Republic of Zambia

NATIONAL REPORT

ALMATY PROGRAMME OF ACTION
TEN (10) YEAR IMPLEMENTATION REVIEW

Ministry of Transport, Works, Supply and Communications
Fairley Road
P. O. Box 50065
Lusaka.

1.0 INTRODUCTION

Zambia is a member of the Common market for Eastern and Southern Africa (COMESA) whose Customs Union was launched on 7th June 2009 and SADC whose Free Trade Area (FTA) was launched on 17th August 2008. At the sub-continental level, Zambia is part and parcel of the SADC-EAC-COMESA Tripartite Framework. At Continental level, Zambia is an active member of the African Union integration programme. At the Multilateral Level, Zambia is a member of the World Trade Organization and the African Caribbean and Pacific Group of States.

In 2000, the United Nations Millennium Declaration, adopted by Heads of State and Government laid out a set of development goals popularly known as Millennium Development Goals which called for the creation of an environment at national and international levels conducive to development, among other things. It recognized the special needs and problems of the landlocked developing countries, which were also addressed by other major United Nations Conferences such as the Third United Nations Conference on the Least Developed Countries (Brussels, 2001), the International Conference on Financing for Development (Monterrey, 2002) and the World Summit on Sustainable Development (Johannesburg, 2002).

Therefore, in 2003, the Almaty Declaration and Programme of Action was an outcome of the United Nations Conference convened in Almaty, Kazakhstan, to address the special needs and problems of landlocked developing countries (LLDCs) who face unique and overwhelming challenges. LLDCs were to work in collaboration with transit countries and Development Cooperation Partners. The main objective of the Almaty Programme of Action was to address the secure access to and from the sea by all means of transport according to applicable rules of international law; reduce costs and improve services so as to increase the competitiveness of their exports; and (c) reduce the delivered costs of imports among other things.

The focus was in the following five priority areas relating to the fundamental transit policy issues

1) Infrastructure development,
2) Maintenance,
3) international trade and trade facilitation,
4) International support measures; and
5) Implementation and review.

Zambia adopted all the major priority areas and enshrined them in the National development planning system. This report aims at highlighting the implementation of this Programme in Zambia for the past ten years. It sheds light on implementation strategies employed, key accomplishments, constraints and proposes new strategies to address the gaps.

2.0 NATIONAL DEVELOPMENT PLANNING PROCESSES, ASSESSMENT OF KEY ECONOMIC, SOCIAL AND ENVIRONMENTAL TRENDS

2.1 *National Development Planning Processes*

In order to implement the Almaty Programme of Action (APoA), the Government of the Republic of Zambia integrated it into its national development plans. These are the National Vision 2030, the Fifth National Development Plan (2006 -2010) and most recently into the Sixth National Development Plan (2011 -2015) to ensure national implementation of the Programme.
The main drivers for addressing the constraints to trade has been provision of economic infrastructure which include Railways, Roads and Bridges, Ports and borders to enhance connectivity within the country and to sea ports. The current national development plan and its successor plan, put infrastructure development as one of its key objectives with the aim of contributing to an enabling business environment. Further, Private Sector Development Reform Programme continues to be implemented with success in promoting trade in Zambia.

2.2 *Assessment on Overall Economic Development*

3.0 EVALUATING THE EXTENT TO WHICH THE ALMATY PROGRAMME OF ACTION HAS CONTRIBUTED TO ECONOMIC GROWTH

To evaluate the extent, it is important to understand the extent to which macroeconomic reforms have been supportive to the success of the Almaty Programme of Action and Overall sustainable development of the country, trends in selected key macroeconomic indicators are therefore analysed.

3.1 Real GDP Growth

Real GDP growth has averaged about 6.0 percent between 2009 and 2011 registering growth rates of 6.3 percent, 7.6 percent and 6.6 percent respectively. Fairly robust growth in sectors such as mining, construction and the telecommunications sector, with the impressive performance of the agriculture sector in 2011 aided growth.

3.2 Inflation

The level of inflation had been reduced from triple digit levels recorded in the 1990s. Over the past five years the rate of inflation has generally trended downwards, with end-year inflation in single digit levels in 2009, 2010 and 2011 at 9.9 percent, 7.9 percent and 8.9 percent respectively The outturn in the price levels could largely be attributed to the decline in food inflation due to increased supply of food stuff from the domestic sources and the stability in the exchange rates over the period. In addition, inflationary pressures were mitigated by the Central Bank not printing money to finance the deficit in line with Government policy.

3.3 Exchange rate

The exchange rate of the Kwacha, our local currency, against major currencies has been relatively stable during the period 2009 to 2011. Concerns were raised by various stakeholders about the rapid appreciation of the Kwacha for most of 2008, but in 2009 and 2010 the exchange rate against major currencies was stable. The relative strong performance and stability was due to strong performance of the external sector that increased supply of forex on the market coupled with the favourable copper prices during the period. However, the Kwacha depreciated against major currencies in 2011. This was largely on account of uncertainties associated with the national elections and the negative sentiment towards emerging market assets emanating from the Euro zone debt crisis

3.4 Domestic Debt

The nominal value of domestic debt increased to K14, 099.75 billion in May 2012. This is from a stock level of K 9,502.06 billion, K 9,961.06 billion and K13,122.4 billion in 2009, 2010 and 2011 respectively. As a percentage of GDP, domestic debt fell from 20.57 per cent in 2009 to 18.16 per cent 2010 but increased to 22 per cent in 2011. During the period under review, Treasury Bills as a share of total domestic debt accounted for 47 per cent, 45 per cent, 49 per cent and 47 per cent in 2009, 2010, 2011 and May 2012 respectively. Similarly, bonds stood at 53 per cent, 55 per cent and 51 per cent and 53 per cent in 2009, 2010, 2011 and May 2012. In 2012 and 2013, the domestic debt stock is expected to increase slightly from the current levels to meet Government financing needs. In terms of the structure, the domestic debt portfolio will consist of a larger proportion of longer dated instruments compared to short term debt instruments.

3.5 External Debt

Public external debt as a percentage of GDP decreased drastically from 51 percent in 2005 to 10.7 percent in 2011. The decrease was mainly on account of the debt relief extended to Zambia under the MDRI and HIPC Initiatives.

Table 3.1: Selected Macroeconomic Indicators, 2004-2009

	2008	2009	2010	2011	2012
Real GDP growth (%)	6.0	6.3	7.6	6.6	7.7
Annual inflation (%)	16.6	9.9	7.9	7.2	7.1
Average Annual inflation (%)	13.0	13.5	8.5	8.2	7.5
Total Public debt to GDP	29.4	23	22.9	20.7	22.4
Gross International Reserves (Months of Import)	3.0	30	3.4	3.5	3.5
Current Account balance(Incl grants)	3.0	3.0	3.8	5.9	3.3

Source: Ministry of Finance and National Planning & Bank of Zambia

4.0 *CHALLENGES*

Despite recording satisfactory performance in the key indicators, the country faces a number of challenges/constraints inhibiting the growth of the economy. These include;

(a) Poor social infrastructure:

- Poor access to healthcare and its effects on labour productivity, especially in agriculture;
- Poor access to education, especially at the tertiary level, increasing scarcity of specialised skills; and
- Absence of social protection nets, particularly for the elderly.

(b) Inadequate economic infrastructure:

- Inadequate supply of electricity as a result of aging transmission networks, an increasing demand for energy, and slow progress on rural electrification initiatives;
- Declining quality of road infrastructure as a result of poor specification and construction, lack of regular maintenance, and a sub-optimally large core road network resulting in resources being spread too thin; and
- The dismal state of rail networks, creating an immense strain on the road network. In view of Zambia's position as a landlocked mineral exporter and the vast potential for export of agriculture produce this challenge should be urgently addressed.

(c) The high costs of doing business:

- Compared to regional averages, transportation and telecommunications costs in Zambia are among the highest, leading to a significantly higher cost of doing business compared with other countries in the region;
- There is an absence and/or failure of markets, particularly in rural areas, leading to coordination and information failures that result in high costs of doing business, and increased rural poverty levels;
- High interest rates and limited access to affordable financing have reduced business competitiveness, particularly in the case of small and medium enterprises. The high cost of finance poses serious limitations on the ability of businesses to enter the market or expand their operations. Local firms are also at a comparative disadvantage vis-à-vis their foreign counter parts with access to external financing sources;
- The existing tax system inequitably burdens businesses through higher income taxes, while the contribution of other tax types continue to underperform;
- Disruptions in fuel supply and inadequate national storage capacity of petroleum products has had a negative impact on the economy; and
- Poor business linkages between anchor industries, such as mining and agriculture, with the rest of the economy have inhibited broad-based economic growth, thereby excluding the majority of the poor from the benefits of high growth.

(d) Inefficiencies in public expenditure:

These have included:

- Poor management and implementation of projects.
- Resources spread too thinly.
- No comprehensive enforcement of standards in infrastructure development, resulting in poor workmanship and shoddy construction, leading eventually to dilapidation and reconstruction;

To address these bottlenecks and unlock the growth potential of the economy, the Government is undertaking the following measures;

- Promotion of broad-based diverse growth (Manufacturing, Tourism, Agriculture and Energy)
- Realigning of resources away from non-priority expenses to infrastructure development programmes and projects that carry a high economic and social return;
- Committing more resources to Investment programmes in rural areas with the view to narrow the gap in living conditions between rural and urban areas.
- Reviewing and harmonizing the institutional, legal and policy frameworks so as to promote an attractive investment environment that encourages diversification.

5.0 FOREIGN DIRECT INVESTMENT

In 2009, Zambia recorded a notable decline in foreign direct investment (FDI) inflows compared with 2007. The flows fell to US $694.8 million in 2009 from US $ 938.6 million recorded in 2007. This was largely due to the effects of the global financial and economic crisis. During the period under review, an analysis of source countries of FDI inflows in Zambia indicates that India dominated at US $296.2 million (accounting for 42.6 percent of FDI Inflows). This was followed by Canada at US $203.0 million (29.2 percent), Ireland at US $180.0 million (25.9 percent), Netherlands at US $77.8 million (11.1 percent), China at US $75.8 million (10.9 percent) and South Africa at US $73.4 million (10.6 percent). Australia and United Kingdom had notable net outflows amounting to US $115.6 million and 98.3 million, respectively. On a sectoral basis, FDI inflows in Zambia in 2009 were largely driven by inflows in the mining sector at US $367.2 million (accounting for 52.8 percent), followed by the manufacturing sector at US $285.7 million (41.1 percent), and wholesale and retail trade US $65.0 million (9.4 percent). Other sectors such as the bank and non-bank financial institutions and the agriculture sector had net outflows largely reflecting huge loan repayments to affiliated enterprises during the period.

In 2010, FDI inflows to Zambia recovered strongly from their slump in 2009, as they surged to US $1,729.3 million from US $694.8 million recorded in 2009, consistent with the global trend. The increased inflows were higher than the pre-crisis levels of US $1,323.9 million and US $938.6 million recorded in 2007 and 2008, respectively. During the year, Canada, Australia, the United Kingdom and the British Virgin Islands dominated as major source countries of Zambia's FDI inflows, collectively accounting for 78.4 percent of inflows. These were followed by Libya, Netherlands, Bermuda, China, France and the United Arab Emirates, which collectively accounted for 27.4 percent of Zambia's FDI inflows. Other countries such as South Africa and Switzerland recorded net out flows.

A sectoral analysis of the FDI inflows in Zambia in 2010, revealed that they were largely driven by inflows in the mining sector at US $1,141.3 million (accounting for 66.0 percent), followed by the manufacturing sector at US $373.9 million (21.6 percent), and transport and communication at US $179.3 million (10.4 percent). Sectors such as construction, agriculture and accommodation and food recorded lower inflows. Other sectors such as the financial and insurance institutions, wholesale and retail trade, and real estate sectors had net outflows largely reflecting huge loan repayments to affiliated enterprises during the period. Given the dominance of FDI inflows in mining, there is need to enhance investment diversification through among other things, accelerated investment promotion and facilitation to other priority sectors. This is critical in minimising the overall vulnerability of the Zambian economy to commodity price shocks. FDI inflows continued to grow in 2011, recording US $1,981.7 million at the end of the year following increased inflows in the first and second quarter amounting to US $473.9 million and US $442.1 million, respectively. The mining sector continues to dominate the FDI inflows.

6.0 TRANSPORT INFRASTRUCTURE

Policy

Government is in the process reviewing the 2002 National Transport Policy and also developing the National Transport Infrastructure Master Plan (NTIMP). The Zambia National Transport Infrastructure Master Plan will be premised on a modal mix which will include all modes of transport infrastructure vis-à-vis Corridors, border posts, maritime and inland waterways, aviation, rail, roads, bridges, information and communication technology and pipelines.

7.0 EXTERNAL TRADE PERFORMANCE

Policies

As far back as the early 1990s, the Government of the Republic of Zambia implemented a new approach to economic management, with a focus on trade liberalization, privatization, better governance, and the promotion of economic growth. In the SNDP covering the period 2006-2010, the broad policy objectives of the trade sector are:

(i) Transform the Zambian economy into a diversified and competitive one which is well integrated into the international trading environment;
(ii) Stimulate and encourage value-addition activities on primary exports as a means of increasing national earnings and income flows;
(iii) Stimulate investment flows into export-oriented production areas in which Zambia has a comparative and competitive advantage as a strategy for inducing innovation and technology transfer into the national economy;
(iv) Formalize, monitor and regulate domestic trade activities with a view to promoting and stimulating a vibrant domestic trading sector; and

(v) Assist domestic firms to increase their levels of efficiency and, therefore, withstanding increasing competition in the domestic market.

8.0 ZAMBIA'S PARTICIPATION IN REGIONAL AND INTERNATIONAL ORGANISATION

Zambia has acceded to a number of regional and international agreements aimed at guaranteeing the promotion and protection of Investments. These are:

8.1 Multilateral Investment Guarantee Agency (MIGA)

As a member of the World Bank Group, MIGA's mission is to promote foreign direct investment (FDI) into developing countries to help support economic growth, reduce poverty, and improve people's lives. Zambia ratified MIGA in 1988.

8.2 SADC Protocol on Finance and Investment

The protocol aims at facilitating regional integration, co-operation and coordination of financial and investment policies in the SADC region. Zambia ratified this protocol in 2009.

8.3 *SADC Regional Infrastructure Development Master Plan (SRIDMP)*

Zambia subscribed to the initiative with a view to meet the expectations in the region from a quantitative, qualitative and strategic perspective in transport infrastructure.

8.4 African Union

Zambia as a member of the African Union has been actively participating in the decision making by the Ministers responsible of Infrastructure such as in communications, Meteorology and Aviation. In this regard Zambia has taken appropriate measures to respond to the recommendations that were passed with regard to sectors meeting the international stanmdard.

8.5 *COMESA Common Investment Area*

The purpose of the COMESA Common Investment Area (CCIA) is to enhance COMESA's attractiveness and competitiveness as a destination for foreign direct investment (FDI) from within COMESA countries and from global sources of investment by harmonizing investment policies, laws and procedures that will liberalize the investment environment, promote investment into the region and protect the investor's investments. The Heads of State and Government in 2007 adopted the CCIA and Zambia is in the process of signing the CCIA.

COMESA has created a specific institution called COMESA Regional Investment Agency (RIA) which seeks to optimize investment and trade opportunities in the region through developing and establishing synergies, networks, alliances, and co-operation with other Regional Economic Communities, co-operating partners and international institutions so as to achieve high investment levels that lead to rapid and sustainable economic growth and development.

Following the above international and regional best practices initiatives, the Government of the Republic of Zambia has put in place policies, legislation and various programmes for investment promotion of both domestic and foreign investors.

The policies and programmes would attract investments and subsequently, increase the tax base. Notable among these are the Commercial, Trade and Industrial (CTI) Policy whose vision is to develop an enabling economic environment in Zambia which supports private sector investments and enables the development of domestic productivity capacities.

Furthermore, in order to reduce the cost of doing business, the Government enacted the Zambia Development Agency Act No. 11 of 2006 aimed at streamlining the operations of five trade and investment related institutions and merged them into a one stop shop. This legislation among other things provides for conclusion of investment promotion and protection agreements (IPPAs) with prospective investors. The Act further commits Zambia to international obligations and commitments, including those under the WTO, COMESA and SADC.

9.0 COMESA-EAC-SADC TRIPARTITE FRAMEWORK ON TRANSIT CORRIDORS

The North South Corridor Pilot Project

- The North –South Corridor runs from the Southern part of the Democratic Republic of Congo (DR Congo) down through the Copper-belt Province all the way down to the Southern African ports in South Africa and from the port of Dar es Salaam to the North East.

- It is part of the COMESA-EAC-SADC Tripartite process which aims to create an FTA between COMESA, EAC and SADC and to harmonise the infrastructure master plans.

- There are a number of corridor initiatives. What makes this different is the attempt to address the corridor as one multi-modal transport network so that all interventions are sequenced so that benefits of the upgrades will accrue to the importers and exporters that use the corridor in terms of reduced prices. This will make the countries along the corridor more competitive and will allow economic growth and employment creation to take place.

- The reason why the NS Corridor was chosen was because the infrastructure is already in reasonable condition so what were required was upgrades to existing infrastructure, coupled with appropriate regulatory and policy changes.

- The North South Corridor is the most highly trafficked corridor in eastern and southern Africa and pressure needed to be taken off the corridor. The linkages with other corridors, such as Beira, Nacala, Benguela and Trans-Kaprivi are extremely important as the NS Corridor is already operating above design capacity in parts.

- In addition to the NS Corridor other regional programmes including recapitalisation of TAZARA and construction of railway spurs to other regional railways and spurs are extremely important.

a) Challenges under Intra-regional Trade

(i) Trading in homogenous products in the regions limits comparative advantages in traded products;
(ii) Tendency to promote exports outside the region;
(iii) Inadequate or lack of value addition to traded products;
(iv) Inadequate foreign exchange and national reserves limits the purchasing power for foreign and regional goods and services;
(v) Tendency to rely on donor funding with restrictive procurement procedures;
(vi) Challenges of meeting the Sanitary and Phyto-sanitary measures and standards;
(vii) Failure by members to fully implement the Free Trade Area Tariffs; and
(viii) Poor trade related infrastructure and inadequate interregional road/ railway networking; High transportation costs
(ix) Low air traffic- trade facilitation is difficult due to low air traffic between countries in the regions; and
(x) Lack or inadequate provision of export credit finance and it exists, the rates are uncompetitive (discouraging).

b) Challenges under Intra-regional Investment

(i) Most local investors from the region do not adhere to local labour laws;
(ii) Inadequate Investment capital in the region;
(iii) Prohibitive lending rates in the local banks;
(iv) Cumbersome legislative procedures and business licensing; and
(v) Inadequate infrastructure (Road, Rail, Water and Air).
(vi) high cost of infrastructure development and maintenance

c) Challenges under the North South Corridor Pilot Project

1. Generated strong financial and technical support for the North South Corridor is required. About US$1.2 billion of funding was committed by the development partners for upgrading road, rail, ports and energy infrastructure and to support implementation of trade facilitation instruments.
2. Stressed the need to develop similar Aid for Trade programmes in respect of other priority regional transport and transit corridors, notably improving the Central Corridor from the Port of Dar es Salaam in Tanzania to Rwanda and Burundi; the Northern corridor from Mombasa in Kenya to Uganda, Rwanda, Burundi and DRC; and the Lamu – Southern Sudan – Ethiopia Corridor.

3. Identified the need for Member States to show greater commitment to the identified projects and programmes by both providing counterpart funding and implementing and harmonising supporting policies and regulations so as to trigger additional and sustained funding from development partners;
4. Recognised the weak nexus between regional and national project planning and highlighted the need to align national and regional priorities. It also identified the challenge of ensuring regular maintenance of existing infrastructures, including allocation of the requisite resources from national budgets for this purpose ; and
5. noted the challenges and costs for regional project procurement systems on the basis of existing national procurement policies that are largely not harmonised and it called for the formulation of a mechanism that would obviate these challenges

10.0 LESSONS LEARNT

With these experiences from the time Zambia engaged in the liberalization of her economy in the 90s, the need was found to undertake a Diagnostic Trade Integration Study (DTIS) in order to support the incorporation of the trade agenda into its broader development agenda.

The Diagnostic Trade Integration Study (DTIS) reviewed Zambia's trade policies and performance, assessed its potential for export diversification, identified the main constraints to increasing exports, and developed an action plan which summarized the policy reforms and technical assistance needed to remove these constraints. It supported the Government of Zambia's efforts to (a) build national consensus around the reforms, (b) mainstream trade priorities into its development and poverty reduction strategies, and (c) enhance trade capacity in and outside government to formulate and implement trade policies, to negotiate trade agreements, and to tackle supply-side challenges in responding to new market access opportunities.

With macro stability in the horizon it was felt that expansion of non-traditional exports and private sector development were the two important pillars for sustaining increased economic growth in Zambia. With more than two-thirds of the population living on less than $1 a day (1998), Zambia's domestic market was too small to support the sustained high growth in production and employment necessary to make a marked reduction in poverty. Therefore, exports were put as a priority for generating future growth in Zambia. There have been strong complementarities between export promotion and private sector development. While effective export promotion required a dynamic private sector, a dynamic and competitive private sector could not flourish if it produced only for a small domestic market. As a way forward, the following are the priority areas in trade and Investment Policy:

- **Making export incentives work for exporters.** Streamline the operating procedures for the duty drawback scheme. Ensure full and timely reimbursement of actual duties paid. Prepare standard operating guidelines and a procedures manual prior to implementing the Export Processing Zone Act (Now established as Multi-facility Economic Zones);

- **Improving trade facilitation.** Improve efficiency in customs administration through upgrading the customs infrastructure (equipment, procedures, physical and human infrastructure), integrating the border agencies, and developing a single processing and payment window for all border agencies. Reduce border clearance times by undertaking a Cargo Release-Time study and implementing its recommendations, improving transit and clearance procedures, and establishing a ‘fast-track’ facility. Reduce transport costs through augmenting capacity in the transport industry with training in regulations, logistics, financial management and marketing. Improve the standards infrastructure through amending the Standards Act to separate standards testing from the regulatory functions of the Zambia Bureau of Standards (ZBS) and increasing the role of the private sector in testing and certification.

11.0 IMPLEMENTATION OF AGREEMENTS FOR REGIONAL INTEGRATION

11.1 Measures

Zambia has continued to pursue structural reforms designed to improve and promote economic development by reducing the cost of doing business. There are indications that these reforms are bearing fruit. Between 2007 and 2008, Zambia’s Doing Business ranking improved from 116 to 100, ranked 3rd out of 18 COMESA countries (following Mauritius and Kenya), and 4th out of 14 SADC countries (after South Africa, Botswana, Namibia, and Mauritius).

The Government has implemented various reform programmes aimed at improving and enhancing the investment climate in Zambia. These are the Private Sector Development Reform Programme (PSDRP), the Triangle of Hope and the Millennium Challenge Account (MCA) Threshold Project.

In 2006 Zambia embarked on the implementation of the Private Sector Development Reform Programme (PSDRP) whose objective was to reduce the cost of doing business and encourages competitiveness in the private sector. The following were the six reform areas of the PSDRP: policy environment and institutions, regulations and laws (licensing, regulatory discussion), infrastructure development, business facilitation and diversification, trade expansion and local empowerment. These reforms are aimed at laying the foundation for faster, sustained private sector-led growth.

The Private Sector reform programme has now entered its Second phase running from 2009 to 2013. The main goal is to promote and facilitate the development of competitive business environment in Zambia in order to contribute to job and wealth creation. The purpose is indentified as intended to increase business access to markets and finance and reduce the cost of doing business in Zambia.
With this deliberate mission, it is expected that the measures will result in the following:

(i) Administrative procedures/requirements and compliance costs reduced by 30%;
(ii) Number of Micro, Small and Medium Enterprises (MSMEs) operating in the formal sector increased;

(iii) Number of MSMEs accessing loans increased;
(iv) Number of permanent employees in the private sector increased;
(v) At least ten (10) PPPs operational and providing quality infrastructure and services;
(vi) Diversity of export products; and number of days to enter and exit major border posts reduced.

The PSDRP has been designed as a partnership between the government and private sector with, support from the Cooperating Partners. A number of Zambia's recent changes in the business environment can be attributed to the PSDRP. These include the establishment of the Zambia Development Agency (ZDA), Citizens' Economic Empowerment Commission (CEEC) and Small Claims Court in Ndola and Lusaka; approval of the ICT policy, energy policy, MSME Policy; enactment of the Tourism and Hospitality Act, Zambia Tourist Board Act; reduction in the days taken to register a business, reduction in the days taken to obtain a visa or employment permit and reduction in the number of days to export or import goods.

A key aspect of the reforms is the business licensing reform. The reform has so far identified the number of licenses existing in Zambia and a report with recommendations regarding which licenses should be eliminated, retained reclassified and amalgamated has been submitted to Cabinet for approval.

In 2006, the Patents and Companies Registration Office (PACRO) introduced a web-based license free software application. PACRO also automated the business registration process and opened a Customer Service Centre to serve as a one stop-shop for business customers. An interactive website was established which allows customers to download application forms and complete them before visiting the office. During the period under review the government further instituted measures to decentralise company registration in major towns. Between 2005 and 2011 the time it takes to register a business was reduced from over 30 days to one day.

In 2008, the Public Procurement Act was passed to separate the functions of the Zambia Public Procurement Authority (ZPPA) from those of Ministries and Parastatals. ZPPA will provide oversight and be better placed to address appeals made by aggrieved parties. Additionally, the Public Procurement Act provides for arbitration to reduce the cost of litigation. The Immigration Department has reduced the time it takes to process permits and visas for would-be investors by creating a customer service centre.

A legal and regulatory framework to facilitate public private partnerships (PPP) in the provision of infrastructure has been put in place. This framework for PPP is under the oversight of a new department within the Ministry of Finance and National Planning.

In 2006, the Ministry of Lands initiated a programme that has reduced the total time required to register or transfer property from 52 days to 16 days in 2008. In 2007, a series of initiatives were instituted to streamline and make transparent the registration of lease, transfer and issuance of a new certificate of title at the lands and Deeds Register. Zambia computerized its lands registry and set up a customer centre to eliminate the backlog of registration requests. Access to land for investment purposes is being addressed through the

Land Bank Programme under which land suitable for various investment projects has been identified and reserved.

Customs clearing procedures continue to be streamlined to facilitate the importation of machinery and other primary inputs for the expansion of the industrial sector. Reforms include the establishment of a one-stop border post at Zambia's busiest border post (Chirundu border post with Zimbabwe), pre-clearance facility, and accreditation of compliant clients and the automation of custom systems. Registration for VAT, previously requiring twenty-one days can now be done in three days.

The Government has continued to revise customs duties downward on an annual basis in line with Zambia's commitments. While tariff reductions at the World Trade Organisation (WTO) are optional for LDCs, Zambia has regional commitments within both the SADC and COMESA free trade areas, as well as commitment with international financial institutions. To ease the impact of the financial crisis, the excise duty on diesel was reduced from 30% to 15%, and on petrol from 60% to 45%, in 2009. The rationale was to reduce input costs across productive sectors.

12.0 FUNDAMENTAL TRANSIT POLICY ISSUES

To accrue benefits from infrastructure development for trade, the Republic of Zambia developed in collaboration with the Private Sector and in the context of the Public Private Partnership (PPP) Act No. 14 of 2009 the Zambian Government has created a platform through which public service delivery can be enhanced. Through the PPP Act, Government and the Private Sector complement others in providing economic infrastructure thereby doubling the country's development efforts. Zambia has several opportunities that provide an enabling environment for the Private Sector to continue providing the much needed development finance in order to address poverty and foster economic development. These include the continued stable political environment; the vibrant civil society groups; good relations with the donor community; existence of a comprehensive donor coordination framework; improved macroeconomic policy management in recent years which resulted in additional fiscal space created by low debt service as well as a national commitment to the attainment of Millennium Development Goals.

13.0 MONITORING AND REVIEW

The Almaty Programme of action has broadly been monitored as part of the national development planning and implementation process of Zambia, which recognizes international conventions by localizing such programmes.[1] This section records progress in monitoring implementation of the Almaty programme of action in line with the following:

- A demonstration of the monitoring indicators (in relation to developing and maintaining the main modes of transport in order to improve connectivity and reduce transport costs) during the review period;

[1]These include among others the Millenium Development Goals, xxxx

- An assessment of how Zambia monitored and reviewed the implementation of the Almaty programme
- An elucidation of the challenges experienced and suggestions on the way forward for monitoring the programme

14.0 MONITORING INDICATORS FOR DEVELOPING AND MAINTAINING MAIN MODES OF TRANSPORT

(Rail, Road, Air, Waterways and Pipelines)

2002-2004

During this period, national plan monitoring was not in place and Poverty Reducing Programmes constituted the focus of national programme budgeting and implementation. With the advent of the Poverty Reduction Strategy Programme (PRSP), the emphasis on implementation and monitoring of capital programmes was relegated and implementation of national programmes was restricted to project level and largely donor financed and driven. In this regard, no specific monitoring of programmes was made on the development and maintenance of main modes of transport.

2005-2010

The reintroduction of national planning in 2004 led to the re-introduction of national plan and the national long term vision 2030. A monitoring and evaluation framework for programme implementation in all sectors including the transport sector was articulated. Key Performance Indicators were developed by the responsible line ministries and compiled into an annex table with baselines and annual targets. Some key indicators for this period included the following;

- ***Volume of cargo transported on;***

a. *Railways,*
b. *In land waterways*
c. *Flights;*
d. *Kilometres of roads rehabilitated;*
e. *Number of passengers transported on inland water ways and*
f. *Kilometres of roads maintained.*

Further, annual reporting on progress was introduced over the five years of the Fifth National Development Plan (FNDP) 2006-2010 implementation period.

15.0 Performance Analysis

The type of indicators (output oriented) for reporting on progress were selected in view of the capacity challenges encountered by most sectors in the national plan framework. Specifically in the transport sector, reporting on outcome indicators (demonstrating the utilisation of goods and services produced), was more desirable and would have provided an indication of who was benefiting from developments and improvements in the transport sub-sectors. The FNDP Final Evaluation includes an infrastructure development component and will advise Government on the effectiveness and efficiency of transport infrastructure[2].

2011 up to date

The FNDP came to an end in 2010 and ushered in the subsequent plan – the Sixth National Development Plan (2011-2015). Lessons were learnt during the mid-term review of the FNDP, including a need to re-focus output monitoring to outcome and impact indicator monitoring, where possible. In this regard, an output matrix was included at the end of each sector chapter of the SNDP. The output matrix demonstrates the projects to be implemented and links each sector's programmes and strategies to specific outputs to be achieved at the end of each year. The programmes are further linked to key performance indicators in each sector.

Under transport, the projects[3] include *Trunk Main and District Roads upgrading to paved standard and Bridge Infrastructure Construction*, while the key performance indicators are; *Number of passengers moved on air flights and Volume of cargo transported on flights.*

The indicators are reported on annually in order to show progress on programme performance.

The nature and type of indicators have remained the same as during the FNDP (at output level), partly because of the persistent planning and implementation – related challenges in the sector. In 2011, the revision of procurement thresholds downward, and the introduction of control measures where all contracts should be reviewed by the Attorney General resulted in lower than expected expenditures (2011 Annual Progress Report - Analytical Report, Ministry of Finance).

Further, the analytical report (2011:14) assesses that the roads sub-sector has been over-emphasised. Various reasons could be behind this, including the low planning capacity in the transport sector[4] resulting in reduced emphasis on other modes of transport such as railways and maritime. This is could be the reason behind the lack of inclusion of higher-end indicators.

16.0 Challenges Experienced in Almaty PoA Implementation

Some monitoring challenges were encountered in implementing the Almaty programme as follows;

1. The absence of a national framework for planning and reporting on progress, prior to 2005 contributed to the low representation of programme performance in the transport sector;

[2] This Evaluation was underway at the time of reporting
[3] The projects contain several sub-projects with annual targets and total expected output at the end of the Plan period
[4] The transport sector is highly technical and requires high-end capacities to plan, design and cost capital projects

2. The low planning capacities have led to over-emphasis on the roads sub-sector (in terms planning and budgeting) above other modes of transport during the two national plan periods (between 2005 to date);
3. The sector's measurement of outputs over the years does not provide room for reporting on higher level indicators which are of interest to the Almaty programme

17.0 Suggestions on the Way Forward

In order to go forward with a view to address the Almaty programme of action and other international conventions, particular structural Reforms for National Development Plan, Monitoring and evaluation necessary. Government plans to design an integrated, Government-wide, results-oriented Monitoring and Evaluation (M&E) Framework which will be anchored on key policy and legal documents on planning including the National Vision 2030, the National Development Plan, and the National Planning and Budgeting policy Framework.

The country will therefore maintain the national plan as the guiding framework for implementation of programmes in the transport sector, and will continue to integrate (as part of the design and implementation of future national plans), all ratified international agreements and programmes of action, by localising their various programmes, strategies and indicators, to suit the local needs and capacities.