional bruto (INB)<sup>24</sup> y la solvencia crediticia, el 1 de enero de 2019 las condiciones de financiación del FIDA para Zambia pasaron de ser muy favorables a combinadas<sup>25</sup>.
44. Habida cuenta de las previsiones acerca de la hipótesis de deuda de Zambia (véase el apéndice II), se prevé que el índice de cofinanciación siga siendo modesto y se mantenga en el 1,27 (con ciertos ajustes con respecto a la cofinanciación nacional). Se prevé que el índice de cofinanciación internacional alcance un 0,64 gracias a la cofinanciación prevista del OFID y el BADEA. Está previsto que la cofinanciación

<sup>23</sup> El Centro Internacional de Mejoramiento de Maíz y Trigo, por medio de del proyecto de Mejora de la productividad triguera de los pequeños agricultores y la competitividad para reducir las importaciones de trigo en Rwanda y Zambia, financiado mediante una donación, contribuirá al programa de innovación al incentivar la producción de trigo en pequeña escala. Otro proyecto financiado mediante una donación, de próxima ejecución, se centrará en promover las innovaciones agrícolas en beneficio de los pobres a fin de contribuir a la sostenibilidad y resiliencia de los sistemas agroalimentarios, y mejorar los medios de vida de las zonas rurales.

<sup>24</sup> A precios de 1992, USD 805, de acuerdo con la clasificación de la Asociación Internacional de Fomento.

<sup>25</sup> Los préstamos concedidos en condiciones combinadas estarán sujetos a intereses sobre el principal adeudado a un tipo de interés fijo del 1,25 % y tendrán un plazo de reembolso de 25 años, incluido un período de gracia de 5 años, así como un cargo por servicios del 0,75 %, a partir de la fecha de aprobación por la Junta Ejecutiva.



nacional alcance un 0,63<sup>26</sup> de conformidad con lo dispuesto en la nota técnica del FIDA sobre cofinanciación nacional en especie, donde se resalta la necesidad de cuantificar las contribuciones en especie. Con objeto de garantizar que el valor de la cofinanciación en especie se registra de forma precisa, todos los manuales de ejecución de los proyectos incluirán orientaciones claras donde se describirán los principios de contabilidad y los métodos empleados. Los índices de cofinanciación se recalcularán durante el examen de los resultados del COSOP y las previsiones se ajustarán en consecuencia. Estas metas de cofinanciación dependerán de la aplicación de la estrategia de gestión de la deuda de Zambia (véase el apéndice II).

Cuadro 3

**Financiación del FIDA y cofinanciación de los proyectos**

(en millones de dólares de los Estados Unidos)

Proyecto	Financiación del FIDA	Cofinanciación		Coeficiente de cofinanciación (previsión)
		Nacional	Internacional	
<b>En curso</b>				
Programa Ampliado de Fomento Agroindustrial entre los Pequeños Productores	22,3	7,2	0,2	
Programa de Promoción de la Productividad de los Pequeños Agricultores	31,5	8,0	8,6	
Programa Reforzado de Inversión Ganadera en Pequeñas Explotaciones	15,0	19,1	12,0	
Programa de Expansión de la Financiación Rural	8,4	66,0	1 212,0	
<b>Previsto</b>				
Programa de Fomento de la Resiliencia y Agregación de Valor a la Agricultura	35,7	19,0	40,0	Nacional 1:0,63 (ajustado)
				Internacional 1:0,64
<b>Total</b>	<b>113,113</b>	<b>59,3</b>	<b>72,8</b>	<b>1:1,27</b>

## B. Principales asociaciones estratégicas y coordinación del desarrollo

45. **Asociaciones estratégicas.** A nivel nacional, se forjarán asociaciones con los ministerios encargados de la ejecución como, por ejemplo, los de Agricultura, Ganadería, Hacienda, Igualdad de Género, Medio Ambiente y Desarrollo Comunitario. En cuanto a la cofinanciación, el FIDA buscará asociarse con el OFID, el BADEA y el BAfD por conducto del Programa de Fomento de la Resiliencia y Agregación de Valor a la Agricultura. También se estrechará la colaboración con la Asociación de Pequeños Agricultores de Zambia a fin de garantizar que las organizaciones de agricultores logren resultados firmes, tal como se prevé en el objetivo estratégico 1. Gracias a la asociación entre el FIDA y la Cámara de Comercio e Industria de Zambia se fortalecerá el desarrollo de cadenas de valor sostenibles e inclusivas, de conformidad con el objetivo estratégico 2. Una asociación estratégica con el Banco de Zambia facilitará la inclusión financiera rural como facilitadora de los objetivos estratégicos del COSOP. El Consorcio de Centros

<sup>26</sup> En la fase de diseño anterior a los ajustes de los índices de cofinanciación.

Internacionales de Investigación Agrícola (CGIAR) e instituciones nacionales tales como el Instituto de Investigación Agrícola de Zambia brindarán apoyo en beneficio de la nutrición y la productividad agrícola.

46. **Coordinación del desarrollo.** El FIDA participa en el Grupo de Asociados para la Cooperación Agrícola, especialmente en los subgrupos sobre ganadería y riego. El Grupo de Asociados para la Cooperación Agrícola está dirigido por un grupo rotatorio de asociados para el desarrollo de primer orden que dan voz a sus intereses en el Grupo Asesor del Sector Agrícola dirigido por el Ministerio de Agricultura, integrado por partes interesadas de los sectores público y privado. El FIDA seguirá participando para garantizar que las estrategias de los distintos organismos —y, en última instancia, sus proyectos— se armonizan, y que los asociados participan en diálogos sobre políticas de carácter colectivo con el Gobierno.
47. **Asociaciones con otros miembros del sistema de las Naciones Unidas para el desarrollo.** El FIDA forma parte del equipo de las Naciones Unidas en el país y ha participado activamente en la elaboración del Marco de Asociación para el Desarrollo Sostenible de las Naciones Unidas de Zambia (2016-2021)<sup>27</sup>. El Fondo está directamente relacionado con la ejecución del pilar 2 (desarrollo económico inclusivo y ambientalmente sostenible) y el pilar 3 (gobernanza y participación). El FIDA seguirá defendiendo el crecimiento del sector agrícola y la inclusión de las mujeres y los jóvenes en las actividades económicas en las zonas rurales.
48. **Colaboración de los organismos con sede en Roma.** Se prevé que la colaboración con la Organización de las Naciones Unidas para la Alimentación y la Agricultura (FAO) facilite las iniciativas de capacitación en materia de conservación de la agricultura por conducto de las escuelas de campo para agricultores. El objetivo de la iniciativa conjunta de la FAO y el Sistema de Información de Gestión Agrícola Integrado de Zambia consiste en integrar a los que se han reclasificado en el marco del Programa de subvenciones a los insumos agrícolas en los programas de inversión del FIDA. Por medio del Programa de Expansión de la Financiación Rural, el PMA colaborará con el programa de seguros para el fomento de la resiliencia y el desarrollo económico de las zonas rurales para poner a prueba innovaciones relativas a seguros agrícolas en el marco del Servicio de Gestión de los Riesgos Meteorológicos del FIDA y el PMA. Asimismo, el PMA prestará servicios de apoyo técnico en materia de nutrición y diseño de productos para el mercado de seguros agrícolas.

### C. Participación de los beneficiarios y transparencia

49. Una de las esferas prioritarias radica en el fortalecimiento de la capacidad de Zambia para hacer participar a los beneficiarios, ya que unos mecanismos de retroinformación eficaces mejoran la buena gobernanza, la transparencia y la rendición de cuentas. El presente COSOP se ha elaborado tras la celebración de amplias consultas con las partes interesadas (véase el apéndice VII). A nivel de proyecto, se crearán mecanismos de retroinformación de los beneficiarios (por ejemplo, seguimiento y evaluación (SyE), solución de reclamaciones y seguimiento de las adquisiciones y contrataciones) con objeto de mejorar la ejecución y calidad de los proyectos, y empoderar a la población pobre de las zonas rurales. Los datos que se recopilen servirán para fundamentar los exámenes del COSOP. La participación del Fondo en el grupo consultivo de organizaciones de agricultores que colaboran con el FIDA facilitará la participación activa de los beneficiarios a lo largo de todo el ciclo de los proyectos.

<sup>27</sup> <http://www.globalcrrf.org/wp-content/uploads/2018/09/GRZ-UN-Sustainable-Development-Partnership-Framework-Zambia.pdf>

## **D. Disposiciones de gestión de los programas**

50. El Centro regional del Fondo para África Meridional se encargará de la gestión de los programas de inversión respaldados por el FIDA, bajo la dirección del Director del Centro y el Director en el País, que se encuentran allí mismo. El equipo en el país comprende un director en el país y un oficial del programa en el país, que desempeñan su labor en la oficina del FIDA en el país para facilitar la participación del Fondo en el diálogo sobre políticas y en asociaciones, así como la prestación de apoyo al Gobierno. Asimismo, el personal del FIDA que desempeña su labor en Nairobi también prestará apoyo a Zambia en esferas transversales y gestión financiera. El apoyo en materia de cooperación Sur-Sur y cooperación triangular y gestión de los conocimientos se ofrecerá a través del centro de Addis Abeba y la Sede del FIDA.

## **E. Seguimiento y evaluación**

51. El Gobierno y el FIDA realizarán un examen cada año así como un examen de los resultados del COSOP en 2021 y 2022. El marco de resultados del COSOP está en consonancia con los resultados de más alto nivel, incluidos los Objetivos de Desarrollo Sostenible, el séptimo Plan Nacional de Desarrollo y el Marco de Asociación con las Naciones Unidas. En las intervenciones del FIDA se llevarán a cabo actividades de SyE participativas y descentralizadas en las que participarán los grupos objetivo, los proveedores de servicios y el Gobierno. El índice de empoderamiento de la mujer en la agricultura será la herramienta principal con la que se evalúen los resultados en materia de inclusión social y cuestiones de género. Gracias a un sistema de generación y difusión de información relativa al clima se fortalecerá la resiliencia de los sistemas de producción en pequeña escala. El estudio alimentario del Programa de Fomento Agroindustrial entre los Pequeños Productores permitirá hacer un seguimiento de los avances y la documentación de las enseñanzas en materia de nutrición para su posterior reproducción a lo largo de toda la cartera de proyectos.
52. Las unidades de gestión de los proyectos realizarán reuniones anuales de revisión del plan operacional anual (POA), estudios anuales de los efectos directos, exámenes semestrales de la ejecución del proyecto y talleres nacionales anuales de intercambio de conocimientos entre las partes interesadas. Los informes de situación sobre los resultados y para fines de extracción de enseñanzas se basarán en las aportaciones de los beneficiarios y los socios en la ejecución que empleen tecnologías adecuadas. Los informes de situación se emplearán con fines de seguimiento de los resultados y evaluación de los proyectos de inversión.

## VII. Gestión de riesgos

Cuadro 4  
Riesgos y medidas de mitigación

<i>Riesgo</i>	<i>Calificación del riesgo</i>	<i>Medidas de mitigación</i>
<ul style="list-style-type: none"> <li>Políticos: incoherencias en las políticas e inversiones insuficientes para unas infraestructuras rurales orientadas al desarrollo agrícola y rural.</li> </ul>	Medio	<ul style="list-style-type: none"> <li>Intervención en el diálogo sobre políticas del sector agrícola, haciendo énfasis en la participación de todas las partes interesadas (incluido el sector privado y los pequeños agricultores de las zonas rurales).</li> </ul>
<ul style="list-style-type: none"> <li>Macroeconómicos: ritmo acelerado de la tasa de inflación, fluctuación cambiaria desfavorable y nivel alto de sobreendeudamiento constante.</li> </ul>	Alto	<ul style="list-style-type: none"> <li>Diálogo sobre la necesidad de aumentar la resiliencia ante crisis externas diversificando la economía por medio de un crecimiento impulsado por la agricultura. A nivel operacional, un POA elaborado sobre la base de una moneda estable.</li> </ul>
<ul style="list-style-type: none"> <li>Capacidad institucional: poca capacidad de ejecución en el ámbito local (por ejemplo, técnica, gestión financiera, adquisición de determinados productos básicos, compromiso relativo al empoderamiento de las mujeres y los jóvenes).</li> </ul>	Alto	<ul style="list-style-type: none"> <li>Los nuevos proyectos emplearán un mecanismo para agilizar la puesta en marcha de los proyectos con objeto de apoyar las capacidades de ejecución. Todos los programas respaldarán a los organismos de ejecución con creación de capacidad en el ámbito nacional y descentralizado junto con el comité directivo del proyecto.</li> </ul>
<ul style="list-style-type: none"> <li>De mercado: escasa capacidad para prestar servicios de calidad a los pequeños agricultores y renuencia de las partes interesadas del sector privado a participar en las actividades del programa.</li> </ul>	Medio	<ul style="list-style-type: none"> <li>Creación de capacidad de los actores de las cadenas de valor; participación de las partes interesadas del sector privado en los comités directivos de los proyectos; fomento de la participación y la innovación por medio de donaciones de contrapartida.</li> </ul>
<ul style="list-style-type: none"> <li>Fiduciarios: mal uso de los recursos debido a una asignación de recursos inadecuada y retrasos en la ejecución. Hay una tendencia general a gastar más fondos de los necesarios en los talleres, las sesiones de capacitación y las dietas.</li> </ul>	Medio	<ul style="list-style-type: none"> <li>Garantizar la eficiencia y la sostenibilidad financiera en la fase de diseño; examinar exhaustivamente los POA y velar por el uso óptimo de los recursos.</li> </ul>
<ul style="list-style-type: none"> <li>Fiduciarios: retrasos notables en las adquisiciones y contrataciones debido a la falta de cumplimiento de las directrices nacionales y del FIDA para la Adquisición de Bienes y la Contratación de Obras y Servicios en el ámbito de los Proyectos.</li> </ul>	Alto	<ul style="list-style-type: none"> <li>Con el sistema de seguimiento de las declaraciones de conformidad (NOTUS) se refuerza el cumplimiento y la ejecución; con el seguimiento constante y la creación de capacidad se pueden orientar los procesos de adquisición y contratación.</li> </ul>
<ul style="list-style-type: none"> <li>Medio ambiente y clima: sequías y fenómenos meteorológicos extremos.</li> </ul>	Medio	<ul style="list-style-type: none"> <li>Agricultura climáticamente inteligente y variedades tolerantes a las sequías; mejora de la difusión de los sistemas de información climática; paquetes de seguros agrícolas; apoyo del Fondo Verde para el Clima por conducto del BAfD.</li> </ul>
<ul style="list-style-type: none"> <li>Sociales: bajo nivel de alfabetización de los agricultores, que provoca la escasa adopción de nuevas tecnologías y enfoques.</li> </ul>	Medio	<ul style="list-style-type: none"> <li>Se pondrán en marcha escuelas de campo para agricultores y otras iniciativas de creación de capacidad; se buscarán sinergias con los asociados.</li> </ul>

# COSOP results management framework

Country strategy alignment <i>What is the country seeking to achieve?</i>	Related SDG UNDAF outcome	Key results for COSOP <i>How is IFAD going to contribute?</i>			
<p>Zambia National Agribusiness Development Strategy developed</p> <p>Number of kilometres of roads constructed, rehabilitated or upgraded (Number) Percentage of supported rural producers' organization members reporting new or improved services provided by their organization</p> <p>Percentage of persons/households reporting improved physical access to markets, processing and storage facilities</p> <p>Percentage of persons/households reporting using rural financial services</p> <p>Number of private sector Agribusiness Service Providers (ASPs) with enhanced capacity to deliver demand driven services in rural areas</p>		Strategic objectives <i>What will be different at the end of the COSOP period?</i>	Lending and non-lending activities* <b>for the COSOP period</b>	Outcome indicators** <i>How will the changes be measured?</i>	Milestone indicators <i>How will progress be tracked during COSOP implementation?</i>
	<p>SDG target 1.1, 1.2, 1.5</p> <p>SDG 2.3, 2.4, 2.5</p> <p>Zambia-United Nations Sustainable Development Partnership Framework (2016-2021)</p>	<p><b>Strategic Objective 1.</b></p> <p>Increased agricultural production, productivity and commercialization to strengthen the resilience of smallholder production systems and enhance nutrition and food security</p>	<ul style="list-style-type: none"> <li>- Ongoing &amp; Upcoming investment activities</li> <li>- Non-lending/non-project activities</li> </ul> <p><u>Grants:</u></p> <ul style="list-style-type: none"> <li>- CIMMYT: Enhancing Smallholder Wheat Productivity and Competitiveness to Reduce Wheat Import Bills in Rwanda and Zambia</li> <li>- McGill University : To enhance evidence-based management decision-making on nutrition-sensitive programming through the development and implementation of project-friendly metrics and technologies.</li> <li>- Agricultural Innovations in order to contribute effectively to the sustainability and resilience of agri-food systems and improved rural livelihoods</li> </ul>	<ul style="list-style-type: none"> <li>- Households adopting environmentally, sustainable and climate resilient technologies and practices</li> <li>- Households increasing production &amp; producing surplus for markets (crops/livestock/fisheries)</li> <li>- Improved post-harvest handling and value addition of agricultural produce</li> <li>- Women reporting improved dietary diversity</li> </ul>	<p>Number of hectares of land brought under climate-resilient management</p>
	<p><u>Pillar 2:</u> Environmentally Sustainable and Inclusive Economic Development</p> <p><b>Outcome 2.1:</b> by 2021, productive sectors<sup>45</sup> expand income-earning opportunities that are decent and sustainable, especially for youths and women in the poorest areas</p>		<p><u>SSTC</u></p> <ul style="list-style-type: none"> <li>- China-IFAD SSTC Facility</li> </ul>		<p>Number of households reporting adoption of new/improved inputs, technologies or practices</p>
					<p>Number of hectares of farmland under water-related infrastructure constructed/rehabilitated</p> <p>Percentage of women reporting improved dietary diversity (15–49 years of age have consumed at least five out of ten defined food groups the previous day or night)</p>

	<p>SDG 1.4 SDG 2A, 2C</p> <p>Zambia-United Nations Sustainable Development Partnership Framework (2016-2021)</p> <p><u>Pillar 2:</u> Environmentally Sustainable and Inclusive Economic Development</p> <p><b>Outcome 2.1:</b> by 2021, productive sectors expand income-earning opportunities that are decent and sustainable, especially for youths and women in the poorest areas</p>	<p><u>Strategic Objective 2.</u></p> <p>Develop efficient agricultural value chains that increase the participation of smallholder farmers in markets, and create rural employment opportunities</p>	<p>- Lending/investment activities</p> <ul style="list-style-type: none"> <li>• Ongoing <ul style="list-style-type: none"> <li>○ ESAPP</li> <li>○ RUFEP</li> </ul> </li> <li>• Indicative <ul style="list-style-type: none"> <li>○ BRAVA</li> </ul> </li> </ul> <p>- Non-lending/non-project activities</p> <p><u>CLPE</u></p> <ul style="list-style-type: none"> <li>• Zambia National Agribusiness Development Strategy</li> <li>• Implementation of the National Agribusiness Development Strategy (ZNADS),</li> <li>• Implementation of the National Financial Sector Development Policy (NFSDP) and the National Financial Inclusion Strategy (NFIS)</li> </ul> <p><u>SSTC</u></p> <ul style="list-style-type: none"> <li>• China-IFAD SSTC Facility</li> </ul> <p><u>Grants</u></p> <p>- NEPAD: Strengthening Opportunities for Rural Youth Employment and Entrepreneurship in Africa</p>	<p>- Policy and institutional environment enhanced for agribusiness development</p> <p>- Rural enterprises reporting increase in profit</p> <p>- Operational &amp; sustainable productive and commercial partnerships between smallholder and agribusinesses</p>	<p>Zambia National Agribusiness Development Strategy developed</p> <p>Number of kilometres of roads constructed, rehabilitated or upgraded</p> <p>(Number) Percentage of supported rural producers' organization members reporting new or improved services provided by their organization</p> <p>Percentage of persons/households reporting improved physical access to markets, processing and storage facilities</p> <p>Percentage of persons/households reporting using rural financial services</p> <p>Number of private sector Agribusiness Service Providers (ASPs) with enhanced capacity to deliver demand driven services in rural areas</p>
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## Transition scenarios

The purpose of this Appendix is to offer an understanding of likely and possible country trajectories and to identify the possible implications of these for IFAD's country programme, over the COSOP period.

Table 1

### Projections for key macroeconomic and demographic variables

Case	Base [Current Policies (CP) Scenario]	High [Adjustment Policies (AP) Scenario]
Av. GDP growth (2018-2022)	4.5%	5.2%
GDP/capita <sup>28</sup>	USD 1,646 (2017)	USD 1,722.10
Public debt (% of GDP) (2018-2022)	62.6 (2018, CP Scenario)	63.1
Debt service to revenue ratio	17.6	14.0
Inflation rate (%)	8.0 (2018, CP Scenario)	8.0
Rural population	Current: 9.7M inhabitants ( <a href="#">WB 2017</a> ) (end of COSOP period): 11.14M <sup>29</sup> Annual growth rate: 1.95% (2018-2022)	
Private sector enabling environment	4/6 <ul style="list-style-type: none"> <li>WB Doing Business: ranked 87<sup>th</sup> out of 190 countries.</li> <li>According to the IMF Article IV, GoZ has already initiated measures towards improving the business climate by (i) taking advantage of potential market from neighbouring countries with maize deficits; (ii) introducing a law on the use of movable collateral to increase access to finance; and (iii) improving in energy supply, transportation infrastructure, and transparency in petroleum product procurement and pricing.</li> </ul>	
Vulnerability to shocks	3.5/6 <ul style="list-style-type: none"> <li>Zambian economy remains highly vulnerable to exogenous shocks, including volatile global financial conditions, fluctuations in the world copper price, and droughts. According to the IMF, the occurrence of these risks could impact investors' sentiment, resulting in capital outflows and much slower growth as well as higher inflation than indicated under the baseline scenario.</li> </ul>	

There are two foreseen scenarios for the medium-term economic outlook:

#### → First Scenario: *Baseline* i.e. with current policies remaining unchanged

- GoZ will pursue a more stepwise fiscal consolidation policy compared to the 2017 budget, including a larger public investment plan funded by external loans.
- Domestic borrowing needs additional financing, especially to cover GoZ's contribution to projects financed mainly with external resources.

<sup>28</sup> Source: <https://tradingeconomics.com/zambia/gdp-per-capita>

<sup>29</sup> UN DESA – Population Division 2017

- The Present Value (PV) of external debt-to-GDP ratio breaches its threshold (40%) during 2019-23, while the PV of debt service to revenue ratio breaches its threshold (20%) in 2022 and 2024 when Eurobonds will mature.
- Sensitivity analyses indicate that all indicators breach relevant thresholds towards shocks related to export earnings, growth and the exchange rate.

#### → **Second Scenario i.e. with adjustments in policies**

- This would imply, the GoZ prioritizing infrastructure projects, in line with absorptive capacity and being watchful of needing to substantially improve public debt indicators.
- Debt dynamics are expected to improve substantially. The PV of external debt-to-GDP would remain below the 40% threshold throughout the projection horizon, but the debt-service-to-revenue ratio would temporarily breach the threshold in years when Eurobonds mature.
- Growth is projected to be higher than in the first scenario due to government borrowing crowding-out lending to the private sector, slower pace of clearance of government arrears, and lower non-mining private investment.
- Nevertheless, inflation is expected to be slightly higher over the medium-term in the baseline scenario, due to delays in fiscal consolidation and larger depreciation pressures on the exchange rate.
- The Debt Sustainability Analysis<sup>30</sup> (DSA) indicates that Zambia would return to a moderate risk rating if GoZ restrains non-concessional borrowing and implements measures to achieve the fiscal consolidation path consistent with the adjustment policies scenario.

**Risks to the medium-term outlook.** The IMF states that delayed fiscal adjustment would increase the risks of an unsustainable debt path and capital flow reversal. As Zambia is **still at high risk of debt distress**, a sharp domestic debt rising would crowd-out credit to the private sector, harming growth. According to the Economic Intelligence Unit, economic policies could be inconsistent, with sudden changes to the regulatory environment as the government attempts to cover spending needs. Deep recurrent spending cuts could occur during the COSOP period. This might result in rising political tensions in the country and further, deter investment and growth.

It appears that **the most likely scenario would actually fall midway between the baseline scenario and the adjustment policies scenarios**. The WB corroborates this projection, which was supported by a Systematic Country Diagnosis<sup>31</sup> in March 2018.

#### **Projected Implications for IFAD's Country programme**

##### (a) *Lending terms and conditions*<sup>32</sup>

- Zambia is transitioning to blend terms through the phasing-out/phasing-in mechanism (EB 2018/125/R.7/Add.1), which implies a gradual transition towards the less concessional terms, which could most likely occur during the COSOP period. If the country implements the second scenario (Adjustment Policies), the GoZ should be able to continue borrowing from less concessional terms.
- However, if current policies continue to remain unchanged during the COSOP period, the country will continue to remain in at high risk of debt distress and will need to significantly reduce external borrowing.

##### (b) *PBAS allocation*<sup>33</sup>

<sup>30</sup> A DSA Update was issued in April 2015 in the context of the last (2015) Article IV consultation (IMF Country Report No. 15/152). Zambia's three-year average score of the Country Policy and Institutional Assessment (CPIA) for 2014–16 was 3.38, which is within the band for medium performance. Therefore, the current DSA uses the policy-dependent thresholds for medium policy performers.

<sup>31</sup> Source: <http://documents.worldbank.org/curated/en/290011522954283481/pdf/Zambia-SCD-March-29-Final-04022018.pdf>

<sup>32</sup> Nota bene: IFAD's lending terms to Zambia changed from Highly concessional in 2018 to blend in 2019.



- In line with the projected implications for the lending terms and conditions, if the country does not move to the second scenario, it is probable that the country may decide not to use its entire PBAS allocation for IFAD11. Moreover, the country could be prevented from borrowing even at concessional terms, if it is unable to address its high debt distress.

(c) *COSOP Priorities and Products*

- Actions towards the ownership of projects will be fundamental to promote the programme's sustainability at its early stages.
- If the country remains in the baseline scenario (i.e. no adjustment of policies), it is possible that the country may not request investment projects from IFAD, notably if the country's lending terms become less concessional. However, it is not deemed that the COSOP priorities would change and thus policy engagement could be pursued within the COSOP's currently defined strategic objectives.

(d) *Cofinancing opportunities and partnerships*

- Given that the WB currently assigns 18% of its country portfolio to agriculture infrastructure. This presents a strong co-financing opportunity for IFAD, which should and will be explored throughout COSOP implementation.
- Findings from the recent IMF mission<sup>34</sup> may contribute to straining relationships between Zambia and external investors, potentially leading to issues in developing co-financing partnerships. A strong assessment of the COSOP's partners will be important to ensure a successful implementation of its activities.

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<sup>33</sup> Considering that the PBAS allocation is also affected by project performance and RSP, and ensuring consistency between this and the COSOP main text on the financing framework

<sup>34</sup> The IMF visited the country in November 2018 and put the provision of a new loan on hold.

## Agricultural and rural sector issues

<i>Priority Areas</i>	<i>Target Groups</i>	<i>Main Issues</i>	<i>Actions To Be Undertaken</i>
<p>1. Increasing smallholder productivity and income for improved livelihood</p>	<p>-Smallholders farmers - Small-scale artisanal fishermen and with limited production assets and adopting poor farming techniques</p>	<ul style="list-style-type: none"> <li>• Low production and productivity; mainly subsistence agriculture</li> <li>• limited access to affordable agricultural credit and sustainable financial services;</li> <li>• Farming families in rural Zambia use mainly Rudimentary tools/fishing equipment and have access to limited use of agricultural inputs and technology.</li> <li>• Have limited incomes and are prone to Food insecurity and malnutrition</li> <li>• Poor access to extension and other support services as well as knowledge, thus lack proper crop rotation and diversification of crops.</li> <li>• Limited access to markets</li> <li>• Limited access to credit and other financial services and poor management of existing financial services -Rural Agricultural Livelihoods Survey, in 2011 only 13 percent of Zambian smallholders had access to credit.</li> <li>• Occasional droughts and floods increased the vulnerability of disadvantaged farming groups.</li> <li>• low value addition and low storage facilities as well as low agro-processing leading to</li> </ul>	<ul style="list-style-type: none"> <li>• Reinforce the provision of technical assistance and extension services. And training through FFSs, and BDS (Business Development services</li> <li>• Improve crop management practices</li> <li>• Promote animal traction whenever possible;</li> <li>• Improved Access to financial products that enable producers to invest in modern equipment, inputs and technologies for greater output</li> <li>• Improve access to markets, by the construction of roads and market facilities.</li> <li>• Improve Public-private partnership for to improve on the availability of agricultural inputs and finance</li> <li>• Support institutional development of producers' organisations.</li> <li>• Increase investment in research and development as well as strengthen linkages between research and extension services</li> <li>• Enhance information flow to understand and evaluate markets.</li> <li>• Investment in infrastructure such as dams, electricity and access roads</li> </ul> <p><b>For Livestock;</b></p> <ul style="list-style-type: none"> <li>• Increase investment in areas such as pasture</li> </ul>

<b>Priority Areas</b>	<b>Target Groups</b>	<b>Main Issues</b>	<b>Actions To Be Undertaken</b>
		<p>poor grades and standards;</p> <ul style="list-style-type: none"> <li>• high prevalence of pests and diseases in crops, fish and livestock;</li> <li>• Poor rural infrastructures, poor road networks and low meccanization</li> <li>• low resilience to the effects of climate change</li> <li>• Subsidised inputs crowd out the private sector deliveries and discourage investments in new private fertiliser sales networks.</li> <li>• Misallocation and inefficiencies in usage does not encourage sustainable fertiliser use.</li> <li>• High post-harvest losses due to poor harvesting, and handling as well was lack of processing equipment</li> <li>• Powerlessness and social economic and political marginalisation</li> </ul>	<p>production including irrigation, animal husbandry, and animal nutrition. Improve technical knowledge, and use of selected low performing breeding stock; Fight against losses due to animal diseases.</p> <p><b>For Fisheries</b></p> <ul style="list-style-type: none"> <li>• Establishment of fisheries management areas and fisheries management committees;</li> <li>• Assist in the development of public awareness and conducive policies on inland fisheries at the national level</li> <li>• The regulation of commercial fishing</li> <li>• dwindling water resources due to climate change</li> <li>• The establishment of Fisheries and Aquaculture Development Fund (SNAP 2016). To Take over from NAIP).</li> </ul>
2. Promoting agricultural diversity and aquaculture	Rural producers with interest and prior experience, in aquaculture especially youths and women.	<ul style="list-style-type: none"> <li>• Apiculture and aquaculture can become a viable means of providing income and quality protein for rural household consumption due to the sale of surplus products considering the shortage of fish in Zambia.</li> <li>• Small numbers of small scale fish farmers;</li> <li>• Lack of quality fingerlings;</li> <li>• high financing and feed costs</li> <li>• limited access to credit and finance, lack</li> </ul>	<ul style="list-style-type: none"> <li>• Assist in technical training of these farmers through farmer`s field school.</li> <li>• Development of public awareness and conducive policies on aquaculture at the national level;</li> <li>• Support market chains and infrastructure for production, conservation and commercialization of these products;</li> </ul>

<b>Priority Areas</b>	<b>Target Groups</b>	<b>Main Issues</b>	<b>Actions To Be Undertaken</b>
		<p>of fish storage facilities,</p> <ul style="list-style-type: none"> <li>• weak institutional arrangements and regulatory frameworks, conflicting legal frameworks, limited public resources</li> <li>• Aquaculture if properly developed will reduce unemployment and rural poverty.</li> </ul>	
3. <b>Enhancing advisory/business development services</b>	Smallholders farmers, small scale aquaculture, Small-scale artisanal fishers	<ul style="list-style-type: none"> <li>• Persistence with ineffective extension and research linkages and unsustainable extension methods, centered on agricultural production;</li> <li>• To some extent, top down, scientific/technocratic approach, not aligned to farmers' needs or the realities of household finances and markets;</li> <li>• Inadequate demonstration, dissemination focus on rainfed subsistence agriculture and smallholder livestock systems</li> <li>• Little link between extension and research</li> <li>• No real farmer voice in services provision</li> <li>• Absence of effective research-extension-farmer relationships</li> </ul>	<ul style="list-style-type: none"> <li>• Enforce reform policy: province, district extension ethos and capability;</li> <li>• Re-orient extension to community focus with locally resident farmer and women promoters/resource persons;</li> <li>• Upgrade local public sector service provision capacity/communication;</li> <li>• Facilitate, support and optimize the provision of support services by private sectors, farmers' organizations and NGOs through outsourcing/contract services;</li> <li>• Empower farmer groups/associations to link to service decision makers;</li> <li>• Intensify dialogue on research and means of dissemination;</li> <li>• Focus on farmer defined subjects, including socioeconomic/market aspects;</li> <li>• Emphasize information, communications and marketing advisory services</li> </ul>
4. <b>Environment, climate change and natural resource</b>	Farming, livestock and fishing, aquaculture communities	<ul style="list-style-type: none"> <li>• Vulnerability to extreme weather events e.g. drought with intermittent floods in some areas.</li> <li>• Degradation of water and land resources,</li> </ul>	<ul style="list-style-type: none"> <li>• Promote climate smart land and resources utilization and management techniques.</li> <li>• Rehabilitated degraded land and water</li> </ul>

<i>Priority Areas</i>	<i>Target Groups</i>	<i>Main Issues</i>	<i>Actions To Be Undertaken</i>
<b>management</b>		<p>deforestation</p> <ul style="list-style-type: none"> <li>• Area based vulnerabilities – Some areas much more prone to droughts and floods, poor soils such as due to acidity, declining soil fertility, etc.</li> <li>• Vulnerability also a function of weak human capital characteristics – skills and knowledge to address risk.</li> <li>• Environmental pollution <ul style="list-style-type: none"> <li>• Food contamination</li> <li>• Inadequate early warning systems on climate change, weather and climate information.</li> <li>• Low environment and climate risks awareness and compensations.</li> <li>• Inadequate policy and institutional coordination.</li> <li>• Insufficient extension services and technical capacity.</li> <li>• Social risks such as exacerbated poverty, conflicts and gender inequalities.</li> </ul> </li> </ul>	<p>resources.</p> <ul style="list-style-type: none"> <li>• Monitor and control environmental pollution;</li> <li>• Promote integrated pest and disease management approaches.</li> <li>• Invest in early warning systems, weather and climate information dissemination.</li> <li>• Promote awareness creation on environment and climate risks and their mitigation at national and local levels.</li> <li>• Promote better preparedness for Natural Disaster and strategies for environmental risks</li> <li>• Develop ability to forecast policy impacts and macroeconomic shocks on different social groups and the design of adequate mitigation measures.</li> <li>• Improve policy dialogues and institutional coordination at national and local levels.</li> <li>• Build or strengthen technical capacity and expand climate smart extension locally and nationally.</li> <li>• Develop strategies to manage social risks.</li> <li>• Climate change assessment mechanism should be developed to study price and yield risks facing smallholder farmers, and innovations that reduce transaction costs and spread risks – examples are index-based insurance and commodity price hedging – must be adopted more widely.</li> <li>• Index-based insurance can cover smallholder farmers against weather-related losses more effectively than the current fiscally burdensome mechanisms for</li> </ul>

<b>Priority Areas</b>	<b>Target Groups</b>	<b>Main Issues</b>	<b>Actions To Be Undertaken</b>
			<p>responding to natural disasters. By promoting partnerships with development partners, IFAD could help the Government to design and test mechanisms to deal with the above-mentioned risks in rural areas.</p> <ul style="list-style-type: none"> <li>• S3P, for example, is promoting conservation agriculture as one of the means to reduce the vulnerability of farmers to weather variations.</li> <li>• introduce agricultural insurance services such as weather index-based insurance (WII)</li> <li>• Promote conservation farming tailored to specific agro-ecological conditions, and include aspects with more long-term impacts such as agroforestry technologies.</li> <li>• Facilitate better access to fertiliser, lime and hybrid seeds through access to financial services and cash income (off season agricultural production, off-farm enterprises, small livestock).</li> </ul>
<p><b>5. Gender, youths and social inclusion</b></p>	<p>Women, women headed households, youths and other vulnerable groups</p>	<ul style="list-style-type: none"> <li>• Inadequate representation of women and their interests in producers' groups and management committees;</li> <li>• High illiteracy rates</li> <li>• Limited opportunities for livelihood diversification and profitable activities;</li> <li>• Limited access to agricultural support services and to land</li> <li>• Traditional gender ideologies and stereotypes Constrain women's mobility and</li> </ul>	<ul style="list-style-type: none"> <li>• Implement gender sensitive poverty reduction initiatives.</li> <li>• Provide female vocational/literacy training including marketing/business</li> <li>• Promote women in leadership positions and representation of their interests in rural organizations</li> <li>• Promote livelihoods diversification by improving women's participation in trading/processing;</li> <li>• Assist women to gain and maintain access to</li> </ul>

Priority Areas	Target Groups	Main Issues	Actions To Be Undertaken
		<p>access/ownership of means of production</p> <ul style="list-style-type: none"> <li>• Lesser access to education and health</li> <li>• Poverty highest in female headed HHs and households headed by old people as well as households furthest from markets and social facilities (schools, clinics)</li> </ul>	<p>productive resources</p> <ul style="list-style-type: none"> <li>• Develop inclusive approaches to develop access to services</li> <li>• Ensure strong women participation in policy mechanism and the formulation of land law.</li> </ul>
<p><b>6. Reducing rural poverty and malnutrition</b></p>	<p>Rural poor households with particular focus on women and children. Especially those affected by <i>El-Nino</i> weather pattern</p>	<ul style="list-style-type: none"> <li>• Zambia's economic situation has improved in the last decade driven by the economic and public sector reforms initiated in the 1990s and propelled by rising copper prices. Economic growth was around 6% per annum during the latter half of the 2000s. However, poverty levels have remained high, especially in rural areas (77% of the population is poor) as compared to urban areas with 23 % of population. This has a higher impact on the predominantly rural provinces. With the highest in poverty being felt in the Western Province (73 percent), followed by Luapula Province (67.7 percent) and Northwestern Province (67.6 percent).</li> <li>• HIV AIDS is one of the main causes of poverty with prevalence rate being high at 13%. This is aggravated by recurrence of droughts and floods. High levels of food and nutrition insecurity, particularly in rural areas, with 40% children being stunted.</li> <li>• Prices of staple food have increased as a result of shortage of local products and limited importation due to scarcity in foreign currency due to drop of copper prices</li> </ul>	<ul style="list-style-type: none"> <li>• Promote transformation of smallholder farmers from subsistence to more commercial units.</li> <li>• Promote commodities of significant importance to smallholders in general and women farmers in particular.</li> <li>• Promote investment in rural infrastructure – particularly rural roads.</li> <li>• Promote and support the diversification of rural production;</li> <li>• Partner with relevant Zambia ministries, FAO, World Bank, UNICEF and local NGOs, to support improved production, nutritional education, food diversification, conservation and distribution as well as marketing.</li> <li>• Work with partners and government to reduce risks due to effects of climate change.</li> </ul>
<p>7. Strengthening rural farmer organizations</p>	<p>Rural groups participating in FFSs, WUA and</p>	<ul style="list-style-type: none"> <li>• Many existing farmer associations and agricultural service cooperatives lack</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen farmer organizations' institutional capacity through intensive training and technical assistance</li> </ul>

<b>Priority Areas</b>	<b>Target Groups</b>	<b>Main Issues</b>	<b>Actions To Be Undertaken</b>
for efficient and sustainable development.	agricultural service cooperatives	<p>institutional capacity to mobilize locally-available resources to create better farming and marketing conditions for their members; They have been dependent on government and foreign donors to sustain their registration and normal functioning.</p> <ul style="list-style-type: none"> <li>• With weak managerial capacity and lack of internal control, many farmer organizations are found to be inefficient in terms of recovering bank loans, normally stated-subsidized, to negotiate and honor contract terms celebrated with input suppliers and buyers of agricultural products</li> </ul>	<p>provided by FAO, specialized NGOs and private consulting groups;</p> <ul style="list-style-type: none"> <li>• Assist FOs in developing production plans based on available market information;</li> <li>• Encourage formal links with agribusiness firms for an out-grower scheme and access to input and output markets;</li> <li>• Develop the culture of savings and provision of rural financial services with support from NGOs and banks;</li> <li>• Promote communal and municipal federations to achieve scale, economic and financial viability;</li> <li>• Encourage professional management of physical assets (warehouses, tractors, trucks, irrigation schemes)</li> </ul>
8. <b>Poverty and HIV/AIDS</b>	Rural communities	<ul style="list-style-type: none"> <li>• High rates of HIV/AIDS transmission;</li> <li>• Inaccessibility to health facilities and ineffective STI treatment and prevention services.</li> <li>• Poor access to basic services and social infrastructures.</li> <li>• HIV/AIDS orphans.</li> </ul>	<ul style="list-style-type: none"> <li>• Information Education and Communication aimed at HIV prevention.</li> <li>• Improving access to health services and social infrastructures.</li> </ul>



<i>Priority Areas</i>	<i>Target Groups</i>	<i>Main Issues</i>	<i>Actions To Be Undertaken</i>
<b>9. Access to Market and trading and participation in agricultural value chains</b>	Smallholders Small-scale artisanal fishers and aquaculture private sector aggregators, processors, Agribusiness	<ul style="list-style-type: none"> <li>• Inadequate market infrastructure: storage, collection/bulking centres, feeder roads and irrigation schemes.</li> <li>• Markets are generally distant from some smallholder farmers and uncompetitive.</li> <li>•</li> <li>• Absence of contract loyalty/credit repayment culture among small farmers.</li> <li>• Low purchasing power of local consumers, local market volumes.</li> <li>•</li> <li>• Limited availability/access to financial services.</li> <li>• limited skills in post-harvest, value-adding and agro-processing activities.</li> <li>• Poor access to input due to distance, limited competition and low crop/fish catch value</li> <li>• ABM which should support private sector has no policy framework and strategy and service delivery systems yet to be fully developed; it does not yet have sufficient professional and technical staff (some assigned to the FSP on a full-time basis) with competencies to support development of a competitive agribusiness sector; and many need to be equipped with the necessary skills to support agribusiness.</li> <li>• Opportunities for PPPs for agriculture service delivery not sufficiently exploited.</li> <li>• Policy uncertainty for example: export bans of maize, import tariffs and quotas; prices at which FRA will buy and sell, affects the efficient operation of the private sector. It creates risk,</li> </ul>	<ul style="list-style-type: none"> <li>• Disseminate market information and encourage relations between farmer organizations and agribusiness through written trade contracts;</li> <li>• Promote post-harvest handling and conservation to reduce product spoilage/merchandise losses through training, technical assistance and private investment in post-harvest handling</li> <li>• Improve roads network, local marketing facilities (via group/private sector)</li> <li>• Encourage competition and exchange visits between traders and linkages between farmers groups and associations of buyers;</li> <li>• Promote community market information centres and radio communications</li> <li>• -Promote transport improvement</li> <li>• Introduce quality control and packaging as part of group activities.</li> <li>• Encourage more lobbying and dialoguing with government</li> <li>• Develop strategic policies and legal framework and promote and support innovative approaches in rural finance through the RUFEP project</li> <li>• Facilitate greater outreach and capacity building of banks and other intermediaries' bodies and support institutions</li> <li>• Introduce financial awareness and control principles in farmers group trainings</li> <li>• Support GRZ to build policy and planning machinery to ensure coordinated rural commercialisation process.</li> <li>• Support policy dialogue on how to ensure sector</li> </ul>

<b>Priority Areas</b>	<b>Target Groups</b>	<b>Main Issues</b>	<b>Actions To Be Undertaken</b>
		<p>acts as disincentive to invest in output and inputs markets.</p> <ul style="list-style-type: none"> <li>• Market information limited, not easily accessible to small producers on time</li> <li>• Local transport for produce not easily available and are very expensive</li> <li>• Product quality generally below international standards</li> <li>• Policies and regulations not supportive to free and dynamic markets</li> <li>• Lack of harmonised policy in rural finance sector</li> <li>• Limited accessibility and availability to production credit due to lack of collateral</li> <li>• Lack of good management system of risks of credits</li> <li>• High cost of rural finance services;</li> <li>• Limited capacity of farmer based organizations to bargain and negotiate.</li> <li>• Lack of skills in post-harvest, value-adding and agro-processing activities.</li> <li>• Limited capability to identify/exploit value chain opportunities.</li> </ul>	<p>funding is according to sector priorities.</p> <ul style="list-style-type: none"> <li>• Support reinvigoration of research and extension services through increased budgetary allocation.</li> <li>• Strengthen MOA ABM to be able efficiently to play its public sector role in the private sector-led agribusiness agenda, and build capacity of ABM staff in the Districts and Provinces.</li> <li>• Promote private sector/NGO partnerships, and their provision of services, in tandem with public services</li> </ul>
<b>10. Input supply and credit</b>	Smallholders Small-scale artisanal fishers Traders	<ul style="list-style-type: none"> <li>• Poor access to input due to distance, limited competition and low crop/fish catch value</li> <li>• Market information limited, not easily accessible to small producers</li> </ul>	<ul style="list-style-type: none"> <li>• Improve roads network, local marketing facilities (via group/private sector)</li> <li>• Encourage competition and exchange visits between traders and linkages between farmers groups and associations of buyers;</li> </ul>

<b>Priority Areas</b>	<b>Target Groups</b>	<b>Main Issues</b>	<b>Actions To Be Undertaken</b>
	Agribusiness	<ul style="list-style-type: none"> <li>• Local transport for produce not easily available and are very expensive</li> <li>• Product quality generally below international standards</li> <li>• Policies and regulations not supportive to free and dynamic markets</li> <li>• Lack of harmonised policy in rural finance sector</li> <li>• Limited accessibility and availability to production credit due too lack of collateral</li> </ul>	<ul style="list-style-type: none"> <li>• Promote community market information centres and radio communications</li> <li>• Promote transport improvement</li> <li>• Introduce quality control and packaging as part of group activities.</li> <li>• Encourage more lobbying and dialoguing with government</li> <li>• Develop strategic policies and legal framework and promote and support innovative approaches in rural finance through the RUFEP project</li> <li>• Facilitate greater outreach and capacity building of banks and other intermediaries' bodies and support institutions</li> <li>• Introduce financial awareness and control principles in farmers group trainings</li> </ul>
11. Improved agricultural infrastructure	Small holder farmers and other agricultural stakeholders (transporters and buyer, processors, sellers etc.)	<ul style="list-style-type: none"> <li>• lacks financial resources to expand and maintain provincial and district road networks.</li> <li>• Difficulties in circulation of people and goods.</li> <li>• Due to occasional droughts and floods, there is need for has been an increasingly felt need for the rehabilitation and construction of village-based irrigation schemes to diversify and increase food production and to improve commercialization of both inputs and outputs</li> </ul>	<ul style="list-style-type: none"> <li>• Support the construction, rehabilitation and regular maintenance, at municipal and communal levels, of secondary and tertiary roads, bridges, and irrigation infrastructure;</li> <li>• Assist the GRZ to develop fiscal policies that would allow municipal administrations collect revenues for the maintenance of communal infrastructure;</li> <li>• Promote community participation in the maintenance of village-based roads, bridges, drainage and irrigation systems, water supply, education and health facilities</li> </ul>
12. Promoting enabling policies for farming families	GRZ institutions dealing with small holder agricultural development	<ul style="list-style-type: none"> <li>• Only 6.6% of national budget allocated for agriculture far below the 10% recommended by the African Union platform for agriculture (CADAAP), supported by the UN.</li> </ul>	<ul style="list-style-type: none"> <li>• Encourage the GRZ to increase, gradually, the allocation of its annual budget to investment in agriculture;</li> <li>• Assist the GRZ to develop livestock policies aimed at</li> </ul>

<b>Priority Areas</b>	<b>Target Groups</b>	<b>Main Issues</b>	<b>Actions To Be Undertaken</b>
		<ul style="list-style-type: none"> <li>• Lack of livestock policy</li> <li>• Limited enabling environment for private sector developments.</li> <li>• limited policy consistency</li> <li>• Low level of agricultural productivity and high transaction cost of commercialized inputs and local products are an impediment to further private investment in agriculture as Zambia producers are, at the present circumstance, unable to compete with foods imported from developed economies, mostly subsidized by respective governments.</li> </ul>	supporting, further, local production and discourage importation of staple foods and livestock.
13. Promoting improved commercialization of agricultural surplus	Marketed-oriented smallholders with access to both rain-fed and irrigation schemes	<ul style="list-style-type: none"> <li>• More than 80% of agricultural products are marketed through informal traders with unpredictable practices of product pricing and measurement.</li> <li>• Production of fresh products not planned by smallholders, causing excess of surplus and scarcity of perishable and non-perishable products in different period</li> </ul>	<ul style="list-style-type: none"> <li>• Disseminate market information and encourage relations between farmer organizations and agribusiness through written trade contracts;</li> <li>• Promote post-harvest handling and conservation to reduce product spoilage/merchandise losses through training, technical assistance and private investment in post-harvest handling</li> </ul>

## SECAP Background Study

### Executive summary

1. Zambia's economic growth in the last decade has not resulted in improved food security and nutrition for the population especially for rural smallholders. Gender inequalities persist with the socio-economic situation of women remaining very weak. Though women are a slight majority in the population (at 51% of the population), they are more likely than men to be poor and illiterate and they usually have lower access to medical care, property ownership, credit, training and employment. Distribution of income among men and women is disproportionate, with men owning all major means of production such as land, livestock and financial capital, while women provide most of the labour.

2. About 65% of the Zambian population is below the age of 25 years, indicating that the country has a young population. The youths in rural areas are informally employed in subsistence agriculture and are involved in family-based livelihood activities such as handicraft, fishing, or petty trading. Unemployment is much higher amongst the youths. Almost all Zambian youth have had some schooling but still more than one-third (38.1%) had either no education or left school at an early age before completion in 2014. Young women were more likely to remain without an education than young men.

3. Approximately 40% of Zambian children under five suffer from stunting, 6% from wasting and about 53% are anaemic. The consumption patterns and micronutrients intake are highly seasonal, especially in rural areas. For this reason, micronutrient deficiencies remain high, 33.7% of women of child-bearing age are anaemic. The shortage of micronutrients in diets limits growth, weakens immunity, cause nutrition related diseases and increases mortality. At the same time, Zambia has a growing prevalence of overweight and obesity in adults as well as children under five years of age, respectively 6.2% and 6.5% in 2017. Educating women and girls is a good way to impact nutrition by providing skills allowing them to increase their income. As nutrition is multi-sectoral, strategies to improve nutrition outcomes should seek the contribution of relevant disciplines. Addressing malnutrition will require solutions that are adapted to different nutritional problems and the underlying causes in their specificities .

4. An estimated 34% of Zambia's total land is agricultural, with about 3% of it under irrigation. Over half of total land is classified as forest (57%), and deforestation is occurring at a rate of 1% annually. A significant proportion of the total land (40%) is identified as protected areas, which includes forests, parks, and game reserves. Zambia's farming households are predominantly small-scale farmers (82%), cultivating five hectares or less of rainfed land. Zambia is abundantly-endowed with water resources. However, rainfall variation from the south to north, makes river flows experience seasonal variations. Agriculture is therefore the main user of water. The main water challenges in Zambia include the uneven water resources distribution across the country, high climatic variability made worse by climate change and the rapid growth of water demand for agriculture and hydropower.

5. Average annual temperature in Zambia has increased by +0.06°C per decade between 1901 and 2013, which was stronger over the last 30 years (+0.09°C per decade). The warming has been more rapid in the cool and dry season. In terms of rainfall, over the same 113-years period no substantial change in precipitation was observed. However, over the last 30 years there was a large significant precipitation increase (+15%/30yrs). 38. The future trends in the country are towards a higher average temperature, a possible decrease in total rainfall, and some indication of heavy events of rainfall. An assessment of potential climate impacts shows that they will seriously undermine the efforts to improve the livelihoods of Zambians if left unaddressed. The negative impacts of climate change will be felt on key economic sectors including water, agriculture, forestry, wildlife, tourism, mining, energy, infrastructure and health. Zambia's Nationally Determined Contributions (NDC) therefore includes both mitigation and adaptation

components aimed at reducing the GHG emissions and build resilience based on national circumstances.

6. Building on the lessons learnt and poverty dynamics in the country, the targeting strategy is designed to address the needs of the different strata in the rural areas, the COSOP will continue using the bottom-top approach that is compatible with the reduction of poverty, food security and malnutrition; promotes the inclusion of rural poor households and marginalized groups into remunerative activities along agriculture value chains; and builds the resilience of communities to cope with climate shocks. In doing so, activities will build on the positive results gained through the execution of previous projects relying on partnerships already developed, while strengthening their approach for further sustainability.

7. In consideration of the gender gaps identified and following the COSOP completion Report of 2018, that rated the gender mainstreaming in IFAD projects as moderately satisfactory with insufficient empowering measures for women. IFAD targeting tools will be used to target poorer rural people to benefit from emerging market opportunities especially access to micro-finance (matching grants) for women; develop women's skills in community organisation and planning, sustainable land management and entrepreneurship. Educating women and men in communities and households about ownership and inheritance rights, including land ownership. IFAD interventions will conduct gender awareness at a community level and set up women's self-help groups for knowledge-sharing on conservation farming, good agricultural practices and value chain development.

8. The outlined priorities for youth will be aimed at creating decent employment and strengthening youth representation and voice. Such priorities will include: i) financial education and literacy & development of youth-friendly products; ii) opportunities for high-potential production in high value, short cycle crops e.g. coffee, maize, wheat, tea, cotton, sugar etc.; iii) access to modern technologies and -business opportunities along the value chain e.g. extension service support, aggregation, and transportation; iv) access to and control over resources and benefits of agriculture support services; v) opportunities to participate in associations, and cooperatives; and vi) opportunities for engaging in petty trading and small business ventures. Implementation of youth-related priorities will be guided by the corporate Rural Youth Action Plan (2018).

9. IFAD targets the poor and most vulnerable households in rural areas, allowing the reach of nutritionally vulnerable groups, specifically those living in rural areas where all forms of malnutrition show a higher prevalence. Using nutrition sensitive programs that have specifically nutrition objectives, activities and indicators, IFAD would support the Zambian government to ensure that acceptable, diverse, nutritious and safe foods adequate to meet the dietary needs of people of all ages, are available and affordable at all times.

10. The mainstreaming agenda provides opportunities for co-financing from various environment and climate funds. The climate change adaptation activities will focus on improving the risk analysis particularly along prioritised value chains, building capacity in climate risk management for the smallholders and advisory teams in the different Government agencies, promoting climate resilient agricultural practices such as soil and water conservation, conservation agriculture techniques and constructing climate resilient infrastructure. The climate resilient agriculture practices such as conservation agriculture techniques will result in mitigation co-benefits that will be supplemented with the promotion of renewable energy sources for agricultural processing and value addition activities.

## **Introduction**

1. This SECAP preparatory study considers (i) the specific context (including sector and wider institutional and legislative framework and its alternatives) in which the country programme is

likely to be implemented, and (ii) the likely implications for IFAD's work. The study is based on a review of the key pertinent documents and consultation with relevant stakeholders. It uses mainly secondary information and was undertaken during the development of the COSOP.

2. The study is divided into three parts that start with a situational analysis of the social, environmental and climate change context, which is followed by an analysis of the policy and regulatory frameworks and concludes with strategic recommendations. The social assessment profiles the target groups and outlines the main elements of the targeting and gender strategies to facilitate social inclusion, gender equality and the social and economic empowerment of identified target groups. It adopts a holistic approach from the youth perspective that includes the economic, social, and political dimensions to address the full potential of young people. This entails identifying what will attract and motivate young people, enhance social capital and forms of social aggregations for the youth and empower them by providing for institutional spaces and decision making roles for livelihood activities identified by them. It also follows the principles of mainstreaming nutrition in RB-COSOPS.

3. The study provides the analytical underpinning for environmental sustainability through the provision of options to support outcome –driven national development strategies and systems on Environment and Natural Resources Management. It also supports efforts to systematically respond to increasing demands in addressing the adverse impacts of climate change and potential contributions to mitigation efforts through an analysis of the key challenges, root causes and providing options to enhance the resilience of the target beneficiaries.

## **Part 1 - Situational analysis and main challenges**

### **1.1 Socio-economic situation and underlying causes**

4. **Gender.** Despite efforts made in integrating gender in the Government policies and strategies, gender inequalities persist with the socio-economic situation of women remaining very weak. Zambia ranked 18<sup>th</sup> out of 52 countries following the 2015 Africa gender equality index<sup>35</sup>. With relatively lower performance on human development where it ranked 29<sup>th</sup> and in laws and institutions where it ranked 23<sup>rd</sup>. The female HDI value for Zambia is 0.555 in contrast with 0.601 for males. Women have faced under-representation in formal politics for many years, which negatively affects their voice in the country's decision-making bodies (Human Development Report, 2015). Only 25.8% of adult women have achieved some level of secondary schooling – compared with 44.0% of their male counterparts and their representation in decision making still remains low; in Parliament, only 12.6 % of the members are women.

5. The living conditions monitoring survey of 2015 reveals that 51% of the population of Zambia is made up by women. However, despite being the majority, women are more likely than men to be poor and illiterate and they usually have lower access to medical care, property ownership, credit, training and employment. The overall poverty levels among households with female heads was 78.9% compared to 76% among households with male heads. The RAL survey (2015) shows that the proportion of households hiring labour across all agricultural value chain activities (e.g. land clearing, manual tillage, manual weeding, harvesting, shelling and packing) was found to be higher among households headed by males than those headed by females.

6. Distribution of income among men and women is disproportionate, with men owning all major means of production such as land, livestock and financial capital, while women provide most of the labour. Women in rural Zambia are actively engaged in agriculture and are also active in trade. In 2008, 47% of males were engaged in agriculture, forestry and fishing, compared to 52.3% female. Again, 54.3% females were engaged with sales of food crops compared to 45.7% of males<sup>36</sup>. In addition to maize, women smallholder farmers predominantly engage in growing

<sup>35</sup> African development Bank Group report

<sup>36</sup> Ibid.

legumes, like groundnuts (54.7%), common beans (14%) and soybean (4.5%) as well as rearing of small livestock, like goats (26.8%), village chicken (81.9%) and pigs (14.5%), for both food and income security. Women-headed households have lower incomes compared to those headed by men. However, these women play a significant role in the cultivation of crops, conservation, transformation, storage and marketing of food crops. They are the principal concerns as far as family welfare and nutritional security are concerned.

7. In addition to these discriminations related to access to basic resources and services (land, education, health etc.) women also face violence, where almost 30% of girls aged 15-19 have experienced physical or sexual violence from a husband or partner, which violates the fundamental rights of freedom from violence, or any form of abuse or discrimination (UNFP, 2016).

8. The HIV epidemic in Zambia is a generalised and mature epidemic within the population. About 13 % of Zambian population aged 15 to 49 is HIV positive (15% of women and 11% of men), with the highest prevalence in Copperbelt (18%) and the lowest in Muchinga (6%). HIV prevalence by age shows that the most affected are between the ages of 30-45 which constitute the main work force. HIV affects the output of women who participate in all household farming activities and household chores. There is also a high rate of early marriage with 42% of women aged 20-24 married before 18 years of age. Also, only, 13% of Zambian women use family planning. This coupled with the prevalence of undernourishment, have a negative impact on their health and agricultural production.

9. In terms of food availability and nutrition, Zambia was one of the severely affected countries by the last El Niño event that had devastating effects in Southern Africa. Despite producing a cereal surplus, food prices were 66% above the 5-year average and 6% of the population was food insecure (RIASCO, 2016). Again, the lack of ownership access, and control of livelihood assets, and the effect of HIV AIDS, and illiteracy negatively affect women's food production and increase their food insecurity. This generally affects the whole family that is men, women and children. In general, women's role in *food utilization* for food security is critical as they are typically responsible for food processing and preparation and therefore are crucial to the dietary diversity of their household and overall nutrition status of the family.

10. The Seventh National Development Plan (2017- 2021) promotes climate-resilient agriculture practices and adaptation to climate change through climate-proofing livelihoods (MNDP 2016). Although climate change impacts on land resources and food availability in general, men and women perceive them differently<sup>37</sup>. While women perceive droughts in terms of water shortage for domestic use, men tend to perceive it in terms of lack of pasture for the livestock. While the whole country is assessed as vulnerable to climate risk, agro-ecological Region I (in the southern portion of the Southern and Western provinces) experiences the harshest climatic hazards in terms of droughts and water scarcity.

11. **Youth in agriculture.** Zambia in its 2015 youth policy defines youths as persons between the ages of 15-25. However, UNFPA in its 2016 youth assessment report and in line with the African Youth Charter defines it as 15-35. By this definition, youths make up over 36.7% of Zambia's population, with a youth dependency ratio of 87. About 65% of the population is below the age of 25 years, indicating that the country has a young population with Lusaka having the largest youth population and North western the least.

12. Statistics show that the majority of youths reside in urban areas (53%). Many of these youths are orphans who lost their parents due to diseases especially HIV AIDS. The youths in rural areas are informally employed in subsistence agriculture and are involved in family-based

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<sup>37</sup> BRAVA design mission findings show that men tend to focus more on fodder for animals and water for farming and production; whereas women focus on food and drinking water for their families as well as on their increased work burden. Men usually migrate in order to secure income.



livelihood activities such as handicraft, fishing, or petty trading. Youths seeking to start their own enterprises are faced with challenges including: access to credit; low education and literacy levels (with literacy rate for young men at 71% and 57% for young women); high unemployment rates; high HIV prevalence rates; teenage pregnancy; and early marriage among others.

13. Unemployment rate in Zambia increased to 7.79% in 2017 from 7.78% in 2016. Unemployment rate averaged 12.88% from 1986 until 2017<sup>38</sup>. It is much higher amongst the youths who make up the majority of the population. The age groups 12-19, 20-24, and 25-29 years had the highest unemployment rates at 41.7, 36.1 and 17.9%, respectively. With most of the youths being orphans from HIV AIDS. Young women suffer from the highest level of unemployment.

14. Unlike many other sub-Saharan African countries, more youth are employed in the services sector in Zambia than the agricultural sector. The distribution of employment by broad sector in 2014 was 51.8% in services, 33.8% in agriculture (up from 25.9% in 2012) and 14.4% in industry.

**Table 6. Distribution of youth employment by sector, aggregate and 1-digit level, and sex, 2012 and 2014 (%)**

Sector (ISIC)	Total		Male		Female	
	2012	2014	2012	2014	2012	2014
<b>Agriculture</b>	25.9	33.8	27.1	35.7	24.4	31.7
<b>Industry</b>	9.7	14.4	14.0	20.1	4.1	7.9
<b>Services</b>	64.5	51.8	59.0	44.3	71.3	60.5
Agriculture, forestry and fishing	25.9	33.8	27.1	35.7	24.4	31.7
Mining	0.3	1.2	0.6	1.2	0.0	1.1
Manufacturing	3.8	4.0	5.8	4.7	1.3	3.2
Electricity, gas, steam	0.3	1.4	0.5	1.5	0.0	1.2
Water supply	1.3	0.2	0.8	0.3	1.8	0.1
Construction	4.0	7.6	6.3	12.4	1.0	2.3
Wholesale and retail trade	28.7	9.5	24.2	8.9	34.4	10.2
Transport	2.6	1.6	4.6	2.7	0.1	0.4
Accommodation	2.6	4.1	2.1	2.2	3.2	6.1
Information and communications	0.6	1.2	0.9	1.5	0.3	0.8
Financial activities	0.3	0.4	0.3	0.4	0.2	0.4
Real estate	0	0.5	0	0.6	0	0.4
Professional scientific activities	1.5	0.5	2.2	0.6	0.8	0.4
Administrative and support activities	2.4	0.7	2.9	0.4	1.7	1.0
Public administration	0.3	0.4	0.2	0.4	0.4	0.4
Education	2.6	2.6	2.0	2.3	3.2	3.0
Health and social work	1.3	1.3	1.3	1.3	1.4	1.4
Arts and entertainment	1.9	1.2	2.9	1.6	0.6	0.7
Other services	6.5	19.3	4.8	15.0	8.6	24.2
Private households	13.2	8.3	10.6	6.2	16.4	10.6
Activities of extraterritorial organizations	0	0.4	0	0.2	0	0.5

Note: A potential coding error is evident in the 2014 dataset, whereby a share of young workers coded in "other services" are likely to belong to the category "wholesale and retail trade".

15. The share of youth neither in employment nor in education or training (NEETs) in Zambia was high at 25.5% (in comparison to other SWTS sub-Saharan African countries), but it did decrease slightly from the 28.3% in 2012. The share among young women was higher than young men (at 29.8 and 20.9%, respectively), and is explained primarily by the higher share of young female inactive non-students<sup>39</sup>.

<sup>38</sup> <https://tradingeconomics.com/zambia/unemployment-rate>

<sup>39</sup> [https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/documents/publication/wcms\\_429080.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_429080.pdf)

**Table 4. Youth neither in employment nor in education or training (NEETs) by composition and sex, 2012 and 2014 (%)**

Sex	2012			2014		
	NEET rate	of which: Inactive non-students	Unemployed non-students	NEET rate	of which: Inactive non-students	Unemployed non-students
Total	28.3	20.3	7.9	25.5	16.8	8.7
Male	22.1	14.3	7.8	20.9	12.6	8.3
Female	34.2	26.2	8.0	29.8	20.6	9.1

16. Almost all Zambian youth have had some schooling but still more than one-third (38.1%) had either no education or left school at an early age before completion in 2014. Young women were more likely to remain without an education than young men. The main reason for leaving school early (both sexes) is economic (inability to pay school fees or need to earn an income).<sup>40</sup>

17. HIV AIDS continues to impact on productivity. It retards agricultural production by reducing manpower availability on farms. This leads to nutrition and food insecurity due to decrease in labour, reduced household resources, less intensive livestock production etc.

18. Youth engaged in agriculture are mainly located in rural areas. However, agriculture is not the preferred sector by the youth due to the little profitability of the sector as well as the lack of inputs and mechanisation making work strenuous. Active youth groups are sometimes found in rural communities and are mostly engaged in irrigation schemes linked to horticulture and also aquaculture activities.

19. **Nutrition.** Despite Zambia's economic growth in the last decade, it has not resulted in improved food security and nutrition for the population especially for rural smallholders. Approximately 40% of children under five suffer from stunting, 6% from wasting and about 53% are anaemic. The Northern Province has the highest rates of stunting followed by Muchinga, Luapula, Eastern and Central provinces, all of which are rich in natural resources with livelihoods that are predominantly in the agriculture sector.

20. At 44.5%<sup>41</sup>, Zambia has one of the highest rates of undernourished people in the world. The consumption patterns and micronutrients intake are highly seasonal, especially in rural areas. For this reason, micronutrient deficiencies remain high, 33.7% of women of child-bearing age are anaemic (SOFI 2018). The shortage of micronutrients in diets limits growth, weakens immunity, cause nutrition related diseases and increases mortality. At the same time, Zambia has a growing prevalence of overweight and obesity in adults as well as children under five years of age, respectively 6.2% and 6.5% in 2017 (SOFI 2018).

21. Nearly half of the country's rural population have daily caloric intakes below 1,750 per day (an average for individuals of all age groups- FAO food balance sheet calculation), while their families spend nearly 80% of their income on food. Staple diets are predominantly maize-based with low consumption of pulses, vegetables, and nuts.

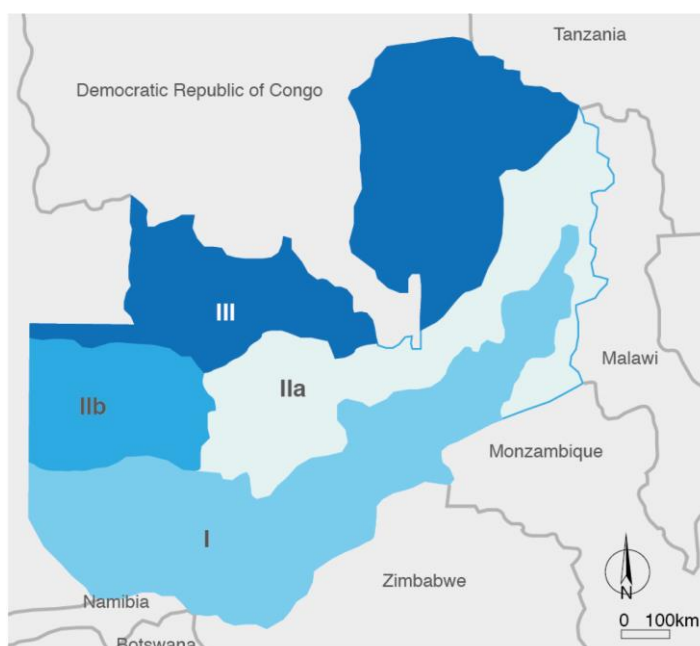
22. Women smallholder farmers are disproportionately affected by lack of access to credit, limited availability of labour, limits on land ownership and precarious land tenure. Almost half of all girls are married by the age of 18 and 29% are pregnant or have a baby by the age of 19, a huge contributor to child malnutrition. Educating women and girls is a good way to impact nutrition by providing skills allowing them to increase their income. Although there has been progress towards

<sup>40</sup> [https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/documents/publication/wcms\\_429080.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_429080.pdf)

gender equity with regard to primary school attendance, more adolescent girls are out of school than boys and literacy among 15-24 year old women is lower than among men. Approximately 18% of Zambian children are out of school – 23% in rural areas. Contributing factors are girls' traditional roles and responsibilities, and discriminatory customary laws which have a negative impact on school attendance for adolescents, especially girls.

## 1.2 Environment and climate

23. The republic of Zambia has a total surface area of about 752,614 km<sup>2</sup> with most of it located between 900 and 1,500 m above sea level on the central plateau of the Southern African Region. Zambia is divided into 3 agro-ecological regions (Figure 1). Region I is a low rainfall (<800 mm/year) area which covers the country's major valleys, which are Gwembe, Lunsemfwa and Luangwa. It also includes the southern parts of western and southern provinces. It covers around 20% of the country. The harshest climatic conditions (climatic hazards) are observed in this region and thus Region I is considered a drought-prone/risk area. Soil fertility is poor, soils are sandy, shallow, with low levels of organic matter, low nutrient reserves and high acidity levels.



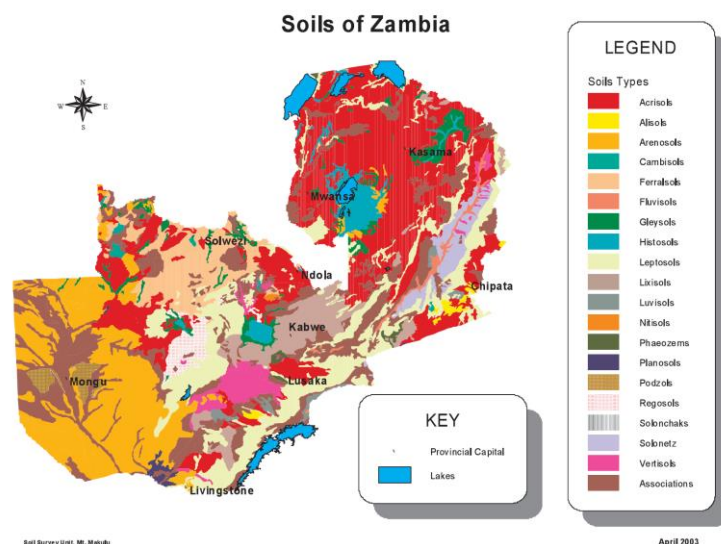
**Figure 1 Agro-ecological zones of Zambia**

24. Region II, the medium rainfall area (800-1,000 mm/year), covers Sandveld plateau of Central, Eastern, Lusaka and Southern provinces. The region has a total area of 27.4 million hectares of which 87% (23.8 million hectares) could be used for agricultural purposes, but only 50% is actually accessible. Region II has the most favourable agro-ecological conditions and ample irrigation potential.

25. Region III is part of the Central African Plateau covering Northern, Luapula, Copperbelt and North-Western provinces, as well as parts of Serenje and Mkushi districts. It has an area of 40.6 million hectares. Only 52.7% of the land is suitable for cultivation due to the soils being highly leached as the area receives highest rainfall (1,000-1,500 mm) in Zambia.

26. **Land:** Agriculture is the most common source of livelihood and income within Zambia's informal sector. Thirty four percent of Zambia's total land is agricultural, with about 3% of the agricultural land irrigated. Fifty seven percent of total land is classified as forest, and deforestation is occurring at a rate of 1% annually. Forty percent of the total land is identified as protected areas, which includes forests, parks, and game reserves. Zambia's farming households are predominantly small-scale farmers (82%), cultivating five hectares or less of rainfed land. In 2008, Zambia had about 1.1 million small-scale farmers, with average land holding of about one ha of

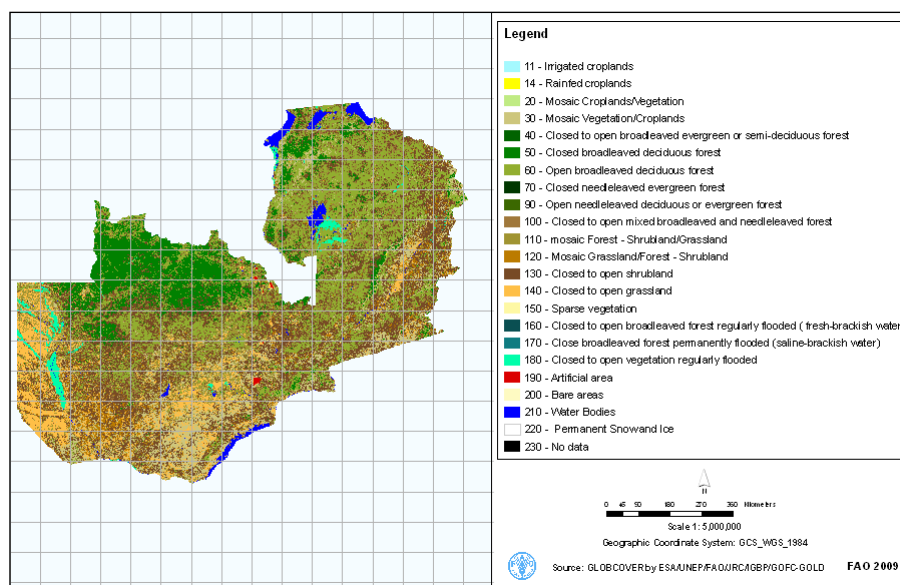
cultivated land per household. About 44,000 medium-scale farmers each cultivate between 5 and 20 ha of land, and the roughly 2,000 large-scale farmers each cultivate more than 20 ha of land. In areas dominated by commercial agriculture, the use of heavy machinery and large amounts of fertilizer and chemicals has degraded the soil. Mining operations in the Copperbelt (north-central region) have caused land degradation, extinguished the flora and fauna and polluted the air, water and soil. Since enactment of the 1995 Land Act allowing for conversion of customary land to state land with private leasehold interests, at least 10% of land held under customary tenure has been privatized through conversion to leaseholds. In some cases these leaseholds have resulted in needed investment in rural areas and created opportunities for local employment, contract farming, secondary businesses, development of infrastructure and social services, and transfer of know-how.



**Figure 2 Soil Map of Zambia**

27. The major part of the country is covered with Acrisols and Ferralsols (Figure 2). These soils are highly weathered and strongly leached and are thus infertile soils, characterized by weakly structured, loamy top soils, clayey sub soils. The second important soils are Lixisols, Luvisols and Alisols. These soils are also infertile and highly weathered, strongly leached like Acrisols, however, they differ from Ferralsols and Acrisols in their chemical properties. For increased crop productivity, the soils require application of organic amendments and inorganic fertilisers in addition to good agricultural practices.

28. **Forests:** Forests are an important component of Zambia's natural capital and provide benefits that are critical for rural populations, urban areas, the national economy and the global community. Out of Zambia's total land area of 75.3 million ha, estimates of remaining forest range from 39 million ha to 50 million ha or 53 million ha (Figure 3). Estimates of deforestation rates range from 113,000 ha in 2012 (Global Forest Watch) to 167,000 ha per year (FAO's Global Forest Resource Assessment) and 250,000 ha per year to even over 850,000 ha per year. Zambia is reported as having the second highest per capita deforestation rates in Africa and the fifth highest in the world. Charcoal production, agricultural and human settlement expansion are the major drivers of deforestation in Zambia. Indigenous forests cover most of the country's total land surface. There is also a small amount of plantation forests (57,000 ha), located mainly in the Copperbelt region where Gmelina and Eucalyptus trees are planted. Eighty seven percent of Zambian forests are Miombo, the Kalahari and Mopane and Munga woodlands.



**Figure 3 Land cover map of Zambia**

29. **Water resources:** Zambia is abundantly-endowed with water resources. However, rainfall variation from the south to north, makes river flows experience seasonal variations with peaks between March and April and the lowest flows being experienced between October and November. The Zambezi and Congo River Basins are the main surface water contributors. The Zambezi Basin covers three-quarters of the country and comprises three sub-basins – Zambezi, Kafue and Luangwa. Total water withdrawal in 2000 in Zambia was estimated as  $1,737 * 10^6$  m<sup>3</sup>, with agricultural water use accounting for  $1,320 * 10^6$  m<sup>3</sup> (76 %), or more than three-quarters of the total domestic water use claiming  $286 * 10^6$  m<sup>3</sup>, and dwindling, industries taking  $131 * 10^6$  m<sup>3</sup>. Agriculture is therefore the main user of water. The main water challenges in Zambia include the uneven water resources distribution across the country, high climatic variability made worse by climate change and the rapid growth of water demand for agriculture and hydropower.

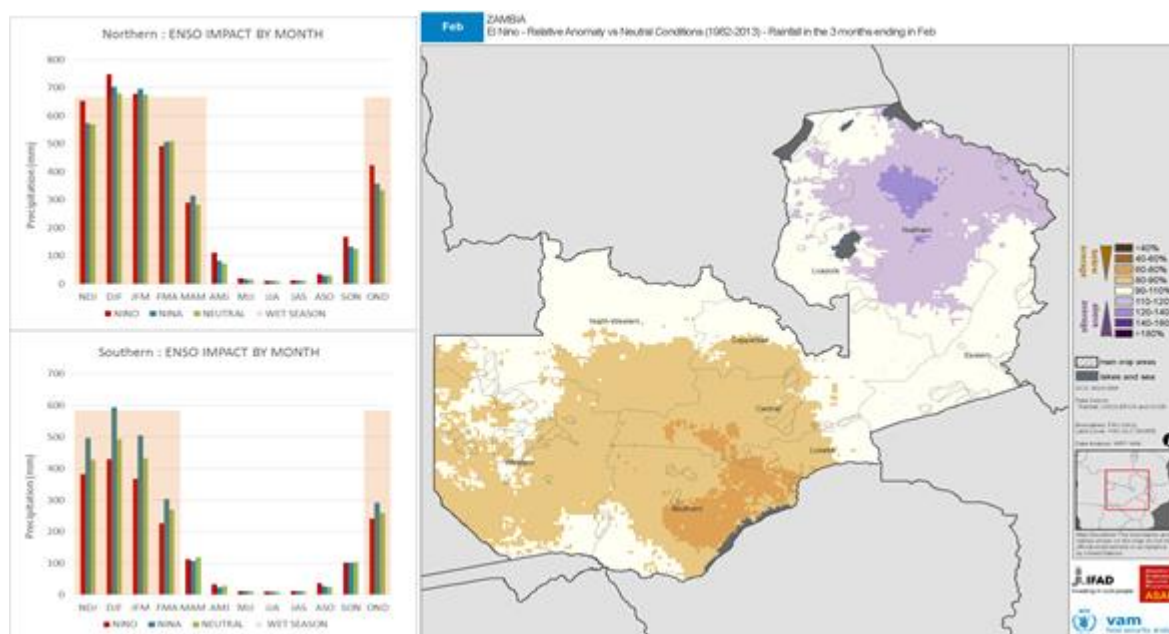
30. Groundwater constitutes one major source of water supply in many parts of the country. It also sustains flows for many perennial rivers and streams during the dry season. The country's aquifers are classified into: (i) Aquifers, where groundwater flow is mainly through fissures/channels/discontinuities, which are classified as either highly or locally productive; (ii) Aquifers, where intergranular groundwater flow is dominant, which occur mainly in alluvial soils; (iii) Low yielding aquifers with limited potential.

31. **Fisheries:** The fisheries sector contributes around 1% on average to GDP (US\$109 million in 2007). Total production from capture fisheries is approximately 65,000 to 80,000 tonnes per annum, with an additional 5,000 MT estimated from the emerging aquaculture sector. Average per capita fish supply has declined from over 11 kg in the 1970s to approximately 6.5 kg in the 2000s. The fisheries sub-sector has immense potential despite challenges encountered that include insufficient capacity, limited budget implementation period and weak administrative processes. Economic diversification into sectors such as fisheries could help build smallholder farmers resilience and could supplement crop production considering the impact of climate change on rain-fed agriculture.

32. **Climate:** Zambia's climate is highly influenced by the altitude with temperatures highest in the valleys of the Zambezi, Luangwa, and Kafue and by the shores of Lake Tanganyika, Mweru, and Bangweulu. There are wide seasonal variations in temperature and rainfall. The main rainy season starts in mid-November, with heavy tropical storms lasting well into April. May to mid-August is the cool season, after which temperatures rise rapidly and September is very dry.



33. The rains in Zambia are brought by the Intertropical Convergence Zone (ITCZ) and are characterised by thunderstorms, occasionally severe, with much lightning and sometimes hail. The ITCZ is located north of Zambia in the dry season. It moves southwards in the second half of the year, and northwards in the first half of the year. In some years, it moves south of Zambia, leading to a "little dry season" in the north of the country for three or four weeks in December. The highest rainfall is in the north, especially the north-west and the north-east, decreasing towards the south; the driest areas are in the far south west and the Luangwa River and middle Zambezi River valleys, parts of which are considered semi-arid. None of the country is considered arid or to be desert.



**Figure 4 Precipitation patterns as influenced by ENSO cycle in Zambia**

34. **Historical climate patterns:** Average annual temperature in Zambia has increased by  $+0.06^{\circ}\text{C}$  per decade between 1901 and 2013, which was stronger over the last 30 years ( $+0.09^{\circ}\text{C}$  per decade). The warming has been more rapid in the cool and dry season. The frequency of hot days and hot nights has increased significantly with the average number of hot days and nights per annum having increased by 43 each from 1960 to 2003. In terms of rainfall, over the same 113-years period no substantial change in precipitation was observed. However, over the last 30 years there was a large significant precipitation increase ( $+15\%/30\text{yrs}$ ). Farmers in the east and south of Zambia have already noticed a generally shortened growing season.

35. The resulting pattern of climate change in Zambia has resulted in occurrence of extreme climatic events. Large flood events occurred rather frequently (e.g. 2001, 2004, 2007 and 2009). The flood events in 2007 along the Zambezi, Kafue and Luangwa Rivers affected about 1.4 million people while serious droughts occurred in 2005 and affected 1.2 million people. Figure 4 shows precipitation averages for the months December – February for all El Niño years in comparison to the Neutral average from 1982 – 2013. The map clearly illustrates the worst affected regions is southern Zambia where drought risk is enhanced and there is rainfall deficits between the months of December and April. The drought driven by El Niño has caused a progressive reduction of available water, aggravating previous dry spells and affecting crop production. The drought also coincides with the primary growth phase of the main cropping seasons. In Northern Zambia, El-Niño has resulted in an increase in rainfall from December to February. These are the critical months for rain-fed crop growth.

36. **Future projections of Climate:** It is projected that temperature is likely to increase by 2085. The temperature will very likely increase from  $+1.2$  to  $+5.8^{\circ}\text{C}$ . Much as the change in

temperature is considered to be medium, the impact will be severe on natural resources and agriculture. Annual total precipitation is projected to change from -7 to +2% by 2085, and the very likely range is from -11 to +6%, with most projections showing an increase and some a decrease. The projected decrease change in precipitation is during the core dry season from May to September. The change in annual total precipitation is considered to be weak but the intensity of heavy rain events is likely to change from -2 to +21% with few projections showing a decrease. However, the dry spells duration is projected to change with the duration of long-lasting dry spells likely to change from 0 to +21 days by 2085. The projected change in the duration of long-lasting dry spells is considered to be medium-strong.

37. The future trends in the country are towards a higher average temperature, a possible decrease in total rainfall, and some indication of heavy events of rainfall. An assessment of potential climate impacts shows that they will seriously undermine the efforts to improve the livelihoods of Zambians if left unaddressed. The negative impacts of climate change will be felt on key economic sectors including water, agriculture, forestry, wildlife, tourism, mining, energy, infrastructure and health. It is estimated that there will be GDP loss over a 10-20 year mid-term planning horizon for agriculture productivity and its associated effects on poverty levels, the potential impact of an energy crisis, the higher cost of treating climate related diseases such as malaria and malnutrition, and the loss of natural resources which provide critical ecosystem services to urban, peri-urban and rural communities.

38. The aggregated estimated total GDP loss by sector was in the range of USD 4,330-5,440 million with. The following sector GDP losses: Agriculture (2,200 – 3,130), Energy related (270 – 450), Health (460), and Natural Resources (1,400).

## **Part 2. Institutions and legal framework**

### **2.1 Institutions**

39. Farmer Organisations /Apex Farmer Organisations (AFOs) – Zambia National Farmers Union (ZNFU), Smallholders Farmers Association of Zambia, Women in Agriculture. FO/AFOs have a vast untapped membership with increasing donor support to social economic development. They generally have political stability and improving policy environment. They offer alternative service provision to their members especially women and promote Public Private Partnerships that can be extended to include the Producers.

40. Local and International NGOs with experience in agriculture and rural development can be considered key government partners for the provision of community services and trainings on literacy, producer organization, land registration, environmental education, gender and youth empowerment, nutrition improvement and climate change adaptation.

41. UN Agencies – FAO, UNICEF and WFP. -FAO has produced several capacity building materials and training modules that can be readily available for use. WFP has a unique initiative “close the nutrition gap”, which is a tool designed to collect data and information on dietary value of diets in various regions/districts. This information could be vital for region-district-specific nutrition-sensitive planning. UNICEF is also part of the country nutrition emergency team. Together with the Ministry of Health- Nutrition Unit and WFP is heavily engaged in tackling acute malnutrition. The country office collects periodic data at district/provincial level on acute malnutrition rates.

42. Water User groups are among the key natural resources management groups. These are usually created around the development of water infrastructure for agricultural use such as irrigation or domestic use.

## 2.2 Policy and regulatory frameworks

43. **Gender** : The National Gender Policy was formulated in 2014 with its main aim being the promotion of gender equality in Zambia. In line with this policy the Seventh National Development Plan (7NDP) has as one of its objectives, the promotion of equal opportunities, rights and responsibilities for men and women in all areas of economic, social, cultural and political life. Its policy measures aim to promote the full realization of human rights and fundamental freedoms for men and women, promote all equal-opportunity aspects in employment policies, including reducing occupational segregation and helping reconcile work and family life, as well as counter the persistent under-representation of women in all decision-making spheres, promote equal access and full enjoyment of social rights for men and women, eliminate gender disparities in primary and secondary education by 2030, promote equality in civic life and contribute to change gender roles and stereotypes. Despite all these policies and actions, customary law still favors men with regard to the control and access over production resources (Land, Labor, credit. etc.).

44. Zambia is following its international commitments, namely the United Nations Committee on the Elimination of Discrimination against Women (CEDAW), the Protocol to the African Charter on Human and Peoples' Rights regarding the Rights of Women in Africa, the SADC Gender and Development Protocol, the Solemn Declaration on Gender Equality in Africa, the United Nations Convention on the Rights of the Child and the Beijing Declaration and Platform for Action to which Zambia is a party.

45. The Government of the Republic of Zambia, through the Ministry of Gender is committed to protecting and promoting women's rights, curbing gender-based violence and reducing gender inequalities by making progressive changes to legislation to strengthen the protective environment. It aims to prioritize the advancement of women and strengthen their capacity to influence decision-making at the highest level on matters pertaining to gender equity and equality. The portfolio functions of the Ministry are coordinating and monitoring the implementation of: The National Gender policy; The Matrimonial Causes Act; and The Anti Gender Based Violence Act No. 1 of 2011.

46. **Youth**: The 2015 National Youth Policy focuses on interventions aimed at job creation and entrepreneurship development; education and skills development; health and cultural, creative industries and sport as well as crosscutting issues of gender, disability, environment, HIV and AIDS and youth participation. Although the Ministry of the Youth and Sports is the overall coordinating agency of the policy, it is constrained by lack of clear structures and resources to carry out activities as planned especially in rural areas due to great distances.

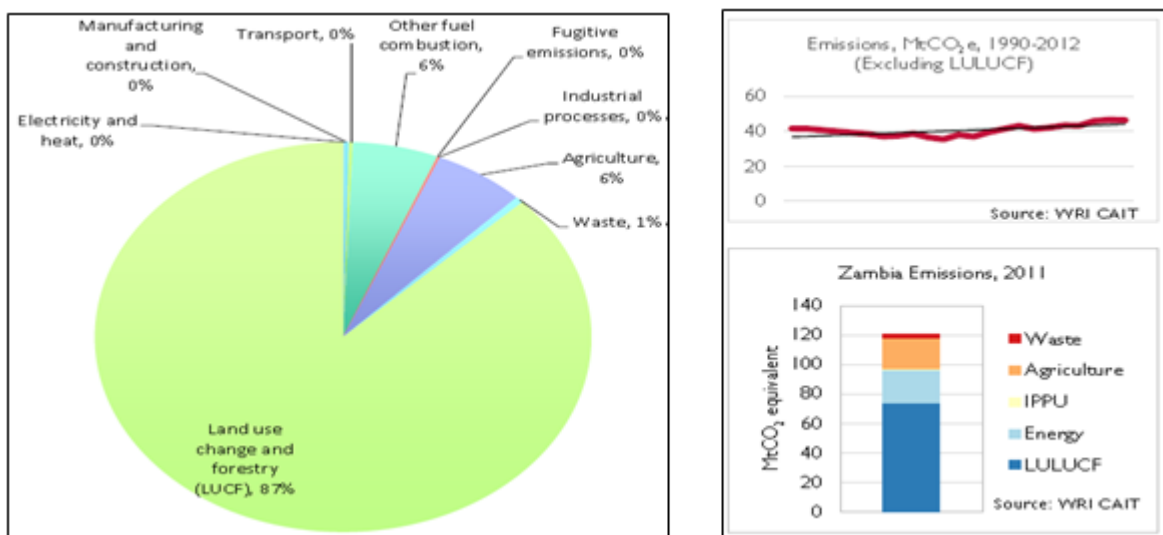
47. **Nutrition**: Enhancing food security and nutrition is listed as one of the top priorities in the human development pillar of the National Development Plan. From 2011 to 2015, Zambia had a dedicated national food and nutrition strategic plan. Zambia joined the Scaling Up Nutrition Movement (SUN) on 22 December 2010. There is a Multi-sectoral platform for nutrition coordination: The National Food & Nutrition Commission (NFNC) under the responsibility of the Ministry of Health and supported by the Nutrition Cooperating Partners Group (formed in 1967 and revitalised in 2011). A Special Committee of Permanent Secretaries is chaired by the Secretary to the Cabinet with the NFNC as Secretariat established in 2014 (SUN 2017).

48. **Nationally Determined Contributions**: Historically due to climate change, Zambia has been ravaged by droughts and floods but in recent decades the frequency and severity of these climatic hazards has increased. Between 2000 to 2010, Zambia has had to endure droughts in the rainy seasons of 2000/01, 2001/02 and 2004/05 while floods have occurred in 2005/06 and 2006/07. The impacts of these droughts/floods have included widespread crop failure/loss, outbreaks of human and animal diseases, dislocation of human populations and destruction of property and infrastructure. On average Zambia experiences two to three drought years in a decade. Severe droughts often cause total crop failures in the southern and western parts of the country.

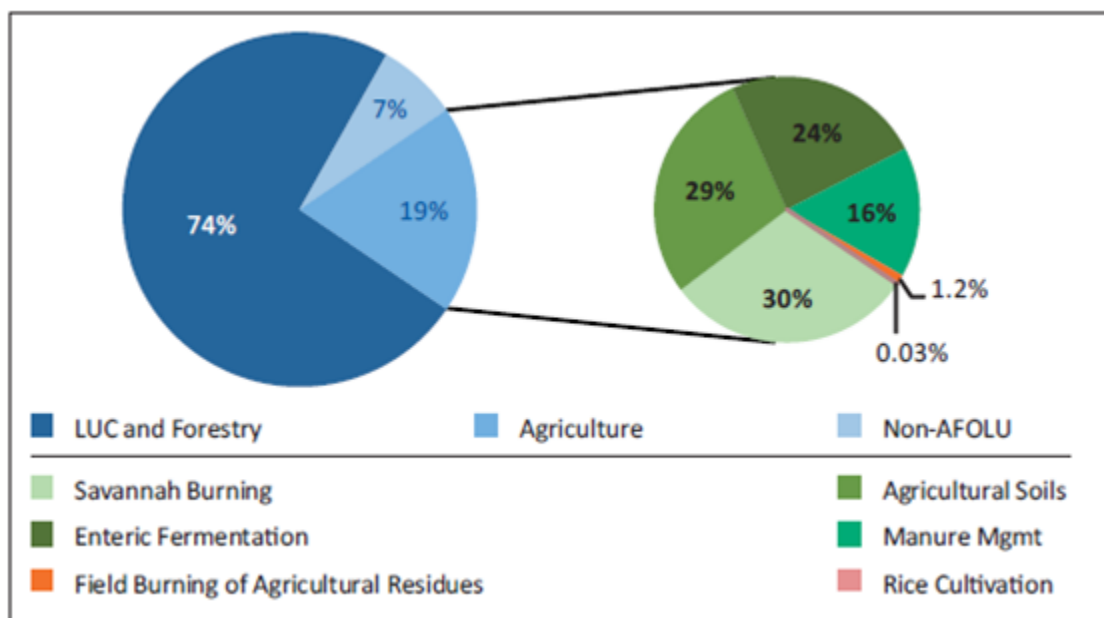


49. Zambia contributes 0.3% of the world’s total GHGs emission into the atmosphere which is about 1% of African’s total emissions. 87% of the emissions originate from Land use change and forestry (LUCF). The change in Zambia’s forest area due to the high deforestation rate (estimated annually at 1.5%) has resulted in the high contribution of LUCF to GHGs. Agriculture contributes about 23.1 MT CO<sub>2</sub>e or ~6% of total national emissions).

50. Emissions from agricultural activities stems largely from burning of the savanna (13.5 MT CO<sub>2</sub>e), enteric fermentation (3.1 MT CO<sub>2</sub>e), manure left on pasture (2.3 MT CO<sub>2</sub>e) and cultivation of organic soils (2.3 MT CO<sub>2</sub>e) (Figure 5)



**Figure 5 GHG emission of Zambia by sector**

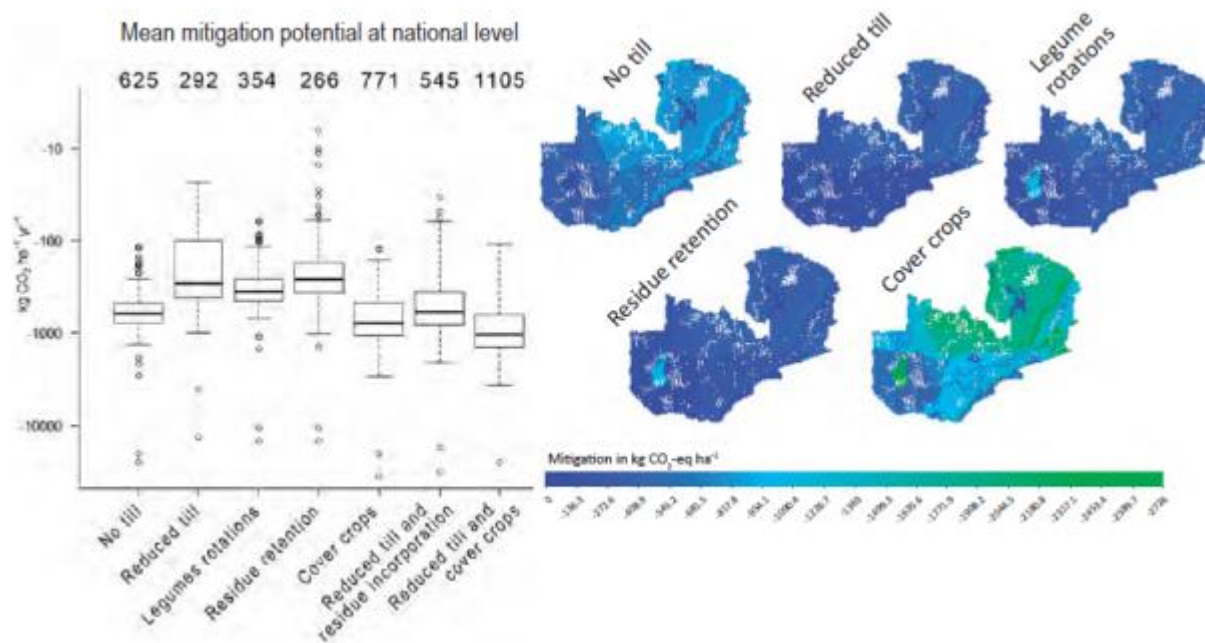


**Figure 6 Greenhouse gas emissions from agricultural practices in Zambia**

51. Oil is the largest contributor to Zambia’s greenhouse gas (GHG) emissions from fuel combustion (~2.5 MT CO<sub>2</sub>e), followed by coal (~0.9 MT CO<sub>2</sub>e). The sectors accounts for the largest proportion of national GHG emissions from fuel combustion include transport and other non-specified energy uses in the non-residential sector. Zambia’s GHGs emission has increased by 3% from 1990 to 2011 with prospects showing steady increase unless proper mitigation efforts are put in place.

52. Zambia's Nationally Determined Contributions (NDC) therefore includes both mitigation and adaptation components aimed at reducing the GHG emissions and build resilience based on national circumstances and is in line with decisions 1/CP.19 and 1/CP.20. The successful implementation of Zambia's NDC will result in an estimated total emission reduction of 38,000GgCO<sub>2</sub>eq which translates to 47% (internationally supported efforts) against 2010 as a base year. Since LUCF is contributing most of the GHGs emissions, mitigation measures targeting the forestry, land use and agricultural sectors can significantly reduce the GHG emissions in Zambia (Figure 6). Sustainable land management practices can lead to annual mitigation levels of between 0.2 and 1.1 t CO<sub>2</sub>-eq per hectare, agro forestry systems can annual sequesterate between 5 and 15 t CO<sub>2</sub>-eq per hectare while feasible improvements in forage digestibility, animal health and reproduction management, carbon sequestration and manure management, emissions from livestock in Zambia can potentially be reduced by 32 to 38 % of total annual baseline emissions, or 1.4 to 1.7 million t CO<sub>2</sub>-eq. Figure 7 summarises the mitigation potential of various agricultural practises.

53. This emission reduction is conditional and subject to the availability of international support in form of finance, technology and capacity building. The total budget for implementing both components is estimated at over US\$ 50 billion (USD 35 billion for mitigation programs and USD 20 billion for adaptation actions) by the year 2030, out of this USD 35 billion is expected to come from external sources while \$15 billion will be mobilized from domestic sources.



**Figure 7 Annual GHG mitigation potential of different improved land management practices (kg CO<sub>2</sub>-eq/ha)**

54. The mitigation component of the NDC has policies/actions/programs that converge into three programs which have mitigation and adaptation effects: sustainable forest management, sustainable agriculture and renewable energy and energy efficiency.

55. Adaptation measures as part of the NDC were identified based on vulnerability assessment of seven key economic sectors (agriculture, water, forestry, energy, wildlife, infrastructure and health) comprises three goals/programs that have strong synergies with mitigation. These are: Adaptation of strategic productive systems (agriculture, forests, wildlife and water); Adaptation of strategic infrastructure and health systems; and Enhanced capacity building, research, technology transfer and finance.

56. Achievement and progress towards attainment of the NDC requires legislation and legal framework. Zambia has developed various climate change-related policies, strategies, projects and programs in response to climate change impacts. These include: the National Policy on Environment (2007); the National Climate Change Response Strategy (2010); National Forestry Policy (2014); National Energy Policy (2008), The National Agriculture Policy (2014) and Transport Policy (2002); National Strategy for Reducing Emissions from Deforestation and Forest Degradation (REDD+, 2015); Second National Biodiversity Strategy and Action Plan (NBSAP2); the National Adaptation Plan of Action on Climate Change (NAPA, 2007); Technology Needs Assessment (TNA, 2013); Nationally Appropriate Mitigation Actions (NAMAs, 2014); Second National Communication (SNC, 2015).

### 2.3 Programmes

57. **Nutrition:** The first 1000 most critical days programme (MCDP) II is "Zambia's five year flagship stunting reduction programme" 2018-2022 and is anchored in the National Food and Nutrition Strategic Plan (NFNSP) 2017-2021. The MCDP II has prioritized six high impact interventions: i) Promotion of Gender Equality and Women's Empowerment; ii) Social and Behaviour Change and Communication Campaign to Reduce Stunting; iii) Promotion of Improved Infant and Young Child Feeding and Caring Practices; iv) Promotion of Maternal Nutrition; v) Dietary Diversification through Nutrition-Sensitive Agriculture and vi) Promotion of Safe Water, Hygiene and Sanitation.

58. The 2017 government led mapping exercise showed that 73.3% (80 out of 109 districts) of the districts were reached with nutrition-specific and nutrition-sensitive interventions through sector programmes and projects supported by various stakeholders in MCDP I, however convergence of the interventions at household level was invisible. MCDP II will focus on harnessing holistic support from various stakeholders to the targeted households (MCDP II).

## Part 3 - Strategic recommendations

### 3.1 Lessons learnt

59. **Gender:** The 2011-2018 COSOP Completion review, as well as the Country Strategy Programme Evaluation noted with satisfaction the fact that IFAD's interventions have been focused on the rural poor who are the IFAD's traditional beneficiaries. The Evaluation assessed gender and women's empowerment as moderately satisfactory on the basis of the following findings:

- a) Workload balance between men and women as well as other adult members of the household remain a crucial issue to be addressed in all IFAD projects and Programmes;
- b) Insufficient resources and commitment in Gender. Women not having easy access to Matching Grant Facility
- c) Women benefited from increased production and income and functional literacy. However, lack of gender-disaggregation in monitoring led to an under-estimate of improved access for women to assets and resources;
- d) lack of access to credit and lack of technical support for business development
- e) Lack of Gender specialists in PCUs

### 3.2 Strategic orientation

**Gender:** Informed by IFAD's policy on Gender Equality and Women's Empowerment, the strategy will aim to: i) promote economic empowerment to enable rural women and men to have equal opportunity to participate in, and benefit from, profitable economic activities; ii) enable women and men to have equal voice and influence in rural institutions and organizations; and iii) achieve a more equitable balance in workloads and in the sharing of economic and social benefits between women and men.

60. The strategy will promote gender equality by increasing women's agricultural production through developing institutional capacities and investment support to rural smallholder farmers in

the country. Cooperatives that include women in management positions will receive priority access to the group matching grants. Moreover, crops preferred by women, such as groundnuts, soybeans, and vegetables, will be targeted in the Farmer Field Schools (FFS) and Farmer Business School (FBS). This is aimed at promoting the introduction of high-value crops dual purpose vegetables (tomato, onion, cabbage, Irish potatoes and others) for nutrition and income generation.

61. The strategy takes into consideration the gender gaps highlighted above, and in particular to i) unequal access to resources (land, water, credit) in favour of men, ii) women's low levels of literacy and numeracy, iii) lack of business development and management skills, and iv) limited voice, leadership and decision-making capacity in associations and cooperatives and other groups; as well as the COSOP completion Report of 2018, that rated the gender mainstreaming in IFAD projects as moderately satisfactory with insufficient empowering measures for women. IFAD targeting tools will be used to target poorer rural people to benefit from emerging market opportunities especially access to micro-finance (matching grants) for women; as previous and on-going projects lack specificities on gender. IFAD interventions will develop women's skills in community organisation and planning, sustainable land management and entrepreneurship. Educating women and men in communities and households about ownership and inheritance rights, including land ownership. IFAD interventions will conduct gender awareness at a community level and set up women's self-help groups for knowledge-sharing on conservation farming, good agricultural practices and value chain development.

62. In order to transform the unequal gender relations, the community-led methodology of Gender Action Learning System (GALS) will be implemented using various entry points such as, FFS, and FBS with emphasis on generating benefits particularly relevant for women, youths and persons living with HIV AIDS. The GALS mentoring process will enable the development of joint household visions as well as corresponding plans and achievements. It will empower all household members and have a spillover effect at community level by assessing, risks barriers and emerging opportunities. Also, enabling proper access to productive resources (land, labour capital).

63. For market-oriented women, IFAD interventions will develop and/or strengthen their business and entrepreneurship skills for development of other non-farm activities, such as input delivery, transportation, storage, marketing, trading, for women particularly, Small livestock, aquaculture, apiculture, legumes and vegetable farming will be developed. There will be training in improved food preservation and processing. IFAD interventions will bring about improvement of household water sources, water resource management, clean and efficient cooking stoves and ventilated kitchens. This will reduce the time women spend in fetching water and will allow improvement on nutrition and health status of family members.

64. **Youth.** Amongst the many challenges youth are financially excluded and considered as risky. They have limited knowledge/awareness of opportunities for enterprise development. They are underrepresented in socioeconomic and political structures. Their means of coping are to take seasonal labour jobs on farms. Other coping mechanisms include begging from family and friends to meet household requirements and a reduction in meals and high dependency on welfare programme.

65. The outlined COSOP priorities for youth include:

- Financial education and literacy & appropriate products
- Opportunities for high-potential production in high value, short cycle crops beg. coffee, maize, wheat, tea, cotton, sugar etc.
- Access to modern technologies and business opportunities along the value chain e.g. extension service support, aggregation, and transportation;
- Access to and control over resources and benefits of agriculture support services
- Opportunities to participate in associations, and cooperatives

Opportunities for engaging in petty trading and small business ventures

66. **Nutrition:** For better convergence, IFAD could work in areas already covered by the MCDP 2 and invest where it has a comparative advantage in agriculture and rural development. IFAD targets the poor and most vulnerable households in rural areas, allowing the reach of nutritionally vulnerable groups, specifically those living in rural areas where all forms of malnutrition show a higher prevalence. Using nutrition sensitive programs that have specifically nutrition objectives, activities and indicators, IFAD would support the Zambian government to ensure that acceptable, diverse, nutritious and safe foods adequate to meet the dietary needs of people of all ages, are available and affordable at all times.

67. The present scenario shows that Zambia needs to accelerate its efforts in improving the nutrition situation (including) addressing issues of water, sanitation and hygiene in order to save the lives of many children and to meet the Sustainable Development Goals.

68. **Climate change adaptation:** Potential opportunities exist for adaptation and crop diversification in order to achieve the NDC targets and build resilience especially focusing on the smallholder farmers. The opportunities are grouped into three programs:

69. Program 1: Adaptation of strategic productive systems (agriculture, wildlife, water). The program has the following priorities that IFAD can contribute to;

- i. Guaranteed food security through diversification and promotion of Climate Smart Agricultural (CSA) practices for crop, livestock and fisheries production including conservation of germplasm for land races and their wild relatives.
- ii. Protection and conservation of water catchment areas and enhanced investment in water capture, storage and transfer (linked to agriculture, energy, ecological, industrial and domestic use purposes) in selected watersheds

70. Program 2: Adaptation of strategic infrastructure and health systems.

This program has the following priority areas as entry points for IFAD:

- i. Institutionalize integrated land use planning compatible with sustainable management of natural resources and infrastructure development.
- ii. Enhance decentralized climate information services for early warning and long-term projections on the effects of climate change to support sustainable management of the production systems, infrastructure development and public health.

71. Program 3: Enhanced capacity building, research, technology transfer and finance for adaptation. The priority areas that IFAD can contribute to under this program include;

- i. Capacity building in Climate Smart Agriculture (CSA), Sustainable Forest Management (SFM), Sustainable Fisheries and Aquaculture (SFA), Renewable Energy Technologies (RET), and Early Warning Systems (EWS), Change management and climate change planning.
- ii. Water technologies for savings, recycling, irrigation and sustainable management for household, agriculture and industrial purposes.
- iii. Development of an insurance market against climate change induced risks related to agriculture and infrastructure.
- iv. Mainstream climate change adaptation into country development plans and strategies

72. **Biodiversity:** Biological biodiversity is under threat from the climate change and so is the likelihood of desertification due to climate variability (climate change, drought and moisture loss on a global level) and human activities as communities attempt to build resilience adapt to climate change. IFAD can help to enhance the adaptive capacities of dryland populations to highly variable environmental conditions. The southern parts of western and southern provinces of Zambia which covers around 20% of the country receives less rainfall and has poor soil fertility with soils that are sandy, shallow, with low levels of organic matter, low nutrient reserves and high acidity levels. This region is at risk of loss of biodiversity and desertification hence in need of long-term sustainable adaptation measures that are required in the poorest and therefore most vulnerable regions.

### 3.3 Strategic actions and targeting

73. Building on the above-mentioned lessons learnt and poverty dynamics in the country, the targeting strategy is designed to address the needs of the different strata in the rural areas, the COSOP will continue using the bottom-top approach that is compatible with the reduction of poverty, food security and malnutrition; promotes the inclusion of rural poor households and marginalized groups into remunerative activities along agriculture value chains; and builds the resilience of communities to cope with climate shocks. In doing so, activities will build on the positive results gained through the execution of previous projects relying on partnerships already developed, while strengthening their approach for further sustainability. Programmes will scale-up successfully piloted activities, both through intensification of selected and proven activities within current project areas and through expansion of those activities into new geographical areas. At the same time, it will also support and propose investments for new and additional activities, in both current and new project areas. To achieve these, the COSOP will adopt an integrated targeting approach, which entails geographic targeting, direct targeting, self-targeting and indirect targeting. The COSOP will also focus on enabling measures, which consist of conducive policy and institutional environment, and capacity building as well as empowerment measures to encourage more active participation of the target groups and particularly the inclusion of vulnerable groups such as women, youth, elderly and persons living with HIV and AIDS.

74. **The Target Groups.** The direct target group will consist of poor and disadvantaged rural households involved in agriculture, fisheries and household enterprises. These will include men, women, women heads of household, youth and other vulnerable groups. They consist of i) subsistence smallholder farmers that cultivate less than 2 ha of land that represent 75% of farming households; ii) economically active small holder farmers cultivating 2 to 5 ha of land representing 20% of farming households; and iii) commercially oriented farmers cultivating about 5 to 20 ha representing 5% of farming households; iv) Smallholders artisanal fishers and those practicing aquaculture; (iv) women and youth organised to carry out production, processing, marketing and service provision income generating activities along value chains. (v) other rural vulnerable groups such as the elderly and persons living with HIV AIDS will receive specific attention to facilitate further their social integration in agricultural production and economic activities.

75. Subsistence agro-pastoral smallholder farmers. These constitute the majority of the vulnerable population (women, youths, elderly and persons living with HIV AIDS). They generally own and cultivate less than 2ha of land. These households mainly grow maize (80%) and are essentially characterised by (i) poor production and productivity of main crops (maize, cassava, banana, groundnuts, sweet potatoes, etc.); (ii) vulnerability to climatic changes; (ii) lack or low access to production factors (land, improved inputs, water and capital); (iii) lack of mechanisation; (iv) weak organisational capacity and; (v) low income levels. In general, the target group do not often produce enough to cover their food needs and remain very vulnerable to climate shocks. HIV AIDS pandemic affects these small holder farmers and reduces the time and energy spent on farm work. Therefore, the COSOP should promote specific income generating rural activities for the youth and women such as processing and transportation of agricultural produce; youth FFS and FBS participation; creation of small enterprises and; diversification of production for nutrition and income generation. etc.

76. Small-scale economically active smallholder farmers These are family farmers who have diversified their crops and agricultural practices. Some of them have up to 5 ha of farming land. They operate just above the subsistence level and produce some surplus for the market. They have limited access to land, inputs, credit, markets and market information. These producers are net producers of staple crops, food insecure with no proper water and soil fertility management practices. They are under-covered by extension. They have weak bargaining power, poor market linkages and no access to market information, they are normally able to fulfil their own needs by being able to secure seeds and labour (use of animal traction though to a smaller extent,). They lack proper agricultural inputs, irrigation systems and mechanisms, which affects their agricultural

production, productivity and livelihoods. The COSOP should support this group to move up to commercially oriented farmers through instruments such as well-structured grant facility, FaaB training, gender awareness training and market linkages. This will improve their income generation through access to markets with a diversified choice of products.

77. Rural artisanal fishing and aquaculture: The fisheries sub-sector plays an important role in the economy of the country through the provision of employment and income generation and contributing to food and nutrition security. The sub-sector contributes about 3.3% to agricultural GDP (IAPRI, 2015). The sub-sector is estimated to have the potential to produce about 150, 000 metric tonnes of fish annually on a sustainable basis. There are two levels of fish farmers currently in practice: small-scale, and commercial. The small-scale farmers produce between 1-2 tonnes/ha/year. Aquaculture production from the smallholder fish farmers ranges from 2-2.5 tonnes/ha/year. Commercial fish farming is usually carried out on very large production units and average production is 6 tonnes/ha/year or more, whilst the average production in cages is 3.5 tonnes per cage measuring 216 m<sup>3</sup> (MFL, 2018). The main challenges in this sector include, low fish production and productivity, illegal fishing and overfishing, fish diseases, unknown stock biomass in fishery bodies, inadequate number of hatcheries and nurseries for fingerlings, lack of quality fingerlings, high financing and feed costs, limited access to credit and finance, lack of fish storage facilities, weak institutional arrangements and regulatory frameworks, conflicting legal frameworks, limited public resources and dwindling water resources due to climate change (IAPRI 2013, 2015). The COSOP in line with Zambia NAIP investment in this sector can target, (i) promotion of sustainable development of fisheries and a precautionary approach in fisheries management, conservation, utilization and development; (ii) establishment of fisheries management areas and fisheries management committees; (iii) the establishment of Fisheries and Aquaculture Development Fund (SNAP 2016); and iv) training and technical assistance on best practices for inland fishing and aquaculture, as well as co-finance productive infrastructure for processing, storage and commercialization of fishing products.

78. Women: will be directly targeted as they constitute the main constituent engaged in agriculture, and the majority of the rural population. Women, in particular heads of households, widows and young women are socially, culturally and economically disadvantaged and yet they are responsible for ensuring the well-being of their families by securing the greater part of the family income, mostly from agricultural activities. Female-headed households are amongst the poorest and their economic progression is hindered by a combination of social and structural constraints. Their access to land, knowledge, inputs, finance, high value agriculture chains and capacity to generate income is heavily curtailed by traditional gender roles that will undermine their participation unless gender is mainstreamed into all projects. Selection quotas will be implemented to prioritize their participation whenever possible and project implementation and management arrangements will be gender sensitive with recruitments of gender specialists within the coordination units. Interventions will promote specific activities for women organized in groups in the domain of processing, marketing and service provision as well as other activities like aquaculture, apiculture and vegetable production to diversify income for youths and women as well as other vulnerable groups.

79. Youth: will constitute a direct target group because they are more likely to be resource poor, lack control over assets and have limited livelihood options, and their integration into rural economies has long-term positive social and economic consequences. Selection criteria in project activities will prioritize their participation whenever possible and a number of activities have been identified that will address their needs and priorities. Interventions will be guided by the Gender, Youth and Social inclusion manual. In this regard, the COSOP will consider the heterogeneity of the youth cohort i.e. gender, level of education, interest and aspirations in determining investments.

80. Highly vulnerable and marginalized households i.e. HIV/AIDS affected, elderly: This is adverse group comprised of child and/or female headed households and the elderly women who assume the role of carer for orphans and the sick. They are highly vulnerable due to the impact of HIV/AIDS, which retards agricultural production, and threatens food security, due to the lack

manpower at crucial moments of agricultural productivity. All factors (HIV/AIDS, Disabilities, Elderly) influence the availability of other household members for productive activities, while they are attending to their needs. IFAD will consider cross-cutting initiatives to ensure that project interventions are sensitive to their unique circumstances, in particular through training and capacity building on production, business skills to facilitate household /group enterprise development, diversification of production, access to markets. This will also include the inclusion of HIV/AIDS, nutrition, dietary diversity & food management in extension modules.

81. Commercially Oriented Farmers – these are generally large producers that are able to partner with private sector stakeholders in response to market opportunities to supply a sustainable quantity and quality of the required commodity and to access inputs and services on a commercial basis. They are also capable of adopting the right business model, after capacity building. These households are food secure though vulnerable to agricultural seasonal shocks, low prices and lack of markets. They are targeted mostly as members of federation of cooperatives. These farmers will be used for sensitization of smallholder farmers through exchange visits as they bring experience, dynamism, innovation and services to the smallholder farmers. This group is made up of the non-poor, who are involved in market-oriented agriculture

82. Indirect target group: Indirect target groups include those that are not directly targeted through project activities but who will benefit from the spill-over effects of project activities. These include: (i) poor households who lack the assets necessary to participate directly in the project activities but who will benefit from labour opportunities generated by increased agricultural production; and (ii) value chain producers in target districts but out of the project area, who will benefit from the development of institutional capacities and business models building on project achievements that will support the replication of project activities.

83. Secondary target group: This group will play an important role in the achievements of results of the various IFAD interventions. They are critical to the overall functioning of the targeted activities. They include service providers, Research institutes, NGOs, agro-dealers, wholesalers, retailers, processors, and emergent farmers providing support services to small-holders farmers. They will be supported through capacity building, and training as well as short term investment in order to improve their capacity to provide better services to farmers. Although these stakeholders are generally non-poor, they play a very significant role in providing services at all levels of the value chain providing inclusive value chain growth. Government extension workers will also be targeted through training and capacity building to enable them improve on their training capacities. They will also be sensitised on gender, youth and social inclusion.

84. **Empowerment measures**; These measures will help the poor, women, youths and other vulnerable groups (Elderly and persons living with HIV AIDS) to be involved in the decision-making process at the household and community levels. This will be done through mentoring, training and capacity building. This will involve addressing social cultural and traditional norms through sensitization at the household and community level. In line with the new IFAD focus on promoting transformation of gender relations, the COSOP will focus on addressing the root causes of gender inequalities which are;

- Lack of access to and control over productive resources and assets (land labour capital). This is essential for rural women to participate in and benefit from economic activities and improve their living conditions;
- Lack of skills and knowledge of rural women and girls – this will be done through training in functional and financial literacy as well as technical and managerial training – this enables them to participate more in development interventions and business opportunities;
- Lack of women in leadership positions. Encouraging women's in taking up leadership roles in rural organisations, cooperatives and other community groups as well as supporting women's groups;
- Investing in rural infrastructure and labour-saving technologies is very important as this will reduce the burden and time spent in collecting firewood and water and allow access to markets.



85. **Enabling measures:** Enabling measures include; working with GRZ decentralized system; capacity building for projects staff in Gender and Equity budgeting; promotion of women in leadership positions in cooperatives and other farmer's groups including by giving priority access to matching grants for cooperatives and farmer groups that have women in leadership positions. The portfolio will improve on capacity building of government focal points in the various ministries.

86. Household methodologies (HHM) will be used to enable household members to identify obstacles as well as seek solutions in order to make optimum use of the economic potentials of households. This implies the family members and community working on social norms, culture, tradition, attitudes, behaviours that lead to gender inequality. It has to do with creating a family where men, women and other family members contribute to the goal and achievements of the family. Working together for a common purpose which is improved living conditions.

87. In order to create job opportunities for youths, it is necessary for the portfolio to provide them with some financial support in the form of matching grants and revolving funds to promote rural activities and job creation. Programmes will target at least 30% young people between 15 and 35 years old, these will be young women and men (either in youth-headed households or not). The same quota will apply for the household-level matching grants. Cooperatives which include youth in management positions will receive priority access to the group matching grants. Also, increase technological and information system will also attract youths in Agriculture. However, engagement of youth in business development needs further support to build their technical and managerial capacities in relevant domains. This may include business training to engage in agricultural activities and Agriculture value chains. Specialized training or technical assistance could focus on a variety of agribusiness topics such as crop production, distribution, storage, processing and sales.

88. **Nutrition:** As nutrition is multi-sectoral, strategies to improve nutrition outcomes should seek the contribution of relevant disciplines. Addressing malnutrition will require solutions that are adapted to different nutritional problems and the underlying causes in their specificities. One of the strategic objective of the MCDP Phase 2 is to improve advocacy, therefore IFAD will contribute towards strengthening nutrition governance structures at national and local levels through enhancing coordination and accountability mechanisms as well as advocating for financial and capacity resources for nutrition, especially at the sub-national level.

89. **Environment and Climate Change:** The mainstreaming agenda provides opportunities for co-financing from various environment and climate funds. Resources will be sought from the Green Climate Fund to support the climate resilience building activities that will be included in the Building Resilience and Adding Value to Agriculture Programme that is under design and will be implemented in the timeframe of this COSOP. The climate change adaptation activities will focus on improving the risk analysis particularly along prioritised value chains, building capacity of climate risk analysis for the smallholders and advisory teams in the different Government agencies, promoting climate resilient agricultural practices such as soil and water conservation, conservation agriculture and building climate resilient infrastructure. The climate resilient agriculture practices such as conservation agriculture techniques will result in mitigation co-benefits that will be supplemented with the promotion of renewable energy sources for agricultural processing and value addition activities.

### 3.4 Monitoring

90. **Gender:** Monitoring of gender and targeting indicators is very important in tracking progress. Programmes will be responsible for ensuring that indicators and learning systems allow for the monitoring of targeting, gender and social inclusion strategies and indicators which should be systematically progress reports of the projects and of stakeholders. Lessons learnt are made available to projects stakeholders and IFAD as well as the GRZ for regular analysis of performance and for desired planning and adjustments. Due to the importance of social inclusion and the strong

approach, IFAD interventions will employ participatory and decentralized monitoring and evaluation that actively involve target groups and service providers and the GRZ. Capacity building on Gender issues will be given to the GFP (Government Focal points) appointed in ministries and agencies. The Women Empowerment in Agriculture Index (WEAI) will be the main tool for accessing results achieved in the portfolio on Gender and social inclusion. WEAI looks at the following:

- a) Women access to factors of production (Land, labour, credit, livestock,);
- b) Role in decision making in agricultural production, and marketing
- c) Role in livestock and fisheries;
- d) Control and use of family income;
- e) Leadership role in the community, and their membership in economic and social groups;
- f) Time allocation for farm production and domestic tasks compared to time left for leisure.

91. These dimensions will permit the monitoring of the main gender outcomes for the COSOP: a) women's economic empowerment; b) women's decision-making role in the household and community; c) equitable workload balance between women and men. The WEAI enables measurement of the "quality" of women's empowerment throughout these different dimensions, as well as their empowerment relative to that of men in the same household, therefore enabling the identification of gender gaps and how it relates to poverty issues.

92. WEAI will be calculated at COSOP baseline study, midterm review and end line. The WEAI is done by carrying out a survey that are run at the household level with men, women, and adult children. Elements of WEAI will be integrated into the baseline study with the use of primary data collected from farming households. Entrepreneurs, stakeholders as well as private sector and the GRZ. It will also take into consideration secondary data. Such as agriculture survey, fisheries survey, population and housing survey etc. The baseline study will measure the physical, socio-economic status, and vulnerability of the households and define the benchmark situation by age and gender against which project performance will be compared. Impact assessment will assess i) the rate of implementation of social inclusion and targeting; ii) the impact on different target group types (Smallholder farmers, women, Elderly, persons living with HIV AIDS)

93. **Youth.** Interventions will be guided by the Gender, Youth and Social inclusion manual. The M&E system, which will include age-disaggregated data, will track participation of youth in programme activities, and adjust and refine the youth strategy based on results.

94. **Environment and climate change:** Some of the key outcomes and indicators to monitor include the status of the natural resources, such as the availability of water resources for productive use, the number of functional and effective groups managing natural resources, the amount of land being managed under climate resilient practices and the number of smallholders whose climate resilience is improved.

## Agreement at completion point

Republic of Zambia: Country programme evaluation - Full agreement at completion point

Extract of Agreement at Completion Point

**July 2014**

### Introduction

1. This is the first country programme evaluation (CPE) by the Independent Office of Evaluation of IFAD (IOE) in Zambia since the Fund started its operations in the country in 1981. The CPE had two main objectives: (i) assess the overall partnership between IFAD and Zambia in reducing rural poverty; and (ii) generate a series of findings and recommendations that will inform the definition of future cooperation between IFAD and the Government of Zambia as well as to assist in the implementation of ongoing operations and in the design of future IFAD-funded projects in Zambia.

2. Based on the analysis of cooperation during the period 1999-2013, the CPE aims at providing an overarching assessment of: (i) the performance and impact of programmes and projects supported by IFAD operations; (ii) the performance and results of IFAD's non-lending activities in Zambia: policy dialogue, knowledge management and partnership building; (iii) the relevance and effectiveness of IFAD's country strategic opportunities programmes (COSOPs) of 1997, 2004, and 2011; and (iv) overall management of the country programme. This Agreement at Completion Point (ACP) contains a summary of the main findings and recommendations from the CPE (see section B below).

3. The ACP has been reached between the IFAD management (represented by the Programme Management Department) and the Government of Zambia (represented by Ministry of Finance and Ministry of Agriculture and Livestock), and reflects their understanding of the main findings from the CPE as well as their commitment to adopt and implement the recommendations contained in section C of the ACP within specified timeframes.

4. It is noted that IOE does not sign the ACP, although it facilitated the process leading up to its conclusion. The implementation of the recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions, which is presented to the IFAD Executive Board on an annual basis by the Fund's Management.

5. This ACP will be included as an annex of the new COSOP for Zambia. In line with the decision in 2013, the Zambia CPE will be discussed in the IFAD Executive Board at the same time when the new Zambia COSOP will be considered by the Board. Moreover, IOE will prepare written comments on the new COSOP for consideration at the same Board session. The written comments will focus on the extent to which the main findings and recommendations from the Zambia CPE have been internalized in the new COSOP.

### Main evaluation findings

6. Over the past 14 years covered by the CPE, IFAD has made a positive contribution to agriculture and rural development in Zambia. IFAD is a trusted partner in the country with a good reputation as the only agency with experience and exclusive focus in rural development in the poorer areas of Zambia.

7. IFAD supported interventions have contributed to increase production of beneficiary smallholder farmers, crop diversification, increased access to markets and the control of livestock

diseases of national importance such as east coast fever (ECF) and contagious bovine pleuropneumonia (CBPP). Some poverty impact is being realized with respect to increases in rural household income and assets in project districts, as well as in relation to selected improvements in productivity, thereby enhancing food security. Enhanced access to rural financial services has led to substantial increases in household incomes of participants at the end of the cycles, when profits are distributed. The portfolio is also contributing to the build-up of social capital and empowerment of the beneficiary target groups, and in particular supporting IFAD's objective of promoting gender equality and women empowerment.

8. Investments in agribusiness and value chain development, one of IFAD's strategic objectives in Zambia, have been recognized as a valid approach for poverty reduction and agriculture sector development in the country and stand high in the government agenda. Despite progress, the value chain development potential has not yet fully realized. Investment in value chains is complex, requires a relatively high level of expertise, and involves a larger number of stakeholders (from primary production to consumption) compared to other investments.

9. Despite these important results, the full development effectiveness potential of the programme has not been fully realized for three main reasons. First, portfolio effectiveness and efficiency have been affected by substantial implementation delays associated to various issues, including severe procurement delays, weakness in financial management and project management, as well as problems related to institutional arrangements.

10. Second, in spite of clear intentions in the COSOPs covered by the CPE, there has been only limited success in developing a cohesive country programme. To date the programme has essentially comprised a number of separate projects and expected synergies between, for example, the Small Agribusiness Promotion Programme (SAPP) and the Smallholder Livestock Investment Project (SLIP) have not yet materialized. Also the various agriculture investments in the portfolio were supposed to be linked to the Rural Finance programme as a source of credit, but there were no integral mechanisms between the projects to operationalize the potential synergy.

11. Third, the targeting strategy described in the COSOPs is still too broad and could lead to programme benefits being captured by better-off farmers, an issue of particular relevance to Zambia as an emerging middle-income country (MIC), with strong economic growth, but overall limited and unequally distributed results on poverty reduction. Emphasis on group formation and self-targeting, while useful, has not always ensured focus on the poor smallholder farmers. Having a broad coverage is desirable for maximizing out-reach, but tends to compound implementation issues given limited public capacity in staffing and equipment and fails to maximize impact under circumstances of limited resources.

12. Weak prospects for sustainability in most IFAD-supported projects in Zambia represent a key issue of concern. Sustainability of benefits from infrastructure investments in roads and markets is unlikely because of the lack of mechanisms and sources of financing for maintenance within the districts. It is also not clear that the current disease control gains under SLIP would be sustainable because of the absence of an adequate cost recovery strategy and limited budgetary allocation. Moreover, in both SAPP and in the Smallholder Production Promotion Programme (S3P), the lack of a clear link to credit and the absence of direct technical support for business development pose significant risk to sustainability. Environment and sustainable management of natural resources offer opportunities for further collaboration. Despite being richly endowed, Zambia -as many other natural resource rich countries- has not been able to translate natural resource rents into broad based development and poverty reduction. Environmental degradation, including deforestation and the effects of climate change poses significant constraints to key growth sectors such as agriculture and tourism.

13. While relatively in its infancy, IFAD's non-lending activities in Zambia are likely to have positive effects. In terms of policy engagement, some successes have been recorded in the context of getting the rural finance and agriculture policies developed, and IFAD has also actively participated in policy dialogue through the Agriculture Cooperating Partners Group and the United Nations Country Team. Moreover, the Fund's support has contributed to raising awareness and

capacity in the approach of "agriculture as a business" in the country. Beyond maintaining a solid partnership with government, IFAD's partnership with other development partners has been largely consultative. The co-financing effort has been weak, although some prospects have emerged in the two most recent operations. Collaboration with the private sector is incipient, but is constrained by an unclear policy approach to private sector engagement by the government.

14. Performance of both IFAD and the government has improved in the recent years. However, despite a good level of ownership, and recent important initiatives, the government has not yet been able to provide adequate policy guidance and carry out its coordinating functions. Moving forward, opportunities for strengthening and consolidating the partnership between IFAD and the GRZ are likely to be facilitated by the recent out-posting of the Country Programme Manager as IFAD Country Director in Zambia. Zambia's new status as a MIC will require, in line with IFAD's strategy for engagement with MICs, and new level of partnership, including a more responsive and customized programme in response to country needs and within IFAD mandate.

### **Agreement at completion point**

15. This section addresses each of the recommendations prepared by IOE which are contained in the CPE report.

### **Recommendation 1: Strengthen programme cohesiveness**

16. Despite clear intentions, especially in the last COSOP, to create a synergistic programme across the portfolio, coherence between projects has not so far been optimized. To enhance the overall impact of the programme, IFAD would need to dedicate special attention and effort to developing a cohesive country programme in which the various interventions create synergies and support one another. Adequate mechanisms for effective coordination and communication need to be in place along the various stages of the programme cycle, including COSOP preparation, projects design, start up and during implementation. In addition, it is important to ensure there is clarity about the projects profile, objectives and various roles and responsibilities among various stakeholders which enables a concerted effort.

17. Proposed follow up: Since the strengthening of IFAD's presence in country and the out-posting of the Country Director, efforts have been made to bring the different ongoing programmes together and develop coherence between them. Also, a greater engagement between the ICO and the GRZ is ongoing. Work has been initiated to create synergies between the Fund's supported investments, better coordination and communication. In fact work has already started in harmonizing the country portfolio consisting of S3P, SLIP, SAPP, RUFEP (entered into force on 22nd July 2014) and Enhanced-Smallholder Livestock Investment Programme-E-SLIP (to be submitted to the IFAD Executive Board of September 2014). Each programme is to fully exploit its comparative advantages in the core areas of: (i) rainfed agriculture and good agricultural practices (S3P); (ii) livestock disease control and livestock productivity enhancement (SLIP and E-SLIP); (iii) market and value chain linkages (SAPP); and (iv) rural finance services (RUFEP). A portfolio Realignment Paper will be jointly prepared by the ICO and GRZ during the course of fiscal year 2015.

18. Deadline date for implementation: 31st December 2015

19. Entities responsible for implementation: The Ministry of Finance (MOF), the Ministry of Agriculture and Livestock (MAL), and IFAD.

### **Recommendation 2: Sharpen poverty and geographic focus**

20. Both the poverty and the geographic focus need to be refined in the next COSOP in order to recognize the country's emerging MIC status and to reflect the requirement not to exclude poor smallholder farmers from the on-going economic transition and transformation. The COSOP may need to explore a targeting strategy based on a combination of income criteria and geography. First, the self-targeting approach needs to be balanced with a stronger focus on the poverty gap,

so as not to exclude the extremely poor smallholder farmers who are capable. Second, there may be the need to seek deeper engagement in a limited set of geographic areas so that IFAD's limited resources are not spread thinly thereby reducing potential impact.

21. Proposed follow up: Both GRZ and IFAD have agreed to extend the period of the current COSOP from 2015 to 2018. The 2013 Mid-term Review of the current COSOP reconfirmed the validity of the COSOP and afforded an opportunity to align the COSOP with the GRZ National Agricultural Investment Programme (NAIP) launched in 2013 and goes for 2014-2018. During the COSOP extension exercise, a sharpening of the poverty and geographic focus will be considered while taking into consideration the efforts of the realignment of the portfolio. The targeting strategy will be refined to include other criteria in addition to food security such as income in order to ensure that the rural poor and extremely poor populations are not left behind and sliding into deeper poverty as is the case in other MICs in Africa.

22. Deadline date for implementation: End of 2015

23. Entities responsible for implementation: The GRZ (MOF, MAL) and IFAD.

### **Recommendation 3: Support the development of Government capacity**

24. To deal with limited government capacity that accounts for implementation delays, IFAD may need to adequately factor into its project intervention process, the time and capacity building requirements for project implementation. IFAD may also need to support the Government to establish an enabling policy and institutional environment for agriculture and rural development, which is as much important as increasing investment into the sector. Finally, IFAD may need to provide greater support for capacity development of all stakeholders, including IFAD project staff, to increase their understanding of requirements for successful implementation processes, and ensuring the need for transparency and compliance with government procedures.

25. Proposed follow up: Many initiatives are ongoing to support the Government to enhance its capacity to provide procurement and financial management to programmes under implementation. Current support is being provided by S3P, SAPP and SLIP to enhance the capacity of the MAL-Procurement and Supply Unit through provision of training to staff, office refurbishing and equipment. Also, MAL has adopted the establishment of monthly top management meetings between IFAD Programmes and Key-Departments involved with implementation. Programmes are being requested to share monthly, three-monthly and six-monthly workplans aimed at accelerating procurement and disbursement rates to be reviewed at the MAL meetings. Also, a more realistic planning of AWPBs is actively promoted by the ICO; building in the necessary time and capacity building to ensure delivery on agreed implementation milestones as AWPBs become more result oriented management tools. Lastly, more efforts will be undertaken by the ICO in supporting capacity building of GRZ Stakeholders-inclusive of project staff to ensure successful implementation with transparency and a greater compliance with Government procedures. Work is ongoing.

26. Increasingly, the ICO and the GRZ are involved in supporting further an enabling policy and institutional environment for agriculture and rural development. The RFP (now closed) supported GRZ in the drafting of the rural finance policy and strategy. RUFEP will further support the GRZ in the development of other policies relevant to accessing financial services in the rural sector such as mobile banking, agency banking, equity funding and development of new financial products etc. SAPP has initiated support to MAL in the establishment of an agribusiness development framework. SLIP initiated policy discussion with MAL and the Veterinary Council in redefining the space for public and private sector in the provision of animal health services. This policy dialogue will be further enhanced during E-SLIP implementation. S3P is supporting policy reviews and consultations and establishing an enabling environment that will support smallholder productivity growth. More can be achieved as the portfolio evolves.

27. Deadline date for implementation: Ongoing-progress will be reported annually in supervision reports

28. Entities responsible for implementation: The GRZ (MOF, MAL and Implementation Agencies) and IFAD.

**Recommendation 4: Promote greater involvement of the private sector**

29. To support the strong private sector interest and government commitment to engage all players in the agricultural sector, including the private sector and civil society, IFAD and the government should consider using existing instruments (both lending and non-lending activities) to ensure an adequate enabling environment for public-private partnerships. This includes discussing in the next COSOP, and in the current operations, the most appropriate and effective respective roles and responsibilities of government and private sector; approaches to promote and elicit support from the private sector; as well as the potential risk to all parties.

30. Proposed follow up: Through the Department of Agribusiness and Marketing of MAL (ABM), SAPP is supporting development of an Agribusiness Model for Zambia, with participation of all key agribusiness stakeholders. This will define the expected functions and roles of different stakeholders. This model will be finalized during the course of 2015. In addition, the programmes (SAPP, S3P and RUFEP) are promoting and facilitating Public-Private-Producer partnerships through the Matching Grants, and encouraging significant contributions from the private sector. S3P will be piloting the pluralistic extension services aimed at expanding the private sector participation in the provision of agricultural extension services. Experience so far gained in the ongoing PPPPs will inform the extended COSOP in 2015.

31. Deadline date for implementation: Ongoing

32. Entities responsible for implementation: The MAL (Department of Agribusiness and Marketing and Departments of Agriculture and Livestock) and IFAD.

**Recommendation 5: Strengthen efforts to ensure sustainability**

33. Strengthening sustainability would require combination of efforts in various areas. First, it will be necessary to improve mechanisms for sustainability in the projects. Second, IFAD needs to pay more attention to ensure public commitment in terms of future financial obligations through focused policy engagement as well as improving knowledge management activities aimed at better visibility and communication of results. Third, possibilities for public/private collaboration should be explored to funding certain aspects of the programme, such as a sustained vaccination effort in order to eradicate CBPP.

34. Proposed follow up: All designs are spearheaded by Government-appointed Project Design Groups that ensure ownership throughout programme implementation when they transform into Technical Advisory Groups. Effort has been made in ensuring that sustainability is inherent in all programme designs recently. RUFEP and E-SLIP designs had factored in lessons learned from RFP and SLIP consolidated key activities to ensure sustainability. For instance under RUFEP consolidation of community-based financial institutions (CBFIs) and their linkages to formal financial institutions to ensure their long term sustainability. E-SLIP has built in an adequate cost recovery strategy for east coast fever (ECF) and in order to eradicate CBPP a concentrated and sustained vaccination programme along with a strict cattle movement control in the primary risk areas has been fully developed and funded. Furthermore E-SLIP will be supporting the MAL in the preparation of the policy and strategy for the provision of animal health services through Public-Private collaboration. Other initiatives supported by the programmes to strengthen sustainability include inter alia: the use of existing partnerships with the private sector, NGOs, community organizations and decentralized government institutions for the service delivery with an aim of enhancing the capacity of these institutions to implement the programmes in a sustainable manner. Provision has also been made for progressive increments in GRZ/beneficiary/private sector contributions to replace IFAD financing as the programme matures. Knowledge management and sharing is increasingly being embraced by direct programme stakeholders and target beneficiaries.

35. Deadline date for implementation: Ongoing Entities responsible for implementation: The GRZ (MOF, MAL and Implementation Agencies) and IFAD.

**Recommendation 6: Strengthen support to value chains, including opening-up to new partners**

36. In view of their strategic importance, as well as challenges still remaining, going forward, IFAD should consider strengthening support to its ongoing interventions in the area of value chain development. This move would require three main approaches: First, IFAD would need to dedicate substantial effort to attract and educate the rural private sector on value chain development because of the complexity of value chains and the important role that private sector could play. Second, in addition to the private sector, IFAD would need to build strong partnership with government and other development partners because the technology and resource (market access and financial) requirement for value chain development could be beyond the scope of a single provider. Finally, IFAD would need to strengthen its monitoring and evaluation (M&E) tools to cover the impact of value chain development on the smallholder poor farmer. This will go beyond assessing programme performance and impact to include establishing an effective learning tool.

37. Proposed follow up: Firstly, the programmes are promoting models where private sector entities work with smallholder farmers in different areas of value chain development, and increasingly bringing government to facilitate the linkages. Secondly, an on-going re-orientation of Programmes under the IFAD portfolio, to ensure that individual programmes become service providers and/or service recipients in order to create demand for services and products of other programmes. Thirdly, SAPP is supporting sector-wide M&E and Learning which has so far involved the European Union, USAID, Embassy of Finland and Embassy of Sweden. Under this support, all sector players, including programmes and projects under MAL, will be reporting on specific indicators to the MAL M&E. Further, ICO has facilitated the development of a framework for the National Agricultural Information Services (NAIS) of MAL in which the latter will play a key role in the capturing and dissemination of activities supported by IFAD programmes and will be supported to expand its coverage to other donor funded programmes. Fourthly, SAPP is building the capacity of the Department of Agribusiness and Marketing in Value Chain approaches.

38. Deadline date for implementation: On-going Entities responsible for implementation: MAL Department of Policy and Planning, the Department of Agribusiness and Marketing and IFAD.

**Recommendation 7: Build farmers institutional capacity**

39. The focus on value chain development and private sector promotion requires that IFAD pays more attention to building farmers capacity. This may require greater effort on the part of IFAD to organize the smallholder farmers into groups, and to build their institutional capacity so that they can benefit more directly from the development of agri-business, including developing commercial skills such as negotiation and marketing and improving the management of their businesses. The high unit costs of reaching smallholder farmers in low population-density rural areas, and the need for them to share risk and benefits from products and financial agglomeration, also dictates that they must be organized. Moreover, IFAD would need to support enhanced information flow and invest in training to understand and evaluate markets, along with the tools (technology, infrastructure, and finance) to access these markets.

40. Proposed follow up: In line with Government policy, the design and implementation of the programmes under the current Country Portfolio recognize farmer/beneficiaries' groups as an entry point of intervention given the high unit costs of reaching individual smallholder farmers not only in low-population density but high-population density rural areas. Under the on-going SAPP and S3P, grants are being provided to farmer groups to finance infrastructure and equipment that are aimed at enhancing the productivity, production and marketing (through bulking) capacities of smallholder farmers. Associated with these grants, there is agribusiness training of smallholder farmers through farmer groups. The training is aimed at equipping farmers with knowledge of markets to enable them to understand and appreciate market dynamics. Specifically under the SAPP and S3P, resources have been dedicated to systematically assess and build the institutional



and development capacities of farmer organizations in order that they may effectively provide a wide-range of production and marketing, including flow of market information, services to their members. Deliberate efforts will be made to report on specific farmer institutional capacity interventions by the Country Portfolio.

41. Deadline date for implementation: On-going Entities responsible for implementation: MOF, MAL and IFAD.

**Recommendation 8: Strengthen environmental mainstreaming, with particular attention to climate change**

42. Although the effect of climate change has been felt in the intensity of periodic droughts in Zambia, its impact on the rural smallholder economy has not been sufficiently addressed. This may require the assessment and mitigation mechanism for traditional price and yield risks facing the smallholder farmer to be strengthened. Innovations that reduce transaction costs and spread risks more effectively, such as "index-based" insurance and commodity price hedging, ought to be adopted more widely than seem to be the current practice in Zambia. In particular, index-based insurance offers a credible promise to extend catastrophic weather-related insurance to smallholder producers, substituting for fiscally burdensome and distortionary means of responding to natural disasters, such as drought and livestock diseases. By promoting partnership with other development partners, IFAD could support the Government in the design and testing of mechanisms to deal with the above mentioned risks in rural areas.

43. Proposed follow up: Programmes under the current Country Portfolio have specific interventions aimed at weather risk mitigations. The S3P, for example, is promoting conservation agriculture as one of the means to reduce the vulnerability of farmers to weather variations. The RUFEP has a grant window on rural finance equity and innovations that could be accessed to introduce such agricultural insurance services such as weather index-based insurance (WII). The country portfolio, under the S3P whose objective includes reduction of farmers' vulnerability arising from weather variations, will initiate a study on the assessment and applicability of WII in Zambia. The setting up of the WII will be undertaken by RUFEP. Further to strengthen environmental mainstreaming, with particular attention to climate change adaptation Zambia is earmarked to access ASAP (Adaptation for Smallholder Agriculture Programme) funding in 2016 and probably a grant from the Global Environmental Facility. There is a need to prepare project proposal to this effect.

44. Deadline date for implementation: Assessment and Applicability of WII in Zambia by end 2015. Preparation and submission of proposals to access ASAP and possibly GEF resources by end of 2016 Entities responsible for implementation: MOF, MAL, Ministry of Lands, Natural Resources and Environmental Protection, ICO.

**Signed by: For the Government of Zambia: Julius J. Shawa Permanent Secretary Ministry of Agriculture and Livestock**

**For IFAD: Mr John McIntire Associate Vice President, Programme Department**

**Date: July 2014**

## COSOP preparation process

1. The COSOP Delivery Team (CDT) consisted of the following colleagues:
  - i. *Abla Benhammouche*, former Country Director for Zambia
  - ii. *Ambrosio Nsingui-Barros*, Country Programme Manager
  - iii. *Bernadette Mukonyora*, Programme Analyst and **lead author of the COSOP**
  - iv. *Dick Siame*, former Country Programme Officer (CPO)
  - v. *Paxina Chileshe*, Environment and Climate Change Specialist
  - vi. *Joyce Njoro*, Nutrition Specialist
  - vii. *Richard Abila*, Senior Global Technical Specialist, Fisheries and Aquaculture
  - viii. *Fabrizio Vivarini*, Financial Management Officer
  - ix. *Shirley Chinien*, Lead Regional Economist
2. The COSOP preparation process was facilitated by counterpart team i.e. Country Strategy Development Team (CSDT). The CSDT was constituted by the Ministry of Agriculture and comprised of a multi-disciplinary team from Ministries of Agriculture, Livestock, and Finance and key partners such as the Zambia Chamber of Commerce and the Zambia Farmers Unions. The CSDT prepare a background paper on the agriculture and rural development context in Zambia, which highlighted the challenges and opportunities for IFAD engagement in the country.
3. The IFAD CDT undertook a design mission in July 2018. The design mission engaged in stakeholder consultations, including a national stakeholder workshop with the CSDT and other stakeholders (see attached participant's list) around the following themes (a) a review of Zambia's recent macroeconomic and agricultural sector development plans and performance, as well as trends in rural poverty; (b) a review of IFADs ongoing projects to draw lesson learnt ; (c) potential strategic partnerships with development partners, private sector, research and professional bodies. The main objective of the first round of consultations were to undertake a SWOT analysis between IFAD and the Government of the republic of Zambia, which provided substantive inputs to the country diagnosis, national strategy for the agriculture sector and IFAD's comparative advantage.
4. The CDT and the CSDT undertook a write shop on the 20<sup>th</sup> July to jointly formulate and agree on the Strategic Objectives of the COSOP. The COSOP was further validated by the Government of Zambia during the Country Portfolio Review meeting which took place on the 15-17 January 2019.
5. The COSOP preparation process was also informed by the findings of the 2014 Country Strategy and Programme Evaluation (CSPE) which assessed the performance and impact of the IFAD country strategy and operations in Zambia over the period 2011-2018. The design of the COSOP has also taken into account the findings and recommendations of the COSOP Completion Review (CCR), which and benefitted from IFAD internal quality assurance processes i.e. Economist Network, QAG and PMI/ECG/FMD. The COSOP has been endorsed by IFAD senior management during the OSC on 21 February 2019.

## Stakeholder Consultations for the Development of COSOP

Thursday, 19<sup>th</sup> July at Pamodzi hotel

### Attendance

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## Strategic partnerships

<b>Partnering Functions</b>	<b>Partners/Networks/ Platforms</b>	<b>Specific Results and Outcomes from Partnership</b>	<b>Justification for Partnership</b>	<b>Monitoring and Reporting (to be completed for CRR and CCR)</b>
Mobilizing cofinancing	AFDB	Expected co-financing or programmatic collaboration under BRAVA through the GCF initiative	To strengthen collaboration since the AfDB will implement a similar Programme as BRAVA on climate adaptation and mitigation	
	BADEA	BADEA will co-finance BRAVA with USD 20 million	BADEA is interested in supporting Zambia in agriculture development in the context of BRAVA	
	OFID	OFID will co-finance BRAVA with USD10 million	OFID is interested in supporting Zambia in agriculture development in the context of BRAVA	
	IAPRI	IAPRI will co-finance E-SAPP with USD500,000 towards preparation of the Zambia Agribusiness National Development Strategy	IAPRI is a Policy Research Institute focusing on the agriculture sector and main advisor to MoA. It has a shared interest with IFAD to advance smallholder agriculture to higher heights in the country	
Strengthening private sector engagement	RBA (IFAD & WFP)	Production of the Zambia Zero-Hunger Strategy	Reinforce each other's mandate	
	ZACCI (The Zambia Chamber of Commerce and Industry)	IFAD supported projects will collaborate with ZACCI in relevant interventions such as Value Chain development and implementation	Provides business intelligence to investors. Its aim is to promote business growth and further the vibrant economy.	
Engaging in policy and influencing development agendas	IAPRI	Produced the jointly funded (IFAD, through S3P, and WFP) Zero Hunger Strategic Review Report	– Apart from being a Policy Research Institute focusing on the agriculture sector and being main advisor to MoA. It has a shared interest with IFAD on smallholder agriculture development.	
	UNCT	Review of United Nations Sustainable Partnership Framework (2016-2021)	IFAD is an active member of the UNCT which engages with government on transformational policies to achieve SDGs	
	IAPRI	Produced the jointly funded Zero Hunger Report (by IFAD, through S3P, and WFP)	It is the lead research institution on smallholder agriculture in Zambia and main advisor to government on agriculture policies	
	AG sector working groups	IFAD is currently Chair of the Troika of the Agriculture Cooperating Partners. E-Voucher system adoption by government.	Agricultural Cooperating Partners fora is very influential in shaping government policy in the Agriculture. As Troika, it influences Agendas that are smallholder farmer friendly	
Enabling coordinated	Cooperating Partners Group (CPG)	Embedment of Economic Diversification in the 7NDP (2017-2021).	The CPG is a multi-sectoral platform advising government on several policy issues. IFAD is an active member on smallholder agriculture policy issues.	
	United Nations - Zambia	Development of 7NDP (2017-2021) with substantial technical	Broad and highly inclusive participatory National	

<b>country-led processes</b>	Cooperating Partners Group (CPG)	Embedment of Economic Diversification Policy in the 7NDP (2017-2021) towards agriculture and other productive sectors	Development formulation process – 7NDP. IFAD was an active member in the process.. The UN System has got substantial influence on government owing to its technical and financial support to government, especially on smallholder agriculture As a multi-sectoral platform advising government coupled with financial and technical support it has tremendous influencing effect on government policy in various economic policies. As the UN System are CPG members, IFAD is an active member on smallholder agriculture policy issues.
	RBA	Collaborated on the construction of an Agribusiness Bulking Centre funded by WFP while IFAD funded a 25 km linking the centre to the market	Common interest in supporting smallholder agriculture to increase production, improve storage and linking them to markets for their produce
Developing and Brokering Knowledge and Innovation, SSTC	CIMMYT	Demonstrated useful smallholder friendly farm mechanization technologies (Treadle pumps, rippers, improved cassava cuttings, improved seeds produced by smallholders)	Focus on adaptable technologies for smallholders to increase production and productivity through adoption of improved technologies and climate farming practices
Enhancing Visibility	ZIAMIS (Zambia Integrated Management Information System)	S3P and E-SAPP operations are largely executed through MoA structures. This means they are reliant on the information system generated by ZIAMIS. This includes communication to the smallholder beneficiaries and general public on IFAD operations in the country. These include Farmer Field Schools; several radio and TV (documentary) programmes and feature stories in print media	MoA owns ZIAMIS. The following systems are under it: FISP (the e-voucher); Farmers Register; Agricultural Market Information system; and Extension system (Web based)

## South-South and Triangular Cooperation Strategy

### SSTC opportunities in IFAD operations in Zambia

#### I. Introduction

1. South-South and Triangular Cooperation (SSTC) is an important instrument for IFAD to deliver on its mandate of increasing agriculture production and productivity, food security, nutrition and incomes of poor people living in remote rural areas in developing countries. SSTC is recognized as a key area of work in IFAD's Strategic Framework 2016-2025 and a priority area for the Tenth and Eleventh Replenishments of IFAD's Resources (IFAD10 and IFAD11). In IFAD10, in fact, Member States committed to include "an articulated SSTC narrative" in 50 per cent of new COSOPs. The same commitment has been made for the IFAD11 period, with an increased target of 66 per cent.
2. In the context of the new Zambia COSOP for 2019 – 2023, the elaboration of the SSTC approach was prepared in collaboration with the SSTC Unit in the Global Engagement and Multilateral Relations Division in IFAD, the IFAD's Zambia Country Office and the Government of Zambia. This annex summarizes the main points that arose from the consultations with the relevant Government stakeholders, during the workshop organized on 19-20 July 2018 in Lusaka.

#### II. Ongoing SSTC activities in Zambia

3. The Government of Zambia is already particularly active in SSTC activities, both as a provider and a recipient, and has expressed its willingness to further pursue such activities in the new COSOP period.
4. Over the past years, the Government of Zambia has been involved in several activities, such as knowledge and technology exchanges, with other southern countries, and across regions. For instance, with the support of the African Development Bank, Zambia has signed a partnership agreement with the Indian State of Gujarat for the supply of farm machinery and training on its use in mechanized agriculture<sup>42</sup>, with a specific focus on women and both large and smallholder farmers. Additionally, in 2009, Zambia signed an MOU with South Africa on agricultural cooperation activities, which is enabling the countries to share agricultural development experiences, capacity building and skills development programmes, amongst other areas of cooperation. Moreover, in the area of technology for agricultural development, Egypt has been supporting the development of pilot model farms in several countries in the Africa region, including Zambia. Egypt provides the necessary technology and exports seed varieties that are environmentally compatible with the climate of the country, while the latter provides infrastructure, water resources and labour for agriculture<sup>43</sup>.

#### III. IFAD-Zambia SSTC Engagement Rationale

5. In the COSOP covering the period 2011 - 2015, as well as in the extended COSOP, covering IFAD's engagement in the country until 2018, Zambia clearly recognized the comparative advantage provided by working with IFAD, which offers a doorway to experiences, lessons and knowledge in neighbouring countries. This is in fact a commodity that is increasingly valued by Zambia, which continues to seeking innovative solutions to its rural development challenges.

<sup>42</sup> <https://www.afdb.org/en/news-and-events/thirteen-african-countries-seal-agriculture-industrialization-deal-with-india-17058/>

<sup>43</sup> <https://dailynewsegypt.com/2016/02/17/egypt-participates-in-establishing-three-model-farms-in-tanzania-zambia-congo-head-of-comesa-department-at-agriculture-ministry/>

6. Following consultations with GRZ in July 2018, SSTC has been identified as an important instrument for the Government of Zambia to increase exchange of knowledge, technologies and solutions and to support capacity building within the country, with both neighbouring countries and other regions.
7. In the context of the present COSOP, IFAD will support the GRZ in the implementation of its SSTC activities, in particular by taking advantage of the South Africa Regional Hub as well as the recently established SSTC and Knowledge Center in Addis Ababa (Ethiopia). In collaboration with, and with the support of the Global Engagement and Multilateral Relation (GEM) Division and the East and Southern Africa Division, the Hub and the Centres will play a key role to support the facilitation of SSTC related activities in the region.

#### **IV. Opportunities for SSTC activities for Zambia**

8. The GRZ has expressed its interest in pursuing SSTC activities within the agriculture sector. The specific areas of interest are: aquaculture, forage production and animal vaccines production. Additionally, GRZ has identified other areas of interests to be explored, such as: ICT for rural finance, policy (especially related to seeds), climate resilience, mobile banking, and mechanization of agriculture.
9. Based on the consultations and the abovementioned areas of focus for SSTC activities for Zambia, the following projects part of the IFAD's portfolio have been identified as potential sources for knowledge exchanges:
  - i. **Aquaculture.** IFAD has been working with few countries on the development of their aquaculture sector. In Angola, through the Artisanal Fisheries and Aquaculture Project (AFAP), IFAD is supporting the development of inland artisanal fisheries as well as small-scale aquaculture sector development. In Mozambique, IFAD is also focusing on aquaculture development with two projects: the Artisanal Fisheries Promotion Project (PROPESCA) and the Project for Promotion of Small-Scale Aquaculture (PROAQUA), which respectively promote the improvement of the incomes and livelihoods of artisanal fisheries and their communities and support the aquaculture development by building fish farmer groups and providing technical support, training and start-up packages, and access to rural finance services through savings and credit groups. Kenya is also active in the development and support of this sector through the Aquaculture Business Development Programme.
  - ii. **Mechanization of agriculture.** IFAD is working with smallholder farmers in Nigeria to support their production by facilitating their access to mechanization for land preparation and harvesting through the Value Chain Development Programme.
  - iii. **Animal vaccines production.** The Kenya Smallholder Dairy Commercialization Programme, among the various components, supports the setup of revolving funds for community based animal vaccination. The quality of the vaccines is ensured by their procurement through the Kenya Veterinary Vaccine Production Institute.
  - iv. **ICT for rural finance.** Through the Programme for Rural Outreach of Financial Innovations and Technologies (PROFIT), IFAD is supporting Kenya in the reform of its financial sector policy. Specifically, it supports the development of a variety of innovative financial products (such savings and remittance services, community infrastructure loans, value-chain financing, medium-term financing for the agriculture sector, and index-based insurance and health insurance, etc.) and improves the access to such products for poor rural households.

- v. **Climate resilience.** IFAD is working with Rwanda and Moldova on supporting smallholder farmers on the adoption of climate-resilient approaches to post-harvest activities undertaken amidst increasing climatic uncertainty (Rwanda Climate-Resilient Post-Harvest and Agribusiness Support Project) and to strengthen their climate-adaptive capacity, leveraging experiences from past interventions and introducing innovations (Moldova Inclusive Rural Economic and Climate Resilience Programme).
10. These represents some examples of projects from which Zambia could learn from through the organization of SSTC activities, such as knowledge exchanges, learning routes, workshops and capacity building activities.

#### **V. Conclusion and way forward**

11. The new COSOP for the Republic of Zambia offers a great opportunity for the country to advance its SSTC agenda. In particular, the Government is aware of the vast number of good practices and new technologies that other countries can offer, and is therefore seeking outside knowledge in a number of areas that are emerging as priorities for the country.
12. During the consultations, the opportunity of applying for funding through the recently established China-IFAD SSTC Facility<sup>44</sup> was welcomed by both the representatives of the Ministry of Agriculture and the Ministry of Fisheries and Livestock. IFAD has encouraged GRZ to take advantage of this opportunity especially in light of their interest to strengthen its SSTC activities in the agricultural sector.
13. IFAD stands ready to partner with the Republic of Zambia in the further implementation of its SSTC agenda in the key identified areas. This COSOP will therefore promote SSTC as a means to strengthen the achievement of its strategic objectives and to favour capacity building and knowledge sharing between Zambia and other developing countries.

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<sup>44</sup> <https://www.ifad.org/web/knowledge/publication/asset/40691635>

# Country at a glance

Country Profile				
	1990	2000	2010	2017
<b>World view</b>				
Population, total (millions)	8.03	10.93	13.86	17.09
Population growth (annual %)	2.7	2.8	2.9	3.0
Surface area (sq. km) (thousands)	752.6	752.6	752.6	752.6
Population density (people per sq. km of land area)	10.8	14.2	18.6	23.0
Poverty headcount ratio at national poverty lines (% of population)	--	--	54.7	54.4
Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of population)	54.1	49.4	64.4	57.5
GNI, Atlas method (current US\$) (billions)	3.49	3.49	18.28	22.26
GNI per capita, Atlas method (current US\$)	430	330	1,320	1,300
GNI, PPP (current international \$) (billions)	11.12	16.79	41.51	67.07
GNI per capita, PPP (current international \$)	1,380	1,590	3,000	3,900
<b>People</b>				
Income share held by lowest 20%	6.9	6.1	3.8	2.9
Life expectancy at birth, total (years)	45	46	57	62
Fertility rate, total (births per woman)	6.4	6.0	5.4	5.0
Adolescent fertility rate (births per 1,000 women ages 15-19)	155	142	105	86
Contraceptive prevalence, any methods (% of women ages 15-49)	15	22	41	49
Births attended by skilled health staff (% of total)	51	45	45	63
Mortality rate, under-5 (per 1,000 live births)	185	165	62	60
Prevalence of underweight, weight for age (% of children under 5)	21.2	19.6	14.8	--
Immunization, measles (% of children ages 12-23 months)	90	85	96	96
Primary completion rate, total (% of relevant age group)	--	99	96	--
School enrollment, primary (% gross)	92.9	79.7	105.2	--
School enrollment, secondary (% gross)	21	--	--	--
School enrollment, primary and secondary (gross), gender parity index (GPI)	1	--	--	--
Prevalence of HIV, total (% of population ages 15-49)	8.4	15.5	12.3	11.5
<b>Environment</b>				
Forest area (sq. km) (thousands)	528.0	511.3	494.7	486.4
Terrestrial and marine protected areas (% of total territorial area)	--	--	--	37.9
Annual freshwater withdrawals, total (% of internal resources)	2.2	2.0	--	--
Urban population growth (annual %)	2.6	1.5	4.1	4.2
Energy use (kg of oil equivalent per capita)	679	593	594	--
CO2 emissions (metric tons per capita)	0.30	0.17	0.19	0.29
Electric power consumption (kWh per capita)	763	591	580	707
<b>Economy</b>				
GDP (current US\$) (billions)	3.29	3.60	20.27	25.81
GDP growth (annual %)	-0.5	3.9	10.3	4.1
Inflation, GDP deflator (annual %)	106.4	32.6	14.0	9.2
Agriculture, forestry, and fishing, value added (% of GDP)	18	16	9	7
Industry (including construction), value added (% of GDP)	45	23	32	36
Exports of goods and services (% of GDP)	--	24	37	36
Imports of goods and services (% of GDP)	--	36	31	36
Gross capital formation (% of GDP)	--	--	30	38
Revenue, excluding grants (% of GDP)	20.4	17.5	13.9	18.1
Net lending (+) / net borrowing (-) (% of GDP)	--	1.6	-1.2	-5.5
<b>States and markets</b>				
Time required to start a business (days)	--	36	19	9
Domestic credit provided by financial sector (% of GDP)	67.8	64.0	15.1	21.8
Tax revenue (% of GDP)	19.5	16.5	13.2	14.9
Military expenditure (% of GDP)	3.7	1.8	1.4	1.3
Mobile cellular subscriptions (per 100 people)	0.0	0.9	39.3	79.6
Individuals using the Internet (% of population)	0.0	0.2	10.0	25.5
High-technology exports (% of manufactured exports)	2	0	1	5
Statistical Capacity score (Overall average)	--	--	58	62
<b>Global links</b>				
Merchandise trade (% of GDP)	77	49	62	66
Net barter terms of trade index (2000 = 100)	207	100	204	159
External debt stocks, total (DOD, current US\$) (millions)	6,905	5,811	4,394	16,309
Total debt service (% of exports of goods, services and primary income)	14.7	21.2	1.9	15.1
Net migration (thousands)	-23	-93	-34	-40
Personal remittances, received (current US\$) (millions)	--	36	44	94
Foreign direct investment, net inflows (BoP, current US\$) (millions)	203	122	1,729	866
Net official development assistance received (current US\$) (millions)	474.8	794.7	919.3	862.6

Source: World Development Indicators database

Figures in *italics* refer to periods other than those specified.

## Country Portfolio Summary

Region	East & Southern Africa	<b>Member of Country Groups :</b>	
Country	Zambia	Least Developed country	Yes
Current Financing Terms	Blend	Low-income, food deficit	Yes
Ranking all Countries	42	HIPC DI Eligible	Yes
Ranking within region	10		

Country Indicator	Value	Year	Source
Agriculture, value added (% of GDP)	7.16	2017	World Bank
GNI per capita, Atlas method (current US\$)	1,300.00	2017	World Bank
Human development index (HDI) value	0.59	2017	UNDP
Population, total	17,094,130.00	2017	World Bank
Rural population	9,747,757.00	2017	World Bank

### Key Dates

Last RB-COSOP Approved AVP/PMD	
First Project Approved	22 Apr 1981
Last Project Approved	14 Dec 2016

### IFAD Interventions

	Number of Projects	IFAD Approved USD ('000)
Financial Closure	9	125,009
Project Completed	2	30,284
Available for Disbursement	4	77,280
<b>Total IFAD commitment</b>	<b>15</b>	<b>232,573</b>

### IFAD Interventions Summary

Project Number	Financing Instrument ID	Currency	Approved Amount	Disbursed	Loan/Grant Status	Project Status	Board Approval	Cooperating Institution
1100000066	1000002575	XDR	9,000,000	48%	Fully Repaid	Closed	22 Apr 1981	WB
1100000104	1000001959	XDR	11,950,000	99%	Closed	Closed	14 Sep 1982	WB
1100000206	1000002072	XDR	9,100,000	99%	Closed	Closed	09 Sep 1987	WB
1100000206	1000002700	XDR	7,100,000	97%	Closed	Closed	09 Sep 1987	WB
1100000293	1000002168	XDR	9,250,000	97%	Closed	Closed	11 Dec 1991	UNOPS
1100000293	1000002675	XDR	2,750,000	64%	Closed	Closed	11 Dec 1991	UNOPS
1100000368	1000002251	XDR	10,400,000	90%	Closed	Closed	05 Dec 1994	UNOPS
1100000430	1000002261	XDR	4,300,000	66%	Closed	Closed	12 Apr 1995	UNOPS
1100001039	1000002421	XDR	9,150,000	85%	Closed	Closed	08 Dec 1999	UNOPS
1100001108	1000002422	XDR	11,550,000	100%	Closed	Closed	08 Dec 1999	IFAD
1100001280	1000002557	XDR	9,250,000	88%	Closed	Closed	02 Dec 2004	IFAD_NB
1100001319	1000002598	XDR	7,000,000	98%	Closed	Completed	13 Dec 2005	IFAD_NB
1100001474	1000003522	XDR	12,900,000	100%	Expired	Completed	15 Sep 2009	IFAD_NB
1100001567	1000004094	XDR	15,450,000	100%	Disbursable	Disbursable	15 Sep 2011	IFAD
1100001567	2000002199	USD	6,700,000	26%	Disbursable	Disbursable	23 Dec 2017	IFAD
1100001650	2000000429	XDR	5,500,000	47%	Disbursable	Disbursable	11 Dec 2013	IFAD
2000000822	2000000824	XDR	570,000	12%	Disbursable	Disbursable	01 Sep 2014	IFAD
2000000822	2000000823	XDR	9,300,000	62%	Disbursable	Disbursable	01 Sep 2014	IFAD
2000001405	2000001759	XDR	740,000	19%	Disbursable	Disbursable	14 Dec 2016	IFAD
2000001405	2000001758	XDR	15,500,000	20%	Disbursable	Disbursable	14 Dec 2016	IFAD

### Projects in Pipeline

Current Phase	Number of Projects	IFAD Proposed Financing USD ('000)
QE Approved	1	39,877
<b>Total</b>	<b>1</b>	<b>39,877</b>

## Financial management issues summary

### FIDUCIARY SUMMARY OF COUNTRY PORTFOLIO

COUNTRY	Zambia	CONCEPT NOTE	COSOP
<b>COUNTRY and CURRENT PROJECT -Fiduciary KPIs:</b>			
Country Fiduciary Inherent Risk	<b>Medium</b>	<p><b>Transparency International (TI)+</b> Zambia scored 37 points out of 100 (with 0 being high risk and 100 low risk) on the 2017 Corruption Perceptions Index reported by Transparency International, stable since 2012. Zambia was ranked 96 least corrupt nation out of 180 countries in 2017.</p> <p><b>PEFA</b> The latest available PEFA is dated 2017 (data of 2016) and it provides a mixed picture of the country performance. Progress has continued in some key areas, including “<i>Comprehensiveness and transparency</i>” and “<i>Credibility of budget</i>”, and the number of indicators scoring C/D has reduced from 19 in 2012 to 14 in 2016.</p> <p>There has been strong performance for almost all the Performance Indicators (PIs) for policy-based fiscal strategy and budgeting, and external scrutiny and audit. However, there has been relatively poor performance for management of assets and liabilities, and predictability and control in budget execution. Budget reliability, transparency of public finances, and accounting &amp; reporting have more mixed results.</p> <p><b>Debt Sustainability Analysis</b> The government's debt sustainability analysis (DSA) in 1<sup>st</sup> half 2018 confirmed the conclusion of a joint IMF-World DSA (published in October 2017) that Zambia is at 'high' risk of external debt distress. Under the 'business as usual scenario', the IMF-World DSA found that the present value (PV) of external debt-to-GDP ratio would breach its threshold 'for high risk of external debt distress' (40 percent) in 2019, if external public and publicly guaranteed debt stock increased from US\$ 8.4 billion in 2017 to US\$ 11.4 billion in 2019. Yet, external public and publicly guaranteed debt accumulated faster, reaching US\$ 10.7 billion at mid-2018. Meanwhile, high domestic public borrowing at high yields continues to place upward pressure on lending rates and to crowd-out private sector lending. This could be worsened if new public expenditure arrears are accumulated in 2018.</p>	
Pending Obligations	USD 550,000 approx. ineligible expenditures reported in audit 2017 and during supervision. No arrears		
Country Income Classification	Middle Income Country (WB, 2018)		
Country Contribution in IFAD Replenishments	Pledge of USD 0.4 million to IFAD 11		
PBAS – Programme's cycle coverage	Indicative IFAD 11 allocation: USD 37.5 million		
Country Fiduciary Risk	<b>Medium</b>		
Disbursement - Profile	Ranges from satisfactory to moderately unsatisfactory		



<i>Counterpart Funding - Profile</i>	Ranges from highly satisfactory (RUFEP) to unsatisfactory (ESLIP)	Taking into consideration that Zambia's GNI per capita (US\$ 1,300 based on Atlas methodology) is higher, for more than 2 consecutive years, than the IDA (applicable for IFAD) threshold to be eligible to Highly Concessional resources, Zambia is eligible to blend terms at IDA and similarly at IFAD despite its status of debt distress. Therefore, Zambia would benefit of the phasing out-in mechanism during IFAD 11 cycle.
<i>Current Lending terms</i>	Highly Concessional	
<i>IFAD11 lending terms</i>	In transition during IFAD 11 to Blend terms	

**Key Fiduciary OBSERVATIONS:**

The COSOP document highlights the key FM risks in the portfolio, including: the risks related to the implementation of nation-wide programmes; the value for money issues especially related to trainings, meetings and workshops; the low local implementation capacity; and the under reporting of in-kind contribution. These areas shall be further assessed and appropriate strategies incorporated into the design of new projects.

In general, key fiduciary observations that need particular attention whilst formulating future projects are the following:

- IFMIS is only used in the ministries' central units; its roll-on to the Government's local units (provinces and districts) and to the donor-funded programmes remains a challenge. Until the national system is fully operationalized and reliable, programmes should use a financial accounting software. SAGE Pastel is currently used by all IFAD funded programmes in Zambia.
- Provincial and district accountants use manual accounting procedures and financial operations are recorded in excel spreadsheets; specific support in FM shall be provided to these units.
- In the last few years disbursements across the entire portfolio have experienced high recurrent costs. With the exception of RUFEP, the expenditures under training, workshops, meetings including the DSA for PMU and Ministerial staff have increased at an unsustainable pace. This risks jeopardizing the efficiency and effectiveness of the Programmes' interventions. As also reported in the last supervision mission, this could also be the driving factor for the potential ineligible expenses, as these activities are performed at costs (substantially) higher than initially budgeted for. This situation is being addressed through a closer analysis and better monitoring of AWPBs; however particular attention shall be put in the design and costing structure of future projects. It is in fact recommended that salaries and per-diem be clearly indicated in specific expenditure categories.
- The national focus of programme interventions has also contributed to the increase of recurrent costs and resource dispersion. Furthermore, PCO's ability to oversee the programme implementation is challenged by the Programme's wide geographical reach and the remoteness of some of the provinces and districts.
- The quality of Internal Audit (IA) reports is satisfactory (performance audit) but, due to constraints driven by lack of human and financial

resources, internal auditing is not regularly executed on a semi-annual basis. From 2019 onwards, Internal Audit (IA) teams in the ministries will have more staff engaged in the auditing of donor-funded projects, and internal audits will be expected to be carried out on a quarterly basis. The improvements in internal auditing shall be closely monitored in future SMs.

- Programmes have been instructed on how to improve capturing and reporting domestic contribution; a consistent procedure shall be formulated and included in the PIM accordingly.

On External Audit – Zambia benefited from the IFAD Grant to INTOSAI Development Initiative (IDI) aimed at strengthening the capacity of Supreme Audit Institutions. So far, this arrangement has been satisfactory and has resulted in: continued improvements in the quality of the exercises and timely submission of the reports; more fluid exchanges of information with IFAD; and the follow-up of findings has been more consistent. During the last visit to the country, the OAG Team was asked to pay particular attention to costs of trainings, meetings and workshops as well as to the reporting of domestic contributions.

**Existing Portfolio:**

COUNTRY		Zambia				
Project	Financing instrument	FLX Status (1)	Lending Terms	Currency	Amount (million)	Completion date
SAPP	G-C-SEC-785-	EXPD	SUPPLEMENTARY FUNDS GRANTS	USD	1.00	30/03/2017
SAPP	L-I--785-	EXPD	HIGHLY CONCESSIONAL TERMS 0.75 pc	XDR	12.90	30/03/2017
S3P	200000243500	DSBL	SUPPLEMENTARY FUNDS GRANTS	USD	1.54	30/12/2019
S3P	200000219900	DSBL	BLENDED TERMS	USD	6.70	30/12/2019
S3P	L-I--846-	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	XDR	15.45	30/12/2019
RUFEP	200000042900	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	XDR	5.50	29/09/2022
RUFEP	200000043000	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	EUR	9.00	29/09/2022
E-SLIP	2329P	APPR	LOAN ADMINISTRATION ONLY	USD	12.00	
E-SLIP	200000082300	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	XDR	9.30	29/06/2022
E-SLIP	200000082400	DSBL	LOAN COMPONENT GRANTS	XDR	0.57	29/06/2022
E-SAPP	200000175800	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	XDR	15.50	29/09/2024
E-SAPP	200000175900	DSBL	LOAN COMPONENT GRANTS	XDR	0.74	29/09/2024
(1) APPR – SIGN – ENTF – DISB – EXPD - SPND						
<b>B. PORTFOLIO, FM RISK &amp; PERFORMANCE</b>						

Project	Financing instrument	Curr.	Amount (million)	Project risk rating	PSR quality of FM	PSR audit	PSR disb. rate	Disbursed to approved
SAPP	G-C-SEC-785-	USD	1.00	High	Mod. satisfactory	Satisfactory	Mod. satisfactory	100 %
SAPP	L-I--785-	XDR	12.90	High	Mod. satisfactory	Satisfactory	Mod. satisfactory	100 %
S3P	200000243500	USD	1.54	Medium	Mod. satisfactory	Satisfactory	Mod. satisfactory	28 %
S3P	200000219900	USD	6.70	Medium	Mod. satisfactory	Satisfactory	Mod. satisfactory	26 %
S3P	L-I--846-	XDR	15.45	Medium	Mod. satisfactory	Satisfactory	Mod. satisfactory	100 %
RUFEP	200000042900	XDR	5.50	Low	Satisfactory	Mod. unsatisfactory	Mod. unsatisfactory	46 %
RUFEP	200000043000	EUR	9.00	Low	Satisfactory	Mod. unsatisfactory	Mod. unsatisfactory	51 %
E-SLIP	2329P	USD	12.00	High	Mod. unsatisfactory	Mod. satisfactory	Satisfactory	0 %
E-SLIP	200000082300	XDR	9.30	High	Mod. unsatisfactory	Mod. satisfactory	Satisfactory	62 %
E-SLIP	200000082400	XDR	0.57	High	Mod. unsatisfactory	Mod. satisfactory	Satisfactory	12 %
E-SAPP	200000175800	XDR	15.50	High	Mod. unsatisfactory		Mod. satisfactory	20 %
E-SAPP	200000175900	XDR	0.74	High	Mod. unsatisfactory		Mod. satisfactory	19 %

Projects' risk and FM performance is moderately unsatisfactory in two ongoing programmes.

In **ESLIP**, the project risk rating has been increased from medium to **high** in consideration of the high amount of ineligible expenditures reported in the 2017 Audit Report (USD 158,700). The quality of FM remains moderately unsatisfactory; the project budgeting and internal controls, including internal auditing, are considered to be the areas with major difficulties. Value for Money is an area of serious concern: after 3.5 years of implementation, the total cost of Category III reached USD 1.6 million, being **170%** of the total allocation for the entire project life.

In **E-SAPP**, the organization of FM functions is considered to be adequate to the needs of the Programme; however, the project risk rating remains **high** in consideration of the high expenditures incurred under the Training cost category, which have already absorbed 46% of the entire category allocation for the Programme (60% for the loan component only) after only one year of actual programme implementation.

Overall, the portfolio disbursement rate is moderately satisfactory, with the exception of RUFEP. In this case, the slow disbursement rate is mostly explained by the low fund absorption capacity of some Strategic and Implementing Partners. However, the review shows a marked increase in the disbursement rate as compared to the data presented in the previous supervision: from 15% in September 2017 to the current 46%.