



**REPUBLIC OF ZAMBIA**

**REPORT**

**OF THE**

**COMMITTEE ON ECONOMIC AFFAIRS, ENERGY AND LABOUR**

**FOR THE**

**FIFTH SESSION OF THE ELEVENTH NATIONAL ASSEMBLY**

**APPOINTED ON 23<sup>RD</sup> SEPTEMBER, 2015**

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**REPORT OF THE COMMITTEE ON ECONOMIC AFFAIRS, ENERGY AND LABOUR FOR THE FIFTH SESSION OF THE ELEVENTH NATIONAL ASSEMBLY APPOINTED ON TUESDAY, 23<sup>RD</sup> SEPTEMBER, 2015**

Consisting of:

Mr G G Nkombo, MP (Chairperson); Mr E K Belemu, MP; Mr F Mutati, MP; Mr K J Pande, MP; Mr D Livune, MP; Mr N Chilangwa, MP; Mr W C Simuusa, MP; and Ms P M Mulasikwanda, MP.

The Honourable Mr Speaker  
National Assembly  
Parliament Buildings  
**LUSAKA**

Sir

Your Committee has the honour to present its Report for the Fifth Session of the Eleventh National Assembly.

**Functions of the Committee**

2.0 The functions of your Committee are:

- a) to study, report and make recommendations to the Government through the House on the mandate, management and operations of Government ministries, departments and/or agencies under its portfolio;
- b) to carry out detailed scrutiny of certain activities being undertaken by Government ministries, departments and/or agencies under its portfolio and make appropriate recommendations to the House for ultimate consideration by the Government;
- c) to make, if considered necessary, recommendations to the Government on the need to review certain policies and/or certain existing legislation;
- d) to examine annual reports of Government ministries and departments under its portfolios in the context of the autonomy and efficiency of Government ministries and departments and determine whether the affairs of the said bodies are being managed according to relevant Acts of Parliament, established regulations, rules and general orders; and
- e) to consider any Bills that may be referred to it by the House.

## **Programme of Work**

3.0 The Programme of Work of your Committee for the Fifth Session of the Eleventh National Assembly is outlined below.

### **3.1 Consideration of the Action Taken Report on the Committee's Report for the Fourth Session of the Eleventh National Assembly**

The Committee considered the Action-Taken Report on the Committee's Report for the Fourth Session of the Eleventh National Assembly.

#### **Topical Issue:**

### **3.2 High Poverty levels in the face of Sustained Economic Growth in Zambia**

The specific objectives of the study were to:

- a) identify the drivers and dynamics of economic growth in Zambia;
- b) examine critically the link between economic growth and poverty reduction in Zambia;
- c) identify the linkages that must be forged in order to ensure that economic growth contributes significantly to poverty reduction in Zambia;
- d) interrogate the poverty reduction policies and programmes in Zambia; and
- e) make appropriate recommendations to the Executive.

#### **Meetings of the Committee**

4.0 Your Committee held a total of seventeen meetings to consider submissions on the topical issue and the Action-Taken Report.

#### **Procedure adopted by the Committee**

5.0 Your Committee received both written and oral submissions from stakeholders on the topical issue. The list of stakeholders that your Committee interacted with is at Appendix I of this Report.

#### **Report of the Committee**

Your Committee's report is in two parts. Part I is on the consideration of the topical issue, while Part II reviews the Action-Taken Report on your Committee's Report for the Fourth Session of the Eleventh National Assembly.

## PART I

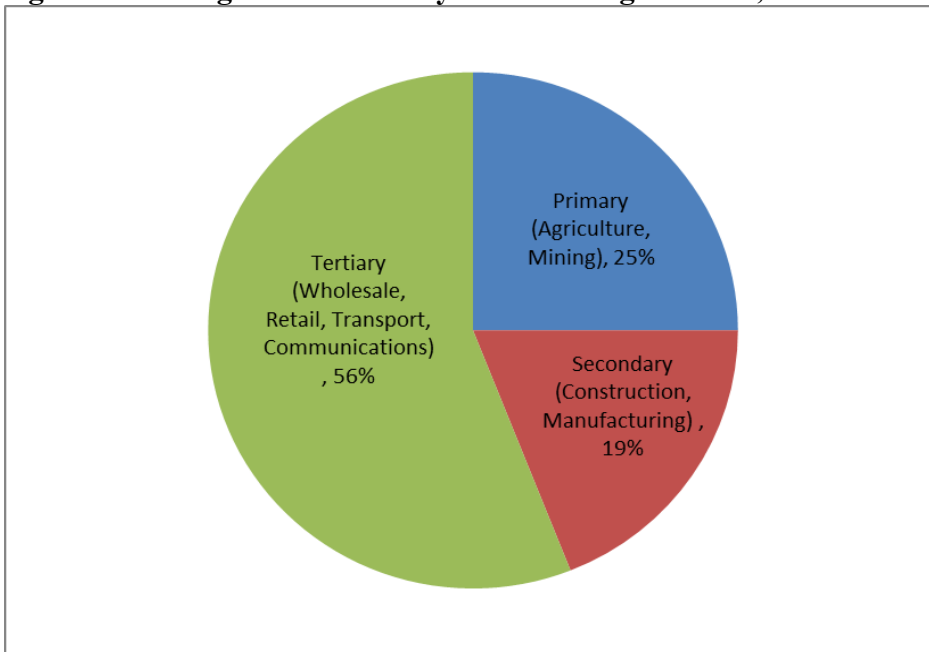
### HIGH POVERTY LEVELS IN THE FACE OF SUSTAINED ECONOMIC GROWTH IN ZAMBIA

6.0 The stakeholders who appeared before your Committee gave both oral and written submissions to your Committee and their views are summarised below.

#### Background

6.1 Stakeholders informed your Committee that economic growth is measured using the Gross Domestic Product (GDP). They noted that Zambia's economy had grown consistently over the last fifteen years, averaging 6 percent in the last decade. The dominant sector in the Zambian economy during the period 2010 to 2014, was the Tertiary Sector. The Primary Sector was the second largest segment of GDP, while the Secondary Sector was the smallest. This is illustrated in the pie chart below.

**Figure 1: Average GDP Share by Sector Categorisation, 2010-2014**

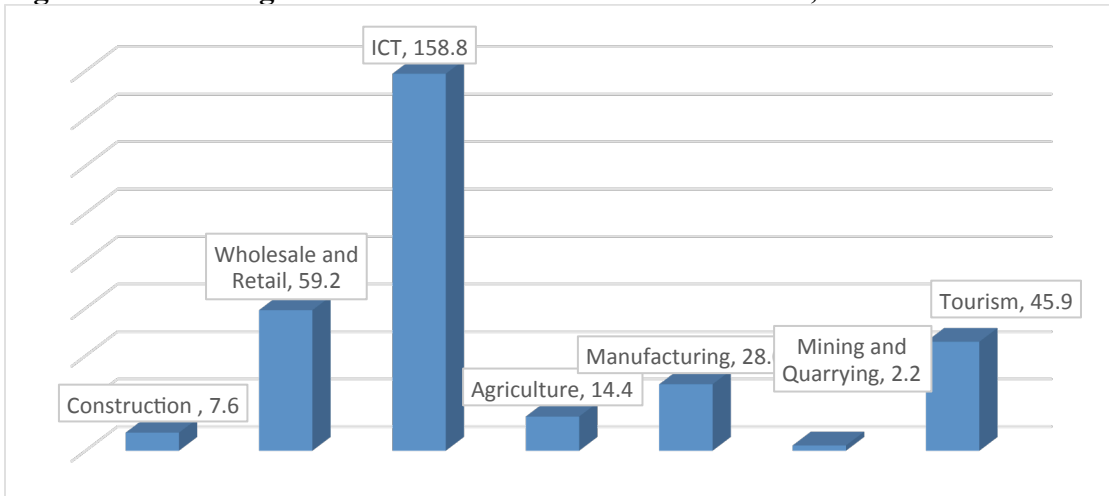


*Source: CSO Industrial Production Statistics*

The stakeholders submitted that the GDP growth in the Tertiary Sector was mainly driven by the wholesale and retail trade and the information and communication technology subsectors, while in the Secondary Sector, GDP growth was driven by the manufacturing and construction subsectors. Growth in the Primary Sector was driven by the agriculture sector.

The growth rate of the major economic sectors over the period 2010 to 2014, are shown in the figure below.

**Figure 2: Percentage Growth Rate at GDP Constant Prices, 2010-2014**



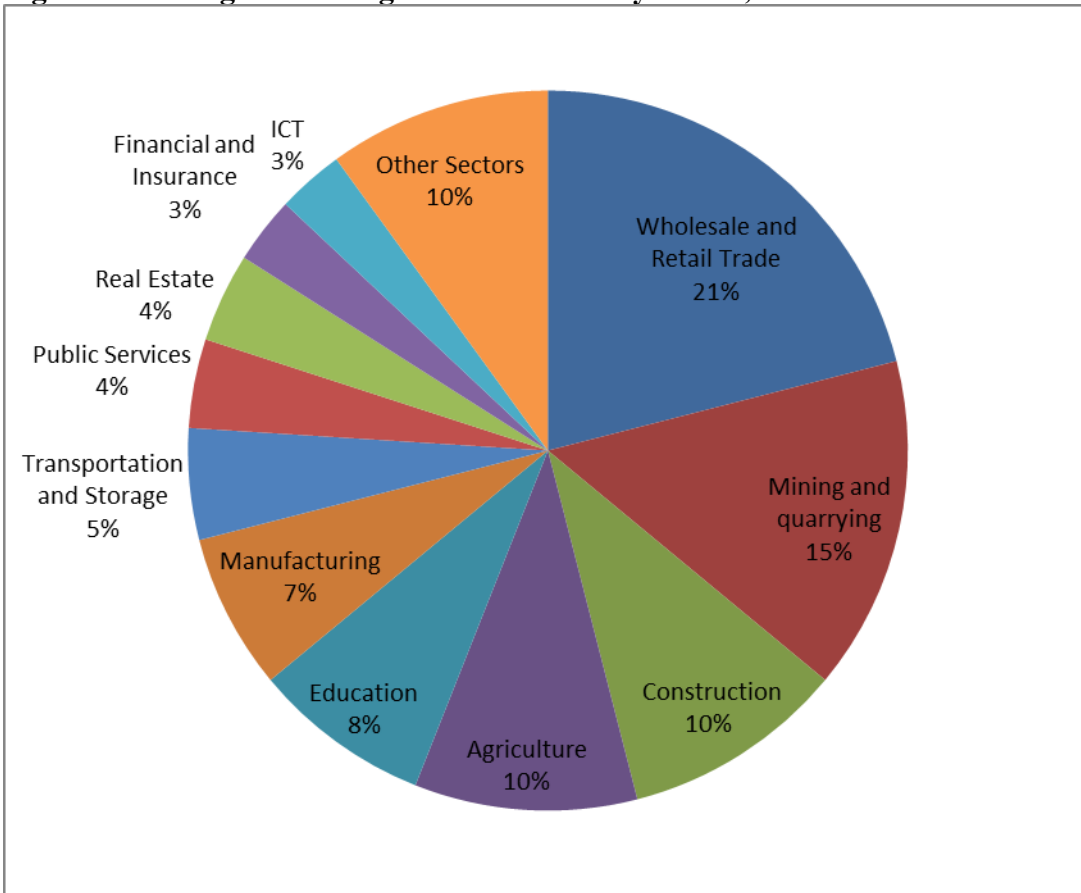
*Source: CSO Industrial Production Statistics*

The stakeholders also submitted that the ICT sector had been growing rapidly owing to new investments by mobile network service and internet service providers. In the wholesale and retail trade sectors, growth had been as a result of the entry and expansion by major retail chains such as Pick n' Pay, Spar and Shoprite. The establishment of new hotels and lodges, particularly in Lusaka and the Copperbelt had driven the growth in the tourism sector.

The stakeholders further submitted that growth in the manufacturing sector had been driven by the food and beverage and chemical and plastic products subsectors. Government interventions to increase agricultural output had contributed to GDP growth in the agriculture sector, while for the construction industry growth had been attributable to both public and private investment in housing, office accommodation, shopping malls and public infrastructure.

The stakeholders noted that although the mining sector had witnessed minimal GDP growth, the sector had remained the second largest in terms of GDP share at an average of 15 percent over the period 2010 to 2014. Figure 3 illustrates the average percentage share of key sectors in GDP.

**Figure 3: Average Percentage Share of GDP by Sector, 2010-2014**



*Source: CSO Industrial Production Statistics*

### **Factors that Contributed to growth for the Past Ten Years**

6.3 Stakeholders summarised the key factors that contributed to the growth of the Zambian economy as set out below.

#### **a) Economic Reforms**

In November, 1991, Zambia ushered in an era of fundamental economic and public sector reforms which laid a foundation for economic revival. Trade and exchange controls were eliminated and free market principles were adopted. Commodity prices, interest rates and the exchange rate all became market determined. The public sector was also rationalised and downsized to promote fiscal consolidation. Zambia further embarked on a privatisation programme founded on the conviction that the private sector, being more efficient than the public sector, should lead the agenda of capital formation, job creation, growth, and development.

The reforms also saw donors return to Zambia with balance of payment support and debt relief initiatives. In 2005, Zambia managed to reach the Highly Indebted Poor Country (HIPC) completion point which saw donors cancelling most of Zambia's debt. This created

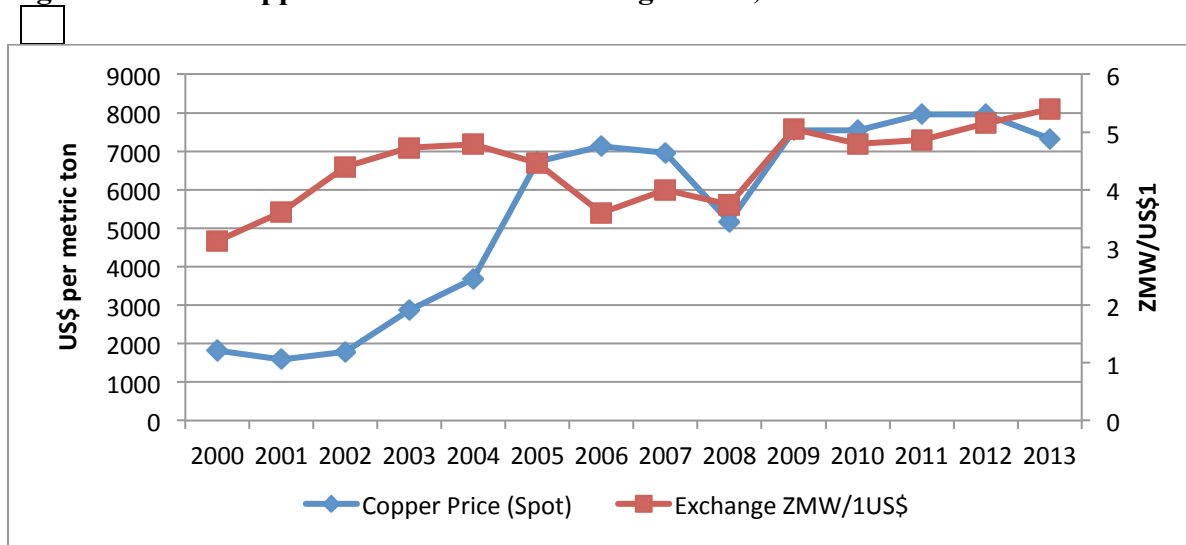
substantial fiscal space for the country which led to concomitant increases in public investments in education, health and infrastructure.

Not long after the commencement of these economic reforms, the economy slowly recovered, attaining positive real GDP growth by around 1999/2000. Per capita incomes also grew significantly to the extent of elevating the country to lower middle income status in 2011.

### b) Favourable Commodity Prices

Zambia’s economy largely depends on the export of raw materials, especially metals (copper and cobalt). Between 2000 and 2014, about 74 percent of the economy’s total annual export earnings were from metal exports, an indication that the economy was heavily susceptible to international commodity price movements. The level of copper production and the international prices for the commodity would, therefore, to a large extent determine the growth of the Zambian economy. During the period under review, copper prices were on the rise and reached historical levels as shown in figure 4 below. Copper production also reached one of its highest levels.

**Figure 4: LME Copper Prices and the Exchange Rates, 2000-2013**



Source: IMF, 2015

Figure 4 also shows the relationship between copper prices and exchange rates. This indicates that Zambia’s currency, the Kwacha, was strongest when copper prices were booming, implying that these were also the times when the economy was stable and hence the observed growth in real GDP over the same period.

### c) Business Climate

The business climate was an important factor in the growth of the Zambian economy over the period under review. Zambia was ranked 6<sup>th</sup> in sub-Saharan Africa on the Ease of Doing Business (EDB) Rankings by the World Bank alongside countries such as South Africa,

Botswana and Kenya. Be that as it may, the country remained a high-cost economy, with infrastructure, financing, labour cost and regulation requiring attention. These factors in principle, were being addressed. The Government set up the Private Sector Development Reform Programme (PSRP) to spearhead further reforms which would contribute to improving Zambia's business climate.

The stakeholders also explained that some of the recent reforms that had made it easier to do business in Zambia included the establishment of a Credit Reference Bureau which had made it easy for retailers and utilities to exchange credit information. Zambia had also made paying taxes easier for companies by abolishing the medical levy and by introducing an online system for filing corporate income tax, Value Added Tax (VAT) and some labour taxes such as Pay As You Earn. Additionally, registering a business was relatively easier in Zambia than many countries in sub-Saharan Africa. All these and other business reforms meant that businesses could easily start and flourish, contributing to overall economic growth.

#### **d) Foreign Direct Investment**

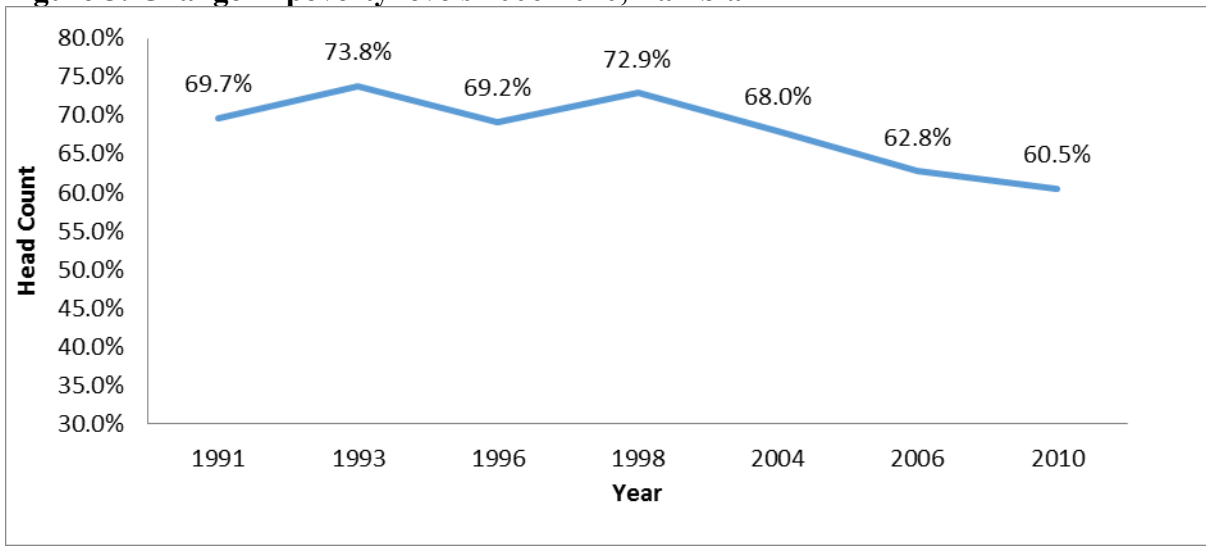
The stakeholders submitted that the combination of economic liberalisation, the economic reforms undertaken in the 1990s reforms, booming copper prices and the general improvement in the business climate in Zambia had made the country one of the world's favourite investment destination. Consequently, during the period under review Foreign Direct Investment (FDI) increased. This was especially the case in the mining sector, but also other emerging sectors such as construction, agro-processing and agriculture.

#### **The link between Economic Growth and Poverty Reduction**

6.4 The stakeholders submitted that economic growth is essential to reducing poverty and enhancing the quality of life in a country. Economic growth generates prosperity and is a pre-condition for employment. The stakeholders added that ideally, economic growth and employment provided opportunities for nationals to obtain education and skills and become entrepreneurs. It also facilitated general advances in human development. However, the extent to which growth reduced poverty depended on the level of inclusiveness, particularly the inclusion of the poor. The extent to which the poor participated in economic activity determined their ability to share in the proceeds of economic growth.

The stakeholders acknowledged that despite the economy growing at an average of 6 percent in the last decade, this had not been coupled by a corresponding reduction in the incidence of poverty in the country. The most recent Living Conditions Monitoring Survey showed that overall poverty remained high at 60.5 percent in 2010, as shown Figure 5. This, however, represented a slight reduction from the overall poverty level of 62.8 percent in 2006.

**Figure 5: Change in poverty levels 2006-2010, Zambia**



*Source: Central Statistics Office, Living Conditions Monitoring Survey of 2010*

Poverty in Zambia was overwhelmingly a rural phenomenon and real poverty level was almost three times the level observed in urban areas. In 2010, the Central Statistical Office (CSO) estimated rural poverty at 77.9 percent compared to urban poverty levels of 27.5 percent. Similarly, according to the 2010 Living Conditions Monitoring Survey (LCMS), more than half of the rural population (approximately 58 percent) experienced extreme poverty whereas in urban areas, the extreme poverty stood at approximately 13 percent.

### **Why poverty has Endured in Zambia**

6.5 The stakeholders also made submissions regarding why poverty levels had remained high in the country and advanced the reasons set out below.

#### **a) High and Persistent Inequality**

The stakeholders submitted that most of the growth experienced by Zambia in recent times had not been distributed equally across population groups and economic sectors. This was mainly because the growth had been largely driven by capital-intensive industries such as mining, construction and financial sectors and much less so by the agricultural sector, which was where the vast majority of poor were concentrated. In geographical terms, growth took place in urban areas, whereas the poorest tended to live in remote rural areas that were barely connected to markets and the cash economy. In terms of population groups, growth incidence curves indicated that between 2006 and 2010, growth was positive and stronger among those with higher incomes and relatively weak for those with lower incomes, thus not increasing the incomes of the poor rapidly enough (or at all) to lift them out of poverty. Consumption in urban areas grew for everyone, with the poorest enjoying relatively lower, but still positive growth rates, above 1 percent. In rural areas all of the households experienced very modest real consumption growth, below 1 percent.

The stakeholders further submitted that most of the gainful economic activities in Zambia were concentrated primarily along the rail line in the highly urbanised Copperbelt and Lusaka regions. The rest of the country was fairly underdeveloped, and its labour depended primarily on subsistence agriculture. Therefore, Zambia's high inequality index of over 50 percent, as measured by the Gini-Coefficient, did not come as a surprise because the gap between the rich and poor was quite wide. Such high income inequality posed one of the major challenges for poverty reduction in Zambia as it eroded the gains associated with income or economic growth.

The stakeholders also informed your Committee that the educational attainment of the household head, in particular, was a very important driver of gaps in consumption across households. In Zambia, educational attainment accounted for about 40 percent of overall inequality. This explained the greater share inequality than the broad economic activity of the household head which tended to be an important driver of inequality in some countries.

Since the early 2000s, Zambia had made progress on several fronts to increase children's opportunities later in life directly through education and health investments. According to the World Bank's World Development Indicators (WDI), total primary enrolment in Zambia increased by 28 percent between 2000 and 2009, and the primary completion rate rose by 32 percent. Health outcomes had also improved, in particular with respect to mortality rates. Between 2000 and 2009, the under-five mortality rate dropped from 16.6 to 14.1 percent, infant mortality fell from 99 to 86 per 1000 live births, and the maternal mortality rate declined from 6 percent to 4.7 percent (World Bank, 2012). Zambia's rank in the United Nation's Development Program (UNDP) Human Development Index (HDI), a composite measure of life expectancy, education and incomes had also improved by 2 points in 2013, to reach 141 out of 187 over 2012, as per the Human Development Report, 2014.

However, there was a large decline in the proportion of students who enrolled at secondary schools and tertiary education institutions, which was where the returns on education were higher. By 2012, the net secondary enrolment ratio was at 41 percent. Furthermore, disparities in Zambia were present not only in coverage after primary level, but also in the quality of some of the services. For instance, wide variations between urban and rural areas were still encountered in the percentage of children with basic skills in reading and numeracy.

The stakeholders noted that educational disparities by location were likely heightened by the Constituency Development Fund (CDF), which was a mechanism to fund local infrastructure projects in health, education and other initiatives. The CDF allocated equal lump sum transfers across constituencies. However, recent evidence showed significant differences in terms of poverty estimates among constituencies within districts, and among wards within districts and constituencies. In other words, the CDF allocation scheme was distribution neutral despite existing inequalities across allocations and within population groups. These differences should be taken into account in order for the allocation of resources under CDF to contribute to poverty reduction.

## **b) Low Productivity in the Agriculture Sector**

The stakeholders explained that a second key obstacle that Zambia faced in its efforts to reduce poverty was the fact that a large share of its population remained locked in low productivity subsistence agriculture. They noted that 70 percent of the population engaged in agriculture for their livelihoods in Zambia, but agriculture, forestry and fisheries only accounted for 11 percent of GDP as of 2014. This low share of agriculture in GDP relative to the large population and labour force employed in the sector proved that most people remained locked in low productivity subsistence agriculture. Low productivity was partly explained by the lack of access to key productive assets and market opportunities across the population. It was, therefore, no coincidence that the poor were overrepresented in rural areas, with their income largely dependent on agriculture.

## **c) Failure to create Decent Jobs**

The stakeholders explained that in relation to job creation, Zambia's growth had not created enough job opportunities for the majority of the population. The quality, stability and decency of jobs in Zambia had remained well below the aspirations of the Zambian society. For example, in 2012, 94 percent and 69 percent of the labour force in rural and urban areas, respectively, held informal jobs. Additionally, 41 percent and 28 percent of persons employed in rural and urban areas, respectively, were unpaid family workers who did not receive a financial reward for their work. These indicators pointed to low quality of jobs, poor remuneration and high levels of job insecurity which made it difficult to make a dent on poverty.

## **d) Failure to Maximise Benefits from the Mining sector**

The stakeholders submitted that Zambia had failed to reduce poverty significantly partly because of its failure to maximise benefits from the mining sector. This was despite the fact that Zambia had remained among the world's top producers of copper. Zambia had the largest known reserves of copper in Africa and 6 percent of known reserves in the world. Further, copper mining had continued to dominate the Zambian economy and accounted for more than 70 percent of export receipts. The stakeholders noted that over the years, tax revenue from the mining sector had remained negligible and up until 2004, mining workers' income tax (Pay As You Earn) was the only significant contribution the National Treasury received from the mining sector. It was only from 2005 onwards that corporate tax in the mining sector made a reasonable contribution to the Treasury.

The stakeholders further explained that the Government was experiencing serious capacity challenges in respect of effectively negotiating with international mining companies. This was partly due to the inadequate specialised skills, particularly in the area of fiscal modelling. As a result, the capacity to identify all the fiscal options available to the Government and the implications of the alternatives was weak. Further, there had been a challenge regarding administering anything beyond the standard types of corporate taxation, regardless of the merits of the more sophisticated, albeit better rewarding, options. Additionally, the mining sector regulation and taxation regime had been characterised by continuous policy reforms

and reversals generally under a veil of secrecy around the way mine tax policy and law were formulated and implemented.

The stakeholders also lamented that Zambia had unfortunately concentrated on the exportation of raw copper instead of embarking on value addition which could create massive jobs. As a country, Zambia needed to start getting the benefits of value addition by promoting industries that could produce electrical items out of copper as opposed to exporting raw copper. From copper, Zambia could produce electric motors, starter motors and welding machines and other vehicle electrical components for instance which could fetch much more when exported than the country was currently getting from copper exports.

The stakeholders further expressed concern regarding the state of the small scale mining in Zambia. They submitted that despite the fact that the sub-sector had the potential to provide livelihood opportunities to a large number of people, the country had not drawn maximum benefit from it because the sector was highly underdeveloped. They noted that the small scale mining sector in Zambia still lacked a supporting financial base, equipment and appropriate technology for expansion. The use of inadequate mining and mineral processing techniques in this sub-sector also led to low productivity and recovery of mineral values. The resultant low revenues and the inability to accumulate funds for investment meant that productivity could not be improved which kept the miner in poverty.

### **The performance of Key Government Poverty Reduction Policies and Programmes**

6.6 The performance of key poverty reduction interventions was discussed by stakeholders as set out below.

#### **a) Farmer Input Support Programme (FISP)**

The Government introduced the Farmer Input Support Programme (FISP) in the 2002/03 farming season to improve the supply and delivery of fertilizer and seed for maize production to farmers cultivating less than 5 hectares of land in order to increase their household food security and incomes through increased productivity. FISP was originally envisaged as a temporary programme to be phased out after three years, but instead had grown in scale and budget over the last thirteen years, to the point of becoming one of Zambia's two major agricultural sector poverty reduction programmes, the other being the Food Reserve Agency. From 2010/11, through 2013/14, farming seasons, FISP aimed to reach approximately 900,000 beneficiaries per year. Over this period, spending on the programme averaged 35 percent of the Government's total agricultural sector spending. In principle, FISP was expected to make a dent on poverty by increasing access to key inputs among poor farmers and potentially raise their productivity.

The stakeholders submitted, however, that FISP had not had a visible impact on rural poverty as initially intended. While its budgetary allocation had been increasing from year to year, rural poverty had remained the same, or in some cases, had continued to grow. A series of post-harvest surveys had showed that maize production had increased over the years, moving

from about 1,000,000 metric tons in 2003, to 3,300,000 metric tons in 2014. Despite this, the impact on poverty had been very minimal.

The stakeholders noted that the failure of FISP to impact on poverty levels in Zambia could be due to households in the higher income quintiles benefitting from a disproportionate share of the inputs. In short, the targeting of FISP was decidedly not pro-poor. Smallholder households in the lowest income per adult equivalent quintile received just 5 percent of all FISP fertilizer in 2010/11 farming season, while those in the highest quintile received 42 percent. By the same token, Zambian smallholders in the smallest landholding quintile received just 6 percent of all FISP fertilizer distributed, while those in the largest landholding quintile who were most likely to be able to afford fertilizer at commercial prices received 41 percent. This had undermined poverty reduction efforts as households with more land tended to be considerably wealthier.

### **c) Food Security Pack (FSP)**

The Food Security Pack programme (FSP) had been in place since 2000/01 farming season. Unlike FISP, which was a cost-sharing programme, FSP was a 100 percent grant targeted towards vulnerable, but viable farmers who cultivated less than 1 hectare and were not in gainful employment. Beneficiaries must be female, elderly, or child-headed households, households keeping orphans or abandoned children, households headed by terminally ill individuals, and/or unemployed youth. The objective of the FISP was to empower the targeted vulnerable, but viable households to be self-sustaining through improved productivity and household food security and thereby contribute to poverty reduction.

The stakeholders explained that the impact of the FSP on poverty reduction was unclear. No evidence existed in terms of whether the livelihoods of beneficiaries had improved sustainably. Additionally, since the beginning of FISP, FSP had been dwarfed in terms of the quantum of resources that were allocated to it. This was because almost every year, more than 90 percent of Government spending on input subsidies went to FISP. As such, most analyses had tended to focus on FISP rather than FSP in terms of impact on poverty. Some analysts had actually recommended that FSP should be incorporated into FISP rather than being run separately.

### **c) Food Reserve Agency (FRA)**

The stakeholders submitted that the Food Reserve Agency (FRA) was a grain marketing board/strategic food reserve which was established by the *Food Reserve Act Chapter 225, Act No. 12 of 1995*. The FRA's goal was to ensure national food security and stabilise crop prices by maintaining a national strategic food reserve, thus helping to raise income and reduce poverty among smallholder farmers. However, there was very limited evidence on the effectiveness of FRA in raising incomes and reducing poverty among smallholder farmers especially those in the rural areas. Despite the FRA having been in existence for nearly twenty years and claiming nearly 50 percent of Zambia's agricultural sector Poverty Reduction Program expenditures, poverty rates had remained high in Zambia.

Studies had shown that FRA activities raised the incomes of those households that were able to sell their produce to it, hence improving their welfare. Unfortunately, very few smallholder farmers grew enough maize to sell to the FRA. It was mainly those with more land who benefitted under the programme. Such households tended to be relatively wealthier households. Based on this, the impact on poverty was limited to very few households.

**d) Social Cash Transfer Programme (SCT)**

Your Committee learnt that the Social Cash Transfer Programme had been operating since 2003. Its main objective was to reduce extreme poverty and the inter-generational transfer of poverty by enabling poor families to invest in better food, necessary healthcare and basic education so that their children in future would not be as poor as their parents were. The Programme was implemented by the Ministry of Community Development and Social Welfare and there were plans to scale it up to all districts to reach about 20 percent of the population nationwide by 2016. The current caseload stood at 151,000 households. Because of its impact, the Social Cash Transfer scheme had been receiving a lot of support, including through the national budget. For example, in the 2016 budget alone, allocations to the scheme had increased from K180 million in 2015, to K302 million in 2016, which represented a 67 percent increase.

**e) Youth Development Fund (YDF)**

In 2006, the Government established the Youth Development Fund to respond to youth unemployment and to be able to enhance job creation and help reduce poverty. The stakeholders, however, submitted that the Fund had not attained its intended goal due to some implementation challenges. They noted that although the Fund was created as a revolving fund, this had not been the case due to poor loan repayment which had made the fund unsustainable.

**f) Promotion of Micro, Small and Medium Enterprises (MSMEs)**

The stakeholders informed your Committee that this policy was aimed at facilitating creation and development of viable MSMEs which could contribute to employment creation and GDP growth. The key programmes to implement the policy are as set out below.

*i) Value Chain Development Programme*

The Government, through the Citizens Economic Empowerment Commission (CEEC), had approved over 1,800 empowerment projects located in forty-two districts of the country. About 91 percent of the projects funded were located in rural areas. Projects being undertaken by women accounted for 37 percent of the total projects while the number of projects undertaken by youths accounted for 35 percent. The Programme was expected to create 30,000 sustainable rural jobs within the next two years.

ii) *Implementation of Preferential Procurement and Reservation Schemes*

The Government was promoting growth of citizen owned enterprises by implementing preferential procurement which obligated public procuring entities to offer tenders to enterprises owned by citizens. This Programme had been successful in giving preference to citizen-owned enterprises in tenders valued at below K3 million for goods. The challenge, however, had been that citizen-owned enterprises remained generally uncompetitive in spite of this intervention. This was largely due to the poor quality of goods, uncompetitive pricing and limited managerial and entrepreneurship skills.

iii) *Financing of Small and Medium Enterprises*

In line with its objective to increase participation of MSMEs in economic activity, the Government, through the CEEC was providing financing at lower interest rates to such enterprises. Since 2013, the Government had disbursed over K51 million empowerment funding. In 2016, the Government had allocated K187.5 million to the Citizens Economic Empowerment Fund which was expected to be made available to MSMEs participating in value addition activities across the country.

iv) *Rural Industrialisation*

In addition to the Value Chain Development Programme which targeted citizens, the Government was also promoting investments in rural areas by facilitating provision of fiscal and non-fiscal incentives. This was aimed at promoting rural industrialisation and employment through value addition to available natural resources. Examples included the venture by Global Plantations Ltd in Lufwanyama for sunflower and soya beans. Similarly, Zambeef Plc had established a Palm Oil project in Mpika District.

v) *Construction and Upgrading of Supportive Industrial Infrastructure*

Substantial progress had been made in the operationalisation of the Chambishi, Lusaka South and Lusaka East Multi-Facility Economic Zones (MFEZs). At the Chambishi MFEZ, estimated investments were in excess of US\$1.4 billion with infrastructure development taking up over US\$170 million. The Zone housed over thirty five Zone enterprises. Over 8,000 jobs had so far been created inside the MFEZ.

At the Lusaka East MFEZ, the developer had continued to put in place infrastructure such as roads and water supply facilities. The developers of the Zone had so far invested up to US\$15 million in infrastructure developments, which included the construction of roads, workshop buildings, accommodation, power and water supply facilities. The Zone had also created over 100 direct formal jobs. The challenge remained the supply of electricity to the MFEZ. This was being addressed with ZESCO Limited to put up a 10MVA power connection to the MFEZ.

At the Lusaka South Multi Facility Economic Zone, over 20km of completed asphalt concrete roads, water supply facilities at a combined capacity of 2,808 cubic litres of chlorinated water per day and other infrastructure had been developed at a cost of over US\$35million. Over 1,000 employment opportunities had been created in the construction phase of the Lusaka South MFEZ. ZESCO Limited was constructing a 330/132/33 KV substation and a 330 KV line in the Zone. Some investors had commenced construction works estimated at US\$52.5 million. These included a US\$10 million Pharmaceutical Plant and a US\$30million Malting Plant.

These investments in the various MFEZs were expected to result in the creation of new value chains and the creation of employment opportunities which should further integrate citizens into the economy.

## **COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS**

7.0 Your Committee makes the observations and recommendations as set out below.

### **Mining Sector**

7.1 Your Committee observes that Zambia has the largest known reserves of copper in Africa and copper mining has continued to dominate the Zambian economy accounting for more than 70 percent of export earnings. Your Committee also observes that despite the shocks associated with the mining sector, Zambia has remained among the world's top producers of copper. Your Committee notes further that one of the key reasons Zambia has failed to reduce poverty significantly is because of its failure to maximise benefits from the mining sector. For example, one of the key challenges is that over the years, tax revenue from the mining sector has remained negligible. It is notable that until 2004, mine workers' income tax, in form of *Pay As You Earn*, was the only significant contribution to the National Treasury received from the mining sector. It was only from 2005, onwards that corporate tax in the mining sector made a reasonable contribution to the Treasury, currently standing at over 25 percent of total earnings by the Treasury. In this regard, the contribution of the sector to poverty reduction has been severely eroded.

Your Committee specifically outlines below some of the reasons why Zambia has not been able to maximise benefits from the mining sector and the recommendations therefrom.

- a) The country lacks the capacity and skills to effectively negotiate mining agreements with mining companies. Your Committee agrees with the stakeholders that the Government has serious capacity challenges to effectively negotiate with international mining companies which could partly be attributed to lack of specialised skills, particularly in the area of fiscal modeling. As a result, the capacity to identify all the options available to the Government and the implications of such alternative fiscal options is weak.

Your Committee, therefore, strongly urges the Government to take deliberate measures to steadily build the country's capacity and skills to negotiate effectively

with international mining companies in order for the mining sector to contribute to poverty reduction in a manner proportionate to its significant position in the economy.

- b) The country lacks the capacity and skills to effectively administer taxes in the mining sector which has resulted in serious challenges to effectively administer the complex tax regimes that are associated with the sector.

Your Committee, therefore, urges the Government to take urgent steps to build the capacity of the tax administration authority to administer mining sector taxation in order to maximise earnings from the sector.

- c) The mining sector regulation and taxation in Zambia has been characterised by continuous policy reforms and reversals. Your Committee agrees with the stakeholders that this has been counterproductive as mining being a long term investment, requires a stable environment predicated on consistent policies and predictable tax regimes for it to prosper.

Your Committee, therefore, urges the Government to ensure stability in the mining sector by endeavouring to maintain consistency in the regulatory and taxation regimes.

- d) Zambia has over the years concentrated on the exportation of raw copper instead of embarking on value addition which could result in the emergence of various processing industries as well as create jobs. As a result, the country has missed an opportunity not only to reduce poverty through job creation, but also to realise additional revenues through corporate and individual income taxes.

Your Committee, therefore, urges the Government to come up with strategies to encourage value addition in the sector so as to promote the emergence of copper processing industries and the creation of sustainable, quality jobs in the sector and enhanced Government revenues.

- e) Small-scale mining in Zambia has largely been neglected by Government resulting in its low contribution to poverty reduction. This is despite the fact that the sub-sector, if managed effectively has the potential to provide livelihood opportunities to a large number of people and help reduce poverty.

Your Committee, therefore, urges the Government to implement measures which will support small-scale mining in Zambia and enhance its contribution to poverty reduction.

- f) Zambia has seen a rise in the phenomenon of contract workers in the mines after the privatization of the sector in the early 2000s. This has eroded the quality of the jobs available to workers. Further, as the conditions of service are generally poorer in sub contracted mining firms than those of the main mining company. The use of contractors in the sector has become a conduit for the exploitation of workers which should not be allowed to continue.

Your Committee, therefore, strongly urges the Government to take urgent measures to ensure that the subcontracting of works in the mining sector is not used as a conduit for exploiting workers.

## **Agriculture sector**

7.2 Your Committee observes that agriculture holds the highest potential for the reduction of poverty in the country because 70 percent of the population is engaged in this sector for their livelihoods. Your Committee, however, expresses deep concern that despite the above, the contribution of agriculture to GDP has remained small. For example, agriculture, forestry and fisheries account for only 11 percent of GDP as of 2014, mainly due to low productivity in the sector. Your Committee notes that low productivity can partly be explained by the lack of access to key productive assets and market opportunities across the population.

Your Committee makes observations and recommendations as outlined below.

- a) A large proportion of the budgetary allocation to the agriculture sector goes to subsidies in form of the Farmer Input Support Programme and the Food Reserve Agency. Your Committee is concerned that this has resulted in other important functions of the sector such as extension and research, irrigation, livestock production and disease control being neglected to the detriment of the overall performance of the sector.

Your Committee, therefore, urges the Government to urgently review its budget priorities in the agriculture sector with a view to diversifying from the two programmes and focus on other programmes such as extension services and research and development.

- b) Your Committee expresses concern that extension services despite being one of the key factors in enhancing productivity in the agriculture, livestock and fisheries sectors, have performed poorly. Your Committee notes that due to poor funding, most extension officers are not adequately capacitated to perform their duties. As a result, new technologies, knowledge and good practices have not been availed to the farmers for them to improve their productivity.

Your Committee, therefore, strongly urges the Government to urgently revamp and promote extension and research services in the country by increasing funding to these functions.

- c) Your Committee observes that although the livestock sector holds significant potential for poverty reduction, the gains from the sector have continued to be eroded by livestock diseases in some parts of the country. Your Committee is concerned that animal diseases have continued to jeopardise the livestock assets of farmers limit market access opportunities for animals and animal products and constrain opportunities for income generation.

Your Committee, therefore, strongly urges the Government to continue investing in building the technical, scientific and operational capacities of the national control systems in order to contain animal diseases in the country.

- d) Your Committee observes that although land is a key factor of production in the agriculture sector, the majority of small scale farmers, especially women, still lack access to land which impacts negatively on their productive capacity.

Your Committee, therefore, urges the Government to put in place policy measures aimed at helping small scale farmers, especially women, to access land for their farming activities.

### **Other poverty reduction programmes**

7.3 Your Committee considered the performance of selected poverty reduction programmes including the Constituency Development Fund, the Youth Development Fund, the Citizens Economic Empowerment Fund and makes the observations and recommendations set out hereunder.

- a) The CDF was established by the Government of Zambia as one of the tools for poverty reduction. The ultimate goal was to use the CDF to speed up development at community level by providing the much needed infrastructure such as roads, markets, schools and clinics. Your Committee notes that this is a noble objective, but is concerned that the criteria for allocation of the funds is uniform and does not take into account the unique circumstances of each of the different parts such as different levels of poverty. Your Committee is also concerned that the release of the funds is irregular and in most cases late. Your Committee is of the view that this has undermined the potential impact of the Fund in more needy areas.

Your Committee, therefore, recommends that the Government should consider coming up with an allocation formula that will be reflective of the poverty levels in each constituency. Your Committee also recommends that the disbursement of the funds be made in a predictable manner in order for the communities to draw maximum benefits from the Fund.

- b) Your Committee observes that the Government established the Youth Development Fund to respond to youth unemployment and to be able to enhance job creation and help reduce poverty. Your Committee is, however, concerned that the Fund has not attained its intended goal due to various implementation challenges. Your Committee notes that although the Fund was created as a revolving fund, this has not been the case due to poor loan repayment which has made the fund unsustainable.

Your Committee, therefore, urges the Government to put in place measures to enhance the management of the Fund so that it can achieve its intended goal of reducing unemployment among the youth and, therefore, help reduce poverty.

- c) Your Committee observes that the Government, through the Citizens Economic Empowerment Fund and the Zambia Development Agency has put in place important programmes and interventions such as the Value Chain Development Programme, Rural Industrialisation and the construction of industrial infrastructure in the form of Multi-Facility Economic Zones (MFEZs).

Your Committee is of the view that these interventions, if well implemented, will go a long way to create employment and help reduce poverty levels in the country. Your Committee is, however, concerned that the goals of these programmes may not be attained due to inadequate funding. For example, the funds that have been allocated in the budget to CEEC have rarely been released in full. A case in point was in 2014, when an amount of K57 million was approved in the budget, but only K5 million was released while in 2015, K82 million was approved, but only K10 million was released.

Your Committee, therefore, strongly urges the Government to ensure that the poverty reduction programmes under CEEC are adequately funded in order to enable the Commission to fully implement its programmes.

- d) Your Committee observes that there are some success stories in respect of the Social Cash Transfers being implemented by the Government. Your Committee notes that enhancing poverty reduction may mean scaling up such schemes to national level so that as many poor people as possible could be reached. Your Committee is, however, aware that cash transfers are only a short term solution and cannot be relied upon in the long term.

Your Committee, therefore, urges the Government to place more emphasis on more productive poverty reduction programmes that will enable the beneficiaries to stand on their own upon graduation from such interventions.

## **PART II**

### **CONSIDERATION OF THE ACTION-TAKEN ON THE REPORT OF THE COMMITTEE FOR THE FOURTH SESSION OF THE ELEVENTH NATIONAL ASSEMBLY**

8.0 Your Committee considered matters arising from the Action-Taken Report to determine whether or not the Government had implemented your previous Committee's recommendations satisfactorily. The observations and recommendations of your Committee are set out hereunder.

#### **CONSIDERATION OF TOPICAL ISSUES**

##### **A. Electricity Sector Reforms: a case for unbundling Zesco**

###### **Committee's Observations and Recommendations**

###### **PARA 6.1 PAGE 13**

8.1 Your previous Committee had strongly recommended that, as a matter of extreme urgency, the Government should begin the process of unbundling ZESCO Limited into separate entities managing generation, transmission, and distribution and supply. Your Committee had recommended that a phased approach be devised on how this unbundling would be carried out.

###### **Executive's Response**

In the Action-Taken Report, the Executive responded that there was no case for unbundling ZESCO Limited considering the prevailing situation in the Country and the sector. The Government noted that from the countries in Africa that had gone the route of unbundling, there was no evidence anywhere that proved that unbundling of a power company made the operation and performance of the company better. On the contrary, there was proof of public utilities that were performing better than the unbundled utilities, for example, Malaysia, China and Singapore had state owned utilities that were renowned for their performance and efficiencies at global level.

The Executive further explained that ZESCO Limited as a company had borrowed heavily for investment in generation, transmission and distribution and if the company was to be unbundled this would imply that these loans would have to be divided accordingly among the separate units, which would be difficult. In addition, it would pose a challenge on the management of the bulk supply agreements signed between ZESCO Limited as a company and its customers like CEC and Lumwana.

## **Committee's Observations and Recommendations**

Your Committee expresses concern that the Government in rejecting the recommendation for unbundling of ZESCO Limited neglected to give the way forward on how the efficiency of the Company was going to be improved. Your Committee, therefore, resolves not to close the matter until the Government gives a clear roadmap on how the efficiency of the Company will be enhanced. Your Committee resolves to await a progress report on the matter.

8.2 Your previous Committee had strongly recommended, as a matter of utmost urgency, that a practical strategy be found for the dismantling of the debt that was owed to ZESCO Limited by the Government.

### **Executive's Response**

In the Action-Taken Report, the Executive responded that ZESCO Limited was in the process of dismantling the debt owed by Government by deducting 40 percent of every purchase of electricity units and channelling it towards debt repayment.

## **Committee's Observations and Recommendations**

Your Committee notes the efforts put in place by the Government to liquidate the debt but resolves to await a progress report on the settlement of the full amount.

8.3 Your previous Committee had recommended that the recommendations of the ERB Cost of Service Study in relation to cost reflective tariffs should be implemented.

### **Executive's Response**

In response, the Executive explained that the Government had taken note of the recommendation. Currently, the ERB was undertaking another Cost of Service Study.

## **Committee's Observations and Recommendations**

Your Committee considers this an important matter and urges the Government to ensure finalisation of the Cost of Service Study and its full implementation without undue delay. Your Committee awaits a progress report on the matter.

8.4 Your previous Committee had recommended that the issue of the tariff structure in general and in relation to IPPs in particular be addressed as a matter of urgency as a way of averting the US\$479.5 million per year that would accrue out the tariff structure between IPPs and ZESCO Limited.

### **Executive's Response**

In the Action-Taken Report the Executive responded that Government was aware of the challenges that ZESCO Limited was facing with regard to the Independent Power Producers.

## **Committee's Observations and Recommendations**

Your Committee notes that the response is inadequate as it does not explain what the Government is doing to resolve the matter. Your Committee urges the Government to address the matter without further delay. Your Committee resolves to await a progress report on the matter.

8.5 Your previous Committee had strongly urged the Government to find a way to renegotiate the Bulk Supply Agreements.

### **Executive's Response**

In the Action-Taken Report, the Executive responded that the Government would investigate all possible ways to reach the goal of negotiating Bulk Supply Agreements. This would ensure that the bulk customers were supplied at cost reflective tariffs.

## **Committee's Observations and Recommendations**

Your Committee expresses concern at the apparent lack of urgency in addressing the matter and urges the Government to expeditiously attend to it. Your Committee resolves to await a progress report on the matter.

## **B. Update on the Operations of the National Pension Scheme Authority**

### **Committee's Observations and Recommendations**

#### **PARA 7.1 PAGE 22**

8.6 Your previous Committee had recommended that, as a matter of urgency, strategies should be put in place to pay the outstanding debt and arrears owed to NAPSA. Your Committee had further urged the Government to ensure that sufficient budgetary provisions were made to settle the debt.

### **Executive's Response**

In the Action-Taken Report, the Executive responded that the National Pension Scheme Authority (NAPSA) had recommended that the Government should consider non-cash transfer or trade-off with NAPSA through a debt swap with Government equity holdings in state owned enterprises or by allocating strategic land banks in various districts as a way of paying for the part of the debt should such opportunities arise in the near future.

### **Committee's Observations and Recommendations**

Your Committee is concerned that no time frame has been set for the debt to be cleared. Your Committee resolves to await a progress report on the matter.

8.7 Your previous Committee had recommended that the process of settling the ZNPF liabilities and paying ZNPF benefits should not stall as the matter had been going on for too long.

#### **Executive's Response**

In the Action-Taken Report, the Executive responded that the NAPSA had continued to pay benefits to members under ZNPF using funds from its scheme as ZNPF was insolvent.

#### **Committee's Observations and Recommendations**

Your Committee awaits a progress report on the settlement of outstanding ZNPF liabilities.

8.8 Your previous Committee had also urged the Government to assume the net ZNPF liabilities following the purchase of ZNPF assets by NAPSA.

#### **Executive's Response**

In the Action-Taken Report, the Executive responded that following the decision of the Board of Trustees to act on the Actuary's recommendation to effect the transfer of ZNPF liabilities and assets, the transfer of ZNPF assets was made effective 1 January, 2015, except for a few isolated assets that were awaiting finalisation of certain validation processes. The financial statements for the two Schemes continued to be maintained separately pending the recommendation of the Actuary on how best to merge the financial statements for the two Pension Schemes given their different designs. The Actuary's recommendations and report were expected by December, 2015.

#### **Committee's Observations and Recommendations**

Your Committee resolves to await a progress report on the assumption of the net ZNPF liabilities, not just the assets, and the consolidation of financial statements of NAPSA and ZNPF.

8.9 Your previous Committee had urged the Government to report progress on the much talked about social security reforms.

#### **Executive's Response**

In the Action-Taken, Report the Executive submitted that the Technical Report had been finalised and Government was developing the Social Protection Bill which would be submitted to Cabinet for approval before being tabled in Parliament.

#### **Committee's Observations and Recommendations**

Your Committee awaits a progress report on the matter finalisation of the social security reforms.

8.10 Your previous Committee had recommended that the issue of the excessive NAPSA penalty rate should be urgently addressed through amendment of Section 15 (2) of the *National Pension Scheme Act*, Chapter of the Laws of Zambia.

#### **Executive's Response**

In the Action-Taken Report, the Executive responded that the issue of the NAPSA penalty rate would be addressed in the proposed amendments to the National Pension Scheme Act, Chapter 256 of the Laws of Zambia. The amendment Bill would be submitted to Parliament after Cabinet approval.

#### **Committee's Observations and Recommendations**

Your Committee resolves to await a progress report on the matter.

8.11 Your previous Committee had recommended the adoption of the recommendations in the NAPSA 2012 Actuarial Report regarding the adjustment of the benefits structure.

#### **Executive's Response**

In the Action-Taken Report the Executive responded that the recommendations had been adopted by the Board. The proposed amendments to the National Pension Scheme Act, Chapter 256 of the Laws of Zambia would address the benefits structure so that the indexation of benefits was linked to price inflation as opposed to wage inflation.

#### **Committee's Observations and Recommendations**

Your Committee will await an update on the adoption of the 2012 Actuarial Report, particularly with regard to the adjustment of the benefits structure.

#### **Tour to the Copperbelt Energy Corporation Kabompo Hydro Electric Power Project**

#### **PARA 9.1 PAGE 32**

8.12 Your previous Committee had recommended that the Government should address the challenges faced by CEC in implementing the Kabompo Gorge Hydroelectric Power Project by ensuring that title deeds for the Project land were processed as soon as possible

#### **Executive's Response**

In the Action-Taken Report, the Executive responded that the Ministry of Lands, Natural Resources and Environmental Protection had not yet processed the Certificate of Title for Copperbelt Energy Corporation (CEC) for the land meant for the development of the Kabompo River Hydropower Plant. While the Government appreciated the initiative by CEC, the land in question sat across two Chiefdoms, and as such, the Government had to consult the respective Chiefs which had since been done and cleared by the traditional leaders. However,

it was later established that the proposed area meant for the establishment of the Hydropower Plant had Government facilities located within the area, including a Heritage Site. The Ministry of Lands, Natural Resources and Environmental Protection had since written to the National Heritage Conservation Commission for guidance before the Ministry could proceed to issue the Certificate of Title. CEC was applying for the Certificate of Title on a piece of land in excess of 11,000 hectares which required Presidential Authority, as it was over 1,000 hectares in line with the Government policy on land alienation. The Government was, however, determined to find a lasting solution to enable the CEC proceed with the project.

### **Committee's Observations and Recommendations**

Your Committee calls for this matter to be treated the urgency it deserves. Your Committee awaits a progress report.

8.13 Your previous Committee had recommended that the issue of tariffs which continued to be a thorn in the side of the electricity sector, should be effectively addressed by the Energy Regulation Board, particularly in relation to IPPs.

### **Executive's Response**

In the Action-Taken Report the Executive responded that the challenges being faced by CEC were implementation issues which the company was required to deal with. However, the Government was working to resolve these issues facing CEC, the sector as a whole and any other such issues which investors might be facing.

### **Committee's Observations and Recommendations**

Your Committee awaits a progress report on the resolution of the challenges posed by the issue of tariffs in the electricity sector.

### **Consideration of the Action-Taken Report on the Report of the Committee for the Third Session of the Eleventh National Assembly**

#### **Monitoring Job Creation in Zambia**

#### **Implementation of the National Strategy for the Development of Statistics**

#### **PARA 11 PAGE 42**

8.14 Your previous Committee had requested for more information on when the planned new statistical law would be presented to Parliament.

### **Executive's Response**

In the Action-Taken Report, the Government responded that it had some concerns on Central Statistical Office (CSO) becoming a semi-autonomous institution. Thus, the said Cabinet

Memorandum and draft Statistics Bill could not be circulated to the stakeholders until the concerns of the Government were addressed.

### **Committee's Observations and Recommendations**

Your Committee resolves to obtain an update on the Bill.

### **Standardised Employment Data Format from the Labour Force Survey and the Living Conditions Monitoring Survey**

8.15 Your previous Committee had recommended that the Ministry of Finance should have the data format standardised on employment from the Labour Force Survey and Living Conditions Monitoring Survey to allow for comparative analysis.

### **Executive's Response**

In the Action-Taken Report, the Executive responded that efforts were being made to standardise various sources of data on employment so that there was compliance and consistency with international best practices. Substantive progress had been made in this regard. To this effect, the Central Statistical Office and the Ministry of Labour and Social Security had embarked on bi-annual Labour Force surveys to improve on the frequency of providing labour market indicators. A Labour Force Survey was conducted in 2014, as a follow up to the 2012 survey. In 2015, the CSO conducted the Living Conditions Monitoring Survey which was also a major source of data on employment. The CSO had attempted to standardise the age of reporting employment using the International Labour Organisation recommendation of fifteen years and above for both surveys. Further, attempts were being made to standardise other variables from both surveys through consultations with stakeholders.

### **Committee's Observation and Recommendation**

Your Committee notes the efforts that have been made by the Government to standardise data formats used in various surveys, but observes that a lot remains to be done and urges the Government to work towards full harmonisation and standardisation of the data collection instruments.

### **Electricity Generation and Accessibility in Zambia**

#### **Development of a Feed-in Tariff Policy**

#### **PARA 11 PAGE 43**

8.16 Your previous Committee had requested for an update on the introduction of the Renewable Energy Feed-in Tariff (REFIT) Policy.

### **Executive's Response**

In the Action-Taken Report, the Executive responded that the Ministry had since prepared the draft Renewable Energy Feed-in Tariff (REFIT) Policy which had since been submitted to the Policy Analysis Coordination Division for clearance.

### **Committee's Observations and Recommendations**

Your Committee awaits a progress report on the REFIT policy.

### **PARA 11 PAGE 44**

### **Financial Matters at Itezhi-Tezhi Hydro Power Project**

8.17 Your previous Committee had requested for an update on the financial matters in relation to the Itezhi Tezhi Project.

### **Executive's Response**

In the Action-Taken Report, the Executive responded that it was envisaged that financial closure would be reached by the end of September, 2015. The Ministry of Commerce, Trade and Industry had submitted the Investment Promotion and Protection Agreement (IPPA) and the Direct Funders Agreement (DFA) to the Attorney General's Office for approval. The documents were approved, but after ZDA reviewed them, they observed that some of the conditions captured in the DFA were falling outside the approved IPPA. ZDA had since resubmitted the documents to the Attorney General's Office for comments, highlighting the issues of concern.

### **Committee's Observations and Recommendations**

Your Committee requests a further update on the financial matters in relation to the Itezhi Tezhi Project

### **Lunsemfwa River Catchment**

8.18 Your previous Committee had recommended that the Government should streamline the granting of water rights to ensure that competing needs for water, such as the one facing Lunsemfwa Hydro Power Company (LHPC) on the Mita Hills Dam, were resolved.

### **Executive's Response**

In respect of the Lunsemfwa River Catchment where LHPC was operating, the Executive submitted that the Water Resources Management Authority (WARMA) held a stakeholders meeting in Mkushi on 29<sup>th</sup> April, 2014, to discuss the concerns of the water resources availability in the catchment area. The Authority had since taken a precautionary approach to

water resources management and was undertaking field investigations and stakeholder consultations before making any water allocation decisions.

### **Committee's Observations and Recommendations**

Your Committee calls upon the Government to expedite the resolution of this matter and awaits a progress report.

### **PARA 11 PAGE 45**

### **Consideration of Outstanding Issues in the Action-Taken Report for the First Session of the Eleventh National Assembly**

#### **Comprehensive Debt Strategy and Policy**

#### **Committee's Observation and Recommendation**

### **PARA 12 PAGE 48**

8.19 Your previous Committee had requested for a progress report on the draft Debt Policy.

In the Action-Taken Report, the Executive responded that in 2009, Cabinet directed the Ministry of Finance to resubmit the draft public debt policy for its approval after exhausting necessary consultative process. Subsequently, the Ministry of Finance had undertaken necessary activities that would form a basis on which the debt policy would be resubmitted to Cabinet. The activities were being undertaken in line with the road map agreed upon between the Ministry of Finance and the World Bank. The Ministry of Finance had so far conducted the debt sustainability analysis, medium-term debt management strategy and debt database validation exercise.

With the undertaking of the above mentioned actions as building blocks, the Ministry of Finance had planned to implement the process of developing a public debt policy in 2016. The draft policy would be resubmitted to cabinet for approval in 2016.

#### **Committee's Observations and Recommendations**

Your Committee expresses concern that the Government is taking too long to have the debt policy in place and urges it to expedite the process. Your Committee, therefore, resolves to await a progress on the draft debt policy.

## **CONCLUSION**

9.0 Your Committee wishes to thank you, Mr Speaker, and the Clerk, for the advice and services rendered to your Committee during the Session. Your Committee also expresses its appreciation to the Permanent Secretaries and Chief Executives Officers of institutions and companies and other stakeholders for the cooperation and input into the deliberations.

Mr G G Nkombo, MP  
**CHAIRPERSON**

April, 2016  
**LUSAKA**

## **APPENDIX I**

### **List of Witnesses**

- i. Ministry of Commerce, Trade and Industry (MCTI)
- ii. Ministry Fisheries and Livestock
- iii. Ministry of Agriculture
- iv. Ministry of Finance
- v. Ministry of Gender
- vi. Ministry of Community Development and Social Welfare
- vii. Zambia Federation of Co-operatives (ZCF)
- viii. Citizens Economic Empowerment Commission (CEEC)
- ix. Zambia Development Agency (ZDA)
- x. Zambia Institute for Policy Analysis and Research (ZIPAR)
- xi. National Economic Advisory Council (NEAC)
- xii. Jesuit Centre for Theological Reflection (JCTR)
- xiii. Civil Society for Poverty Reduction (CSPR)
- xiv. Mine Workers Union(MUZ)
- xv. Chamber of Mines of Zambia
- xvi. World Bank
- xvii. Central Statistical Office (CSO)

## **APPENDIX II**

### **LIST OF OFFICIALS**

#### **National Assembly**

Mr S C Kawimbe, Principal Clerk of Committees  
Ms M K Sampa, Deputy Principal Clerk of Committees  
Ms C Musonda, Committee Clerk (FC)  
Mr S Chiwota, Assistant Committee Clerk  
Ms E Chipuka, Intern  
Ms A Maluwa, Typist  
Mr R Mumba, Committee Assistant  
Mr C Bulaya, Committee Assistant  
Mr M Chikome, Parliamentary Messenger