

CAADP post-compact Review

Republic of Zambia

COUNTRY REPORT

LUSAKA, APRIL, 24TH 2013

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CAADP TECHNICAL REVIEW - KEY FINDINGS FOR ZAMBIA LUSAKA, APRIL 2013

Executive Summary

The Comprehensive Africa Agriculture Development Programme (CAADP) as a program of the African Union in the framework of the New Partnership for Africa's Development (NEPAD) is an ambitious program of recovery growth of the agricultural sector. It is the key element of economic transformation and the achievement of the Millennium Development Goals (MDGs) on reducing poverty by half by 2015. CAADP aims to help African governments to prepare strategies and investment plans for quality, secure environments sectoral policies favorable to the implementation of plans, and translate these plans into effective programs and projects which will stimulate growth and reduce poverty.

Within the framework of the CAADP agenda, the Common Market for Eastern and Southern Africa (COMESA) is in the process of developing a Regional Compact, which already has a roadmap established during the October 2012 meeting. In addition, in collaboration with Southern Africa Development Community (SADC) and East Africa Community (EAC), COMESA is about to develop a Regional Agricultural Policy (Tripartite Agreement), which will cover the 26 countries members of the three Regional Economic Communities. This regional framework wishes to federate the various actions at national level and by the principle of subsidiarity focus on transnational aspects.

Further, in the implementation of the CAADP process in COMESA region, member countries have already organized roundtables with signed Compacts defining their strategic objectives, priority actions and partnership arrangements. These countries have also developed programs that specify detailed investment activities and financing needs to achieve the objectives of CAADP at both regional and national levels. The status of CAADP process in COMESA region which comprises of nineteen (19) members countries is as follows:

- ☞ 16 have already started the CAADP process at the national level only Egypt, Libya and Mauritius have lagged behind due to internal socio-political context;
- ☞ 12 have already signed their compacts;
- ☞ 6 are in the process of finalizing their investment plans;
- ☞ 7 have had independent technical reviews of their Investment Plans;
- ☞ 6 have organized High Level Business Meetings;
- ☞ 4 have received funding from GAFSP (Malawi, Burundi, Ethiopia, and Rwanda).

The CAADP Post-Compact Independent Technical Review is a critical step in the operationalization and implementation of compacts and investment plans. The purpose of the review is to help improve the quality of the National Agricultural Investment Plan (NAIP) to ensure that all necessary and possible measures are taken to achieve the objectives and targets as set in the plan and the set agenda of COMESA. The technical review should be viewed and approached as an exercise to facilitate successful implementation of the strategy.

Zambia NAIP is aligned to the goals, objectives and vision of CAADP. The AUC / NEPAD Agency Independent Technical Review commend the Government of the Republic of Zambia for the inclusiveness in the preparation and quality of the NAIP. This National Agricultural Investment Plan should be fully supported.

AUC/NEPAD INDEPENDENT TECHNICAL REVIEW FINDINGS

The Republic of Zambia NAIP provides an overview of the economy, the structure and performance of the agricultural sector and provides a roadmap for achieving the vision for the agricultural sector. NAIP is a strategic plan covering the period 2014-2018, which highlights the costs and activities necessary for the achievement of agricultural growth and poverty reduction.

The implementation of this program will require an enabling environment, capacity development, services and partnerships. The Technical Review Team's key findings and recommendations regarding Zambia's NAIP are outlined below. The recommendations are intended to help strengthen the NAIP and inform an implementation roadmap commencing immediately.

Component 1: Alignment with CAADP Vision, principles and strategy elements

During the last decade, the Government of the Republic of Zambia allocated more than 10% of its budget to the agricultural sector and the economic growth was high. However, during the same period, the incidence of poverty reduced only moderately from 70% to 60% between 1991 and 2010, and the rural poverty fell slightly from 82 to 77.9%. The paradox of having high economic growth but with slight reduction in rural poverty is what the NAIP aims to correct through carefully drawn priorities and commitments that are contained in the compact. Thus, the NAIP takes into account all aspects of rural development including Agriculture, Livestock, Fisheries, Forestry, Environment, and Hydraulics. Focusing on access to inputs and food and nutrition security, the Government of Zambia aims to improve agricultural productivity, develop irrigation and sustainably use the fisheries resources. The NAIP also addresses the issues of capacity building and improving the organization of stakeholders. The Implementation of NAIP has implications for public policy particularly through institutional reform accompanied by capacity development at the Ministry of Agriculture and Livestock.

The commitments of AUC, NEPAD, COMESA and other regional partners, and the leadership demonstrated at this stage in the preparation of the High Level Business Meeting are all geared to supporting the priority programs of the Republic of Zambia as defined in the NAIP, through mobilizing political, financial and technical support for the process. The current commitment of Farmer's Organizations, including ZNFU, Private Sector, Civil Society and the Technical and Financial Partners in the completion of the investment program and the preparation of the High Level Business Meeting on Financing NAIP portrays a positive response.

Within the good balance in NAIP's programs, focus is on increasing agricultural production, productivity and improved food and nutrition security. The Review Team recommends that the Government of Zambia should strengthen the NAIP program 6 (Institutional Strengthening - including M&E and mutual accountability systems plus knowledge management) and extend it to other players expected to be heavily involved in the implementation of the NAIP, including Farmer's Organizations, Private Sector and Academia.

Component 2: Consistency with long term growth and poverty reduction options

In 2011, Zambia was positioned at the 164th position out of 187 countries in the ranking of the Human Development Index of the United Nations, with a score of 0.43, lower than the average index in Sub-Saharan Africa (0.46). However, the country has seen some progress with its social indicators towards achieving the Millennium Development Goals (MDGs). In 2006, nearly 59% of the population was living in extreme poverty, up from 58% recorded in 2004. In rural areas, the rate explodes to 67% of the population, against 20% in urban areas. To reverse this trend, the Zambian economy should grow by more than 7% and benefit from broad-based growth across all sectors that only governments can provide. Investment in infrastructure, marketing of small-scale agricultural production and diversification of the rural economy could be particularly beneficial. Direct assistance to households should be generalized in order to protect the most vulnerable from the adverse effects of poverty.

Despite strong economic growth and substantial public investment in the agricultural sector, the incidence of poverty has remained high in the country. Thus, several scenarios are possible:

- ☞ **Scenario 1: Baseline Scenario:** poverty continues to decline at the same trend since the launch of the MDGs in 1990. In this case, the incidence of poverty would be 57.5% in 2015, 56% in 2018, and 50% in 2030. The MDG 1 would be achieved by 2060. This scenario is politically and technically not acceptable.
- ☞ **Scenario 2: NAIP Scenario:** this scenario aims to reduce the incidence of rural poverty from the current level of 70% to 50% by 2018. The incidence of rural poverty in 2015 will be 53.75%, and according to this hypothesis, MDG 1 would be reached by 2030. To achieve this objective, there should be a high and sustained agricultural growth rate and a better distribution of the benefits.
- ☞ **Scenario 3: Vision 2030 Scenario:** The Vision 2030 aims to reduce the incidence of poverty to 20% by 2030 against a current level of 70%. The incidence of poverty in 2015 will be 50%, according to this scenario. MDG 1 in this case would be reached in 2024. To achieve this objective, it should also high and sustained agricultural growth rate and a better distribution of the benefits. Poverty would be eradicated by 2040.
- ☞ **Scenario 4: CAADP scenario achieving MDG 1 in 2015:** the incidence of poverty is expected to be 35% knowing that it is currently 70% (2012). The annual rate of poverty reduction would exceed 200% in less than three years. To achieve this would require a sustained agricultural growth rate of over 25% and a better distribution of the benefits of growth. Poverty would be eradicated by 2030. This scenario seems unrealistic and unattainable in the current agro-climatic conditions of the Republic of Zambia.

The four scenarios for achieving MDG 1 in 2015, 2018 or 2030 will be considered in the analysis in terms of growth and poverty reduction. Thus, the independent technical review considers the NAIP scenario which aims to reduce rural poverty from 70% to 50% by 2018 and the 2030 Vision scenario which aims to reduce poverty from 70% to 20% by 2030 as most realistic. In the case of NAIP scenario, the MDG 1 will be achieved by 2030. In the case of Zambia economic trends, with reform of agricultural policy regarding input supply, achieving MDG 1 can be earlier around 2020 in line with the vision 2030. The NAIP implementation will focus on the diversification of sources of agricultural growth and continuity in the overall economic growth. The modeling exercise will better integrate the different parameters of sub - agricultural sectors to identify the sources of growth which can contribute significantly to reducing the poverty and extreme poverty incidence in rural areas.

Component 3: Adoption of best practices and inclusion of core program elements

Sustainable Land and Water Management

Zambia NAIP focuses on land management for reducing land degradation for the purpose of improving soil quality and reduces sediment loads catchment. Interventions include property assessments, promotion of technologies to improve land and water management techniques and soil and water upstream watershed. The sub-component will also promote the adoption of conservation agriculture (including zero tillage, cover crops, crop rotation) and the use of organic fertilizer (compost, animal and green manure). This component will be closely linked to the component on the improvement of agricultural production and productivity.

Due to the strong dependence of the Zambian agriculture on rainfall, NAIP attaches particular importance to the efficient use of water and irrigation to significantly increase the irrigated area. The country's water surface and subsurface poses considerable challenges of climate change adaptation and development of irrigation. NAIP provides for the strengthening of water users associations, and the rehabilitation and construction of new irrigation systems in various forms.

Sustainable management of land has two main strategic objectives namely planning and strengthening of community participation in the integrated management of land use. The targeted actions concern the inventory of land resources and water at all levels. Zambia intends to focus on the initiation and strengthening of Community Based Sustainable Management Land (CBSLM) on a total sample of 300 communities. Land administration has two main strategic objectives namely improving land administration and facilitation of access to land. Particular emphasis will be placed on improving the ease and speed of titling to allow especially small producers have more land and guarantees.

Market Access and Infrastructure

The NAIP acknowledges the infrastructural and trade-related capacities for market access constraints limiting agricultural growth and trade in Zambia and provides detailed proposals for mitigating the issues. The current focus and budgetary support for maize and especially in purchase of strategic reserves has pushed the private sector out of active participation in buying and selling of the commodity. These constraints, coupled with the unpredictable and inconsistent policy environment, has failed to attract more investments in agriculture. The proposed NAIP hopes to create an enabling environment that will facilitate efficient supply of agricultural inputs, increase private sector participation and improve the functioning of both input and output markets.

The NAIP also proposes to diversify and scale up alternative commodity value chains which offer alternative opportunities for enhanced food and nutrition security and increased rural incomes for small-scale farmers. There is also a growing interest in Warehouse receipts system which will operate closer to the primary producers and will offer an alternative marketing route for farmers. However, the government would have to develop the necessary policy and legal framework to support the implementation of a warehouse receipt system.

Food Security

The risk analysis and mitigation assessment in the NAIP shows that the measures incorporated will make the overall risk of implementation low. Information on issues of climate change resulting in recurrent draughts, poverty levels especially in the Western Province, challenges surrounding the adoption of new technologies and new farming practices, etc all form the basis of strategies and programmes proposed in the NAIP document. Government of the Republic of Zambia is currently implementing supportive measures that will positively impact NAIP implementation.

There are serious attempts in the NAIP to improve livestock, fishery, legumes and horticultural food production as potential sources of protein and micronutrients essential for minimizing nutritional problems largely affecting children (under 5 years) and pregnant women. The strategic objective of NAIP is to promote consumption and utilization of diversified high nutritive food at household level and comprehensively describe actions for improving the quality of diets for the most vulnerable groups. It also proposes to promote consumption of enriched foods in complementary feeding programs, maternal nutrition and for people living with HIV and AIDS and conducting of demonstrations on preparation of enriched porridge in communities, which are effective in combating malnutrition among the vulnerable. It is important to align all cooperating partners' programs and projects on food security and nutrition to the NAIP.

Agricultural Productivity: Agricultural productivity and production is one of the four priority investment areas of the NAIP and has three subcomponents: livestock, crops and aquaculture. Enhancement of research and extension and other supporting services such as regulatory framework and policy reforms are seen as critical components to enhance productivity. The NAIP however falls short of analyzing and prioritizing key tenets to improve productivity of farmers at different levels of commercialization. For instance, from NAIP, it is not easy to tell the forces driving increase in productivity of small scale versus commercial farmers, male versus female farmers etc. Similarly the NAIP is not clear in terms of human capacity requirements for productivity improvement of the sector.

Component 4: Alignment with country commitments

The Republic of Zambia NAIP's gives high priority to the improvement of food and nutrition security and stabilization and increased sources of household income to enable them invest in agricultural production and productivity. These priorities are the continuation of the current policy of state intervention focused primarily on access to inputs for small producers and food reserves. Corn features prominently in this strategy because of its importance in the food habits of Zambians. In the context of the Direct Budget Support (DBS), technical and financial partners in the agricultural sector and the Government of the Republic of Zambia are currently co-financing several agricultural development projects that fall in line with the NAIP sub - programs and have been capitalized in the NAIP resources required until 2018. The amounts allocated to these projects and programs have been funded in the budget. This demonstrates a good synergy between the NAIP and focus of existing projects and programs. However, MAL should submit a summary table showing the acquired funds and gaps to seek during the High Level Business Meeting. On a budget of U.S. \$ 2730.70 million, the financing gap that results is roughly equivalent to \$ 650 million, or 3.2 billion ZMW. This represents about 25 percent of the total for the NAIP budget.

NAIP does not fully address issues related to access to regional markets, trade facilitation and trade policy. The link with the Regional Agricultural and Food Security Investment Programme by COMESA, the Tripartite Agreement between COMESA - SADC - EAC and the expectations of the country in relation to this Regional framework are not explicit in the NAIP. There are immense opportunities for Zambia in the regional markets and this need to be articulated in the NAIP. The overall responsibility for implementation lies with the Ministry of Agriculture and Livestock whose main objective is bring more private sector participation in agricultural development in Zambia.

Component 5: Operational Realism

The Ministry of Agriculture and Livestock supervises NAIP and institutional arrangements for its implementation are well defined. MAL ensure linkages and synergies with other departments and institutions for the effective implementation of its mandate. The inclusiveness of NAIP must also be reflected in the implementation. In general, the role of stakeholders has not been fully defined in the NAIP. The successful implementation of the program will depend on the provisions/steps to be taken to correct these deficiencies. Although the NAIP needs strengthening human resources and technical capacity of the structures responsible for its management and its implementation, an institutional assessment of the rural sector is needed. The overall objective of this evaluation is to contribute to institutional implementation of the NAIP, through a better match for the administration of the rural sector decentralization, and devolution of certain current public service roles to non-state actors, including the private sector to play a leading role in the implementation of the NAIP. Inclusiveness sought in the implementation of the NAIP should result in the transfer of certain activities, including capacity development for non-state actors. For effective implementation of NAIP, a clear organogram showing linkages, mechanisms, roles and responsibilities of stakeholders at national, provincial, districts and communities level needs to be developed.

Due to the Direct Budget Support, the envelope generated by the Government of Zambia and the Technical and Financial Partners (TFP) for the implementation of projects and programs covers a good portion of the financing needs of the NAIP. The NAIP's previous budget is 2730, 70 million U.S. Dollars. The financing gap is of the order of U.S. \$ 651.19 million. Due to the NAIP financing gap, more consideration should be given to new strategic partners and better assess the actual contribution of all players before the organization of the High Level Business Meeting.

The Government of Zambia has in the past allocated significant amounts of funds in the agricultural sector, and in some cases more than 10% which is above the Maputo commitment. However, a recent analysis by IAPRI showed that in recent years (2011 - 2013), the budget allocated to agriculture was between 5.8 and 6%.

But by combining the budgets of Ministries and Rural Development Agencies in to take into account fishing, aquaculture, forestry and the environment, there should be more accurate indication of the national budget allocated to agriculture.

Given the significant resources required for the NAIP's implementation, we should consider its economic viability. A commonly used criterion is the Net Present Value (NPV). The investments required for infrastructure is justified by the needs of water management, processing, and access to local, national and international markets. The independent technical review recommends making a comprehensive assessment of funding directly productive in the NAIP for setting up of revolving credit lines to reach maximum of producers. These credit lines may be supplied by the Government, the Technical and Financial Partners, the Private Sector, Farmer's Organizations and taxes on marketing of agricultural products.

INTRODUCTION

1. Introduction

The Comprehensive Africa Agricultural Development Programme (CAADP) was endorsed by the African Heads of State at the Maputo Summit in 2003 as a strategy to transform African agriculture and address poverty and food insecurity in sustainable ways. CAADP represents a new era in African agriculture development and is transforming not only the largely neglected agricultural sector but creating innovative and unique development partnerships world-wide. The comprehensive and inclusive agenda has seen an unprecedented involvement of:

- Inter-Ministerial formulation of inter-sectoral investment plans that are country-driven and country-owned;
- The private sector, civil society and farmers' organizations in identifying the priorities for agriculture-driven growth;
- Technical expertise across the continent in establishing policy frameworks, implementation guides and tools that provide a sound base and guide for evidence-based planning; and
- Development Partners and Bilateral Agencies in common dialogue and planning.

Today CAADP represents a social transformation agenda with wide-reaching influence on the transformation of development aid architecture and development planning. CAADP provides numerous opportunities for value addition, offering support in the development of comprehensive agriculture investment plans with supporting comparable monitoring and measuring systems, independent political, technical and financial review of investment plans, peer review and capacity development.

CAADP is gaining momentum, creating positive peer pressure among African governments to prepare quality investment plans, ensure enabling policy environments to implement the plans and translate these plans into programmes that are efficient at stimulating growth and reducing poverty.

This report documents the findings of the AUC-NEPAD review of Zambia's five-year National Agricultural Investment Plan (NAIP). The report focuses on the degree of alignment with CAADP principles and frameworks as contained in the broader CAADP Guide and Pillar Framework documents. The review commends the efforts of the Government of Zambia for putting in place a Comprehensive plan to respond to poverty, hunger and nutritional demands, as well as economic growth for her own people in the context of CAADP. The review proposes areas that will need strengthening in the NAIP, and contribute more strongly to attaining the CAADP goals and outcomes in the country. The core questions asked in reviewing the plan are found in the inter-pillar guide for CAADP implementation that is informed by the more detailed Pillar Frameworks.

2. Review Context

Following the signing of CAADP Compacts, countries develop CAADP country investment plans. The investment plans undergo technical review led by the NEPAD Agency. This post compact technical review is a critical step in the operational implementation of the country Compacts and investment plans. The primary objective is to collectively evaluate for:

- a) The likelihood for the investment programs to realize the growth and poverty reduction prospects laid out in the different strategy scenarios;
- b) the use of best practices and other technical guidance in the pillar framework documents in designing the above investment programs;
- c) the technical realism (alignment of resources with results) and adequacy of institutional arrangements of the programs;
- d) the integration of CAADP principles of inclusive review and dialogue;
- e) the consistency with budgetary and development assistance commitments and principles agreed in the compact;
- f) adequacy of institutional arrangements for effective and efficient “delivery” including information and knowledge support, M&E and on-going evaluation and learning;
- g) coherence and or consistency between policies, implementation arrangements and delivery mechanisms and investments areas, priorities or programme objectives;
- h) appropriateness and feasibility of the indicators for impact and system or capacity improvement and accountability; and
- i) extent and quality of dialogue, (peer) review and mutual accountability system potential to contribute and link to regional integration objectives.

The review is not intended to approve or grade the investment programs, projects and other elements of the post-compact agenda. Rather, it is intended to enhance the quality of agricultural development and increase effectiveness of domestic and foreign development assistance for agricultural growth and food security, and to help ensure that every possible action is being taken to make sure that the objectives and targets laid out in the plan and defined in the CAADP agenda will be met. The review should be seen and approached as an exercise to lay the groundwork for successful implementation of the plans approved at the Compact roundtable and reflected in the Compact and in the NAIP. The outcomes of the review should therefore be a set of concrete, implementable actions to:

- a) immediately mobilize the required expertise, capacities, and partnerships for immediate on-the-ground implementation;
- b) establish a mechanism to facilitate joint donor commitment to financing and thereby release the resources required to meet the funding needs of the plans within a reasonable time;
- c) streamline review and appraisal process and standards to speed up individual donor processing; and
- d) establish the knowledge systems for an inclusive review, M&E, mutual accountability, learning and impact assessment including on-going consultations and dialogue to enhance implementation as well as development and design of new programmes.

Once reviewed and adjusted, the investment plan is presented to national stakeholder and cooperating partners at a High Level Business Meeting for collective commitment - technical, financial as well as desired policy and institutional reforms for the implementation of the programmes outlined in the Investment Plan. The Business Meeting also provides a public platform to set out financing commitments. The CAADP reviews also form the basis for assessments of submissions by African countries to the Global Agriculture and Food Security Programme (GAFSP). Such continentally agreed

benchmarks are set to deliver quality investment strategies to governments, existing and new development partners, and the private sector, through an innovative and new funding architecture.

3. Review Methodology

The basic approach of the review consists of assessing proposed actions and outcomes in the programmes against CAADP principles and country specific targets, objectives, practices, and approaches defined and agreed in the country CAADP Compact. The criteria are measures of the consistency or lack thereof of the programs with the above indicators. The main components and tools for the review include the following:

- i. Alignment with the NEPAD-CAADP principles, values and targets: The CAADP Implementation Guide setting out the vision, principles, core strategy elements, and impact expectations;
- ii. Coherence and consistency with long-term growth and poverty reduction objectives and targets: The roundtable brochures and technical background documents defining the long-term agricultural productivity, growth, and trade performance, and the related poverty outcomes;
- iii. Embodiment of technical best practices and CAADP priority areas/issues: The Pillar Framework Documents lay out the key strategic issues, core program elements, and best practices;
- iv. Operational quality and implementation readiness and alignment with Compact commitments: The CAADP compact specifying the policy, budgetary, development assistance, review, and dialogue commitments;
- v. Detailed investment programs showing inputs, outputs, outcomes, and institutional arrangements;
- vi. The Donor coordination guidelines for CAADP support at a country level outlining modalities for engagement between local development partner agencies, government and other stakeholders; and
- vii. The available relevant documentation/literature supporting the development of the investment plans, including dialogue/interviews with key stakeholders involved in the plan formulation and implementation processes.

The review is conducted along five broader components, namely:

Component 1 reviews alignment with CAADP vision, principles, and strategy elements to ensure that all key vision elements, principles, and strategy core elements, as defined in Annex I of the CAADP Post Compact Guide are reflected in the country's programs and, where there gaps, to help identify these in order to ensure full alignment. The main tool used is the *CAADP Implementation Guide*

Component 2 looks at the consistency of the plan and the potential impact on long term growth and poverty reduction options. This section evaluates whether:

- The overall growth targets that are specified or implied in the plans, in general, and
- The changes in individual sub-sectors and related targets, in particular, diverge from the sector-wide performance and poverty reduction outcomes underlying the long term strategic scenarios. For instance, each of these scenarios is linked to required changes in sub-sector growth rates, trade performance, overall public expenditure levels, and assumptions about the efficiency of sector policies.

This component also presents a comparative country profile, based on the nearly two dozen CAADP indicators being tracked by Regional Strategic Analysis and Knowledge Support System (ReSAKSS) for all African countries, to show the current standing of each country with respect to its peers, and thereby identify gaps to be bridged. The main tools used are: *Brochures, technical background documents, investment program documents*

Component 3 seeks to establish whether the investment plan includes the adoption of best practices and inclusion of core program elements. The aim of this assessment is find out where clearer definition and understanding of the strategic issues is required and where better integration of best practices can

help improve the design of the plans and maximize benefits of growth. The CAADP Post Compact Guide Annexes II to IV present a set of specific guides and tools, prepared by the Pillar lead institutions as part of the Pillar framework documents, which provide criteria and step-by-step approaches to design high quality plans. The main tools used are: *Pillar Framework Documents and Pillar Implementation Guides and Tools*

Component 4 focuses on alignment with compact commitments and its objective is to agree on: (i) a joint action plan to meet the policy, budgetary, and assistance commitments and (ii) identify and confirm modalities for mutual review, including dialogue forum and supporting knowledge systems to track and report on such commitments. The main tools used are: *CAADP Compact, Brochure 5, and Donor Guidelines for CAADP support at country level*

Component 5 reviews the operational realism of investment programs and seeks to verify and confirm the adequacy of the content, cost and institutional arrangements, and where necessary, to identify the operational and design improvement to be carried out to ensure successful implementation. The task in this section is to verify the extent to which the key elements and features listed in Table 1 of the CAADP Post Compact Review Guide are reflected in the investment plans.

Tools: Detailed investment programs

The main sources of information used for the review include the review of main public documents and also specialized and targeted exchanges of views and ideas of clusters of different stakeholders both public and private.

The main documents consulted include:

1. Zambia National Agriculture Investment Plan (NAIP) 2014-2018, Under the Comprehensive Africa Agriculture Development Programme (CAADP), Third Draft Final Ministry of Agriculture and Livestock March 2013
2. Zambia Comprehensive Africa Agriculture Development Programme Compact to support the successful implementation of the National Agricultural Policy And The Vision 2030 Through National Development Plans
3. Republic of Zambia - VISION 2030: A prosperous Middle-income Nation by 2030”, December 2006
4. National Agricultural Policy (NAP, 2004-2015), Ministry of Agriculture and Cooperatives, October, 2004
5. National Aquaculture Development Plan: Overcoming the Slow Growth of Aquaculture in Zambia 2009-2011, Department of Fisheries, Chilanga
6. National Aquaculture Strategy, Ministry of Agriculture and Cooperatives, Department of Fisheries, 2004
7. Sixth National Development Plan (SDNP): Agriculture, Livestock And Fisheries chapter
8. Analyzing Zambia’s Agricultural Sector Budget 2013, Presentation at the ACF/IAPRI Budget Meeting 1st November, 2012, Auckland Kuteya
9. The Rising Class of Emergent Farmers: An Effective Model for Achieving Agricultural Growth and Poverty Reduction in Africa? By Nicholas J. Sitko and T.S. Jayne, Working Paper 69, October 2012

Dialogue meetings were held with the following key stakeholders:

1. Ministry of Agriculture and Livestock: meeting with the Permanent Secretary and Senior Management Team,
2. Donors working Group,
3. Agriculture Consultative Forum,
4. Indaba Agricultural Policy Research Institute,
5. Grain Traders Association of Zambia,
6. Zambia National Farmers Union,
7. International NGOs: ConcernWorldwide and Catholic Relief Service,

8. Agri-business Forum,
9. Zambia Development Agency,
10. NAIP Core Team

4. Review Findings of NAIP

Component 1: Alignment with CAADP vision, principles and strategy elements

C1.1. Alignment with CAADP vision, principles and strategy

With a planned public investment of 10% of the state budget in the agricultural sector against a current level of less than 6%, the National Agricultural Investment Plan is likely to generate sustained agricultural growth. For several decades, agricultural growth remained very high without impacting on the poverty incidence, especially in rural areas. NAIP is aligned on the vision, principles and Strategic elements of CAADP. However, this growth will not permit to reduce poverty by 50% by 2015 compared to its 1990 level at the launch of the Millennium Development Goals. Indeed, the incidence of poverty was down only moderately from 70% to 60% between 1991 and 2010. For the same period, rural poverty fell from 82 to 77.9%.

Programs developed under the NAIP are aligning with the Compact priorities and commitments. Thus, the independent technical review commend the efforts of coherence with all framework documents and multisectoral program that takes into account all aspects of rural development (Agriculture, Livestock, Fisheries, Forestry, Environment, Hydraulics). Focusing on access to inputs and food security, the Republic of Zambia aims to improve agricultural productivity, develop irrigation and better use of fisheries resources. NAIP is also of targeted capacity building and improving the organization of actors. The program will improve sustainable development that could ensure long-term food and nutrition security and to fight effectively against hunger, poverty and malnutrition.

C1.2. Reform Agenda

Implementation of the NAIP has implications for public policy agricultural and rural development, particularly budgetary and institutional reform of the Ministry of Agriculture and Livestock. These institutional reforms will be accompanied by a MAL capacity building program for taking charge of the increased responsibilities. However, the implementation of the NAIP should also be accompanied by policy reforms on inclusion of gender, natural resource management, environment and climate change, but also a clarification of land policy. Capacity building of stakeholders, including Farmer's Organizations and Trade Associations must be considered and budgeted in the NAIP.

For provision of certain services, the government may consider allowing more private sector participation and the government playing a more facilitating role.

C1.3. Alignment with compact commitments

The alignment of different stakeholder groups on the commitments under the Compact has yet to be materializing, in particular in the implementation. However, some positive trends already seem to be emerging. The formulation phase of the investment plan was characterized by a participatory approach that responds to the principle of inclusiveness recommended by CAADP. However, it is desirable that the financing plan of the NAIP highlights the contribution of the private sector and the role of different groups of actors in the NAIP implementation.

AUC, NEPAD, COMESA and other regional partners, demonstrated a leadership at this step of preparation of the High Level Business Meeting. They try to fulfill their commitment in supporting the priority programs defined in the NAIP by mobilizing political, financial and technical support. The current commitment of Farmer's Organizations, including ZNFU, Private Sector, Civil Society and the Technical and Financial Partners in the completion of the investment program and the preparation of the High Level Business Meeting on Financing NAIP portends a positive response.

C1.4. Program balance

The AU / NEPAD Independent Technical Review commend the willingness of the Government of Zambia to ensure a good balance between NAIP's programs. The budget allocated to each program is as follows:

☞ Programme 1 : Sustainable Natural Resources Management:	10,28%
☞ Programme 2 : Agricultural Production and Productivity Improvement:	46,09%
☞ Programme 3 : Market Access and Services Development:	9,42%
☞ Programme 4 : Food and Nutrition Security and Disaster Risk Management:	24,16%
☞ Programme 5: Knowledge Support Systems:	9,32%
☞ Programme 6: Institutional Strengthening:	0,73%

However, within the set priorities as set out in the six programme areas, the technical review recommends to strengthen NAIP Program 6 (Institutional Strengthening) as an important cross cutting issue underlining capacity development for implementation. It is also a matter that cuts across multiple sectors including rallying and facilitating multi-sectorial collaboration, public-private partnerships as well as general strengthening of inter-government collaboration structures and systems. In this regard, it is also expected that the Programme 6 budget will have to increase significantly.

C1.5. Inter-ministerial collaboration and coordination

The NAIP developing process in the Republic of Zambia has taken into account the principle of effectively involving the participation of Public Institutions, Sectoral Ministries, Research Institutes, Farmer Organizations, Civil Society, Private Sector and Technical and Financial Partners. Beyond the participation of different actors in the process of formulating the National Agricultural Investment Programme, intersectoral linkages have been established especially at inter-ministerial level.

NAIP general coordination will be provided by the Ministry of Agriculture and Livestock in accordance with the guidance in the Compact signed on 18 January 2011. However, this partnership should be further strengthened on the implementation for ensuring effective representation of different stakeholder groups in the steering committee and coordination. Also, it is desirable that the representation of stakeholder groups at the steering committee is done at the highest level possible. It is also desirable that the Technical Committee should be expanded to other stakeholder's particularly Farmer's Organizations, Civil Society and Agricultural Private Sector. The review recommends the formation of a multi-sector core team to be entrusted with the implementation of the plan.

C1.6. Stakeholder consultation

The alignment of different stakeholder groups on the commitments under the Compact has yet to materialize, in particular in the implementation. However, some positive trends already seem to be emerging. The formulation phase of the investment program was characterized by a participatory approach that responds to the principle of inclusiveness recommended by CAADP. However, it is desirable that the NAIP financing plan brings out the contribution of the private sector and producer organizations and the role of different stakeholders in the NAIP implementation. Their current involvement portends a positive outcome of the CAADP process in the Republic of Zambia.

C1.7 Incorporation of Private Sector

The formulation of the investment plan was inclusive as reflected during CAADP Compact signing with high commitment by the Private Sector in Zambia which is commendable. Grain Traders Association of Zambia, Zambia National Farmers Union, Concerned Worldwide and Agriculture Business Forum all in Zambia and representing the private sector all accept their involvement in the preparation and ownership of the NAIP document. The NAIP recognizes the role of the private sector in the implementation of various programmes, including the building of public private partnership.

The private sector is an important stakeholder in the design and implementation of the plan as their participation is critical to the success of the program and achieving its objectives. Private sector participation is important not only because of the resources they can contribute to financing the program, but also because they are an important driver of the economy. However, it is recommended that the Private Sector contribution to the NAIP funding and the role of different actors groups in the achievement is defined early in the program.

The institutions responsible for the framework of the agricultural sector are basically public sector organizations. The main coordination functions rest with the Ministry of Agriculture and Livestock (MAL) and include: analysis, formulation and monitoring of public policies (concerning land and agriculture); internal and external regulatory and audit mechanisms; service provision (extension and research). In order to coordinate the involvement of the private sector the GRZ created the Zambia Development Agency for private sector issues with respect to investment promotion, trade negotiations, SMEs development and diversification of the economic base of Zambia. However, the role of the Food Reserve Agency (FRA) and the Farm Input Support Programme (FISP), especially with respect to policy inconsistencies with respect to some strategic commodities is becoming a concern to the private sector.

In all these, the structure is too heavy on the side of the public sector and the actors on the value chains (or their associations) are not visible on the structure, neither are they clearly represented on a transparent organogram with defined roles and clear terms of reference. The linkage between private sector platforms and the public sector coordination remains very weak.

Recommendations:

- i. The Agriculture Sector Advisory Group (Ag SAG) and CAADP Technical Core Team, Provincial Agriculture and Environment Sub-committee (PAES), District Agriculture and Environment Sub-Committee (DAES) and the Community Agriculture Committee should be strengthened with strong representation from appropriate private sector representatives and through regular meetings and dialogue on program design and implementation;
- ii. The design and implementation of NAIP activities should be flexible enough to adapt to private sector priorities and concerns and to take advantage of private sector capabilities to achieve program results and spread program risk for Government;
- iii. A clear organogram showing the location, linkages and role(s) of the private sector should be established. Private sector roles and engagement should be clarified and strengthened with practical actions on how to incorporate private sector investments in the proposed investment projects;
- iv. The private sector should be requested now to make the NAIP their reference document and include their strategies and projects/activities towards achieving the overarching targets set in the Compact;
- v. Since the public-private-partnership requires public sector to essentially provide the enabling environment for private sector to thrive, there is the need for visible input in the NAIP implementation of projects meant to be implemented by the private sector platforms; and
- vi. There should be provision for capacity building of implementers especially in the area of extension services which is still very weak. We recommend strong private sector participation in the provision of extension services.

C1.8 Donor Working Group (DWG) coordination measures

The Donor Working Group (DWG) known in Zambia as Agriculture Cooperating Partners (Ag CPs) is in place and meets regularly to harmonize their programs to support the Government of the Republic of Zambia's (GRZ) agriculture sector priorities. The Ag CPs can be a useful forum to help provide clarity and coordination on donor support to the NAIP including level of financial assistance and future commitments vis-à-vis agriculture development and food security in Zambia.

The Ag CP is in place with strong coordination and the Donors hold regular meetings to fine-tune their strategies and strengthen their engagement with the GRZ in CAADP process. DWG coordination sometimes results in parallel mechanisms and projects which appear as duplication of the coordination under CAADP. The response to DWG from MAL is relatively weak resulting in the delay of available support from the Donors in the activities of CAADP process. There is need for more regular dialogue between the two parties (GRZ and the Agriculture CPs). It is observed and appreciated that the main areas of concern are those to do with enabling Policy(s) and predictability of these policy(s) by Governments for easy implementation of programmes as highlighted in the NAIP.

Recommendations:

- i. MAL should strengthen the coordination of the public sector Ministries, Departments and Agencies platform, so that the engagement of GRZ with the Donors will produce quick results;
- ii. There should be regular meetings of the sector platform (eg Ag SAG) consisting of representatives of the relevant stakeholders contributing to agricultural sector development; and
- iii. There is need for the GRZ to quickly convene a meeting with full participation of private sector and Ag-CP group representatives for joint planning of the Business Meeting slated for early May, 2013.

C1.9 Status of donor harmonization and alignment

Donors have committed to fulfilling Paris and Accra Declarations within the context of their support for the NAIP. The government has also indicated a strong preference for pooled financing rather than discrete project financing. One can feel the pulse of the agriculture cooperating partners with respect to their willingness in supporting GRZ towards achieving desirable targets. Their regular meetings and deliberate efforts on their part to get organized in order to engage in GRZ's efforts to develop the agriculture sector attest to this. However it is not clear yet how the donors will, as a collective body, disburse funding to the NAIP when donors are not able to participate in the pooled funding arrangement. In order to move towards harmonized funding support through pooled funding, underlying systems may need to be strengthened.

Recommendations:

- i. A public expenditure review and a capacity building plan should be put in place and jointly agreed milestones between donor and GRZ should be developed as part of a road map to increase channelling of donor support through government structures.
- ii. Donor partners need to commit to transitioning to new programmatic modalities as indicated in the NAIP. A roadmap beyond the document is required to detail how donors will transition and link to the programmes and what the best entry point would be.
- iii. There is urgent need for a clear organogram/structure showing the linkages and mechanisms for planning and implementation of agriculture sector programs and projects. Such organogram/structure should capture details of what happens at National, Provincial, District and community level.
- iv. The mechanisms which moved Zambia in the CAADP process up to the signing of the Compact should be re-convened and strengthened within the framework of the planned clear Organogram/Structure as we move on in the implementation of the NAIP.

Component 2: Consistency with long-term growth and poverty reduction options

C2.1. Agriculture within the economy

Largely affected by the poor performance of the mining sector, Zambia's economy has slowed, with growth declined to 6.6% in 2011 against 7.6% in 2010. With over 70% of GDP, agriculture, manufacturing, transport and communications, wholesale and trade, and construction sectors are the biggest contributors to growth. After two consecutive years of growth, the mining sector contracted sharply to 1.3%, reflecting the decline of 2.2% in the production of minerals. The medium-term prospects remain favorable, however, with a real GDP growth is expected to grow at 7.3% in 2013. Out corn, the expected growth in the agricultural sector could also boost the economy. Representing 21% of the economy, agricultural production remains dependent on climatic conditions, but also the decrease in rainfall.

In the last years, the agricultural sector has enjoyed strong growth due to good harvests of staples crops and maize since 2009. Others staples crops productions are accelerates with diversification intensifying in the sector. Although agriculture is likely to remain the main driver of growth in 2012, production is likely to be below the average volume of the past three years, mainly due to rainfalls issues and lack of rural infrastructures that affect agricultural inputs distribution. To fill gaps in infrastructure, the government increased the budget devoted to agriculture in 2012 of 6.1%, the main part of these resources fund the Farmer Input Support Programme and crop purchases for the strategic food reserve. Modernization of irrigation and the development of livestock, fisheries and aquaculture are among the other priorities that the country must develop. The contribution of economics sectors to the GDP is seemed as follow:

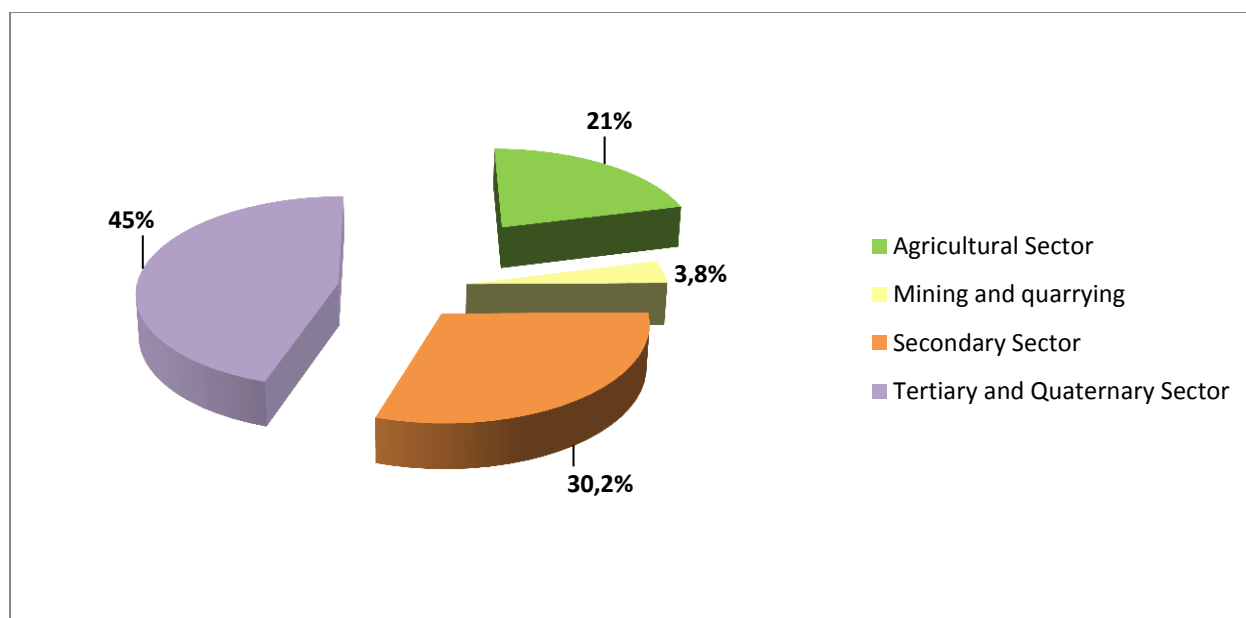


Figure 1: Contribution of economic sectors to the Zambia GDP

C2.2. Consistency with long-term growth and poverty reduction

In 2011, Zambia was positioned at the 164th position out of 187 countries in the ranking of the Human Development Index of the United Nations, with a score of 0.43, lower than the average index in sub-Saharan Africa (0.46). However, the country has seen some progress with its social indicators of progress in achieving the Millennium Development Goals (MDGs). In 2006, nearly 59% of the population was living in extreme poverty, up from 58% recorded in 2004.

In rural areas, the rate is highest, around 67% of the population, against 20% in urban areas. To reverse this trend, the Zambian economy should grow by more than 7% and benefit from strong growth across all sectors that only governments can provide. Investment in infrastructure, marketing of small-scale agricultural production and diversification of the rural economy could be particularly beneficial. Direct assistance to households should be generalized in order to protect the most vulnerable from the adverse effects of poverty. Despite strong economic growth and substantial public investment in the agricultural sector, the incidence of poverty has remained high in the Republic of Zambia. Thus, several scenarios must to be considered:

- ☞ **Scenario 1: Baseline Scenario:** poverty continues to decline at the same trend since the launch of the MDGs in 1990. In this case, the incidence of poverty would be 57.5% in 2015, 56% in 2018, 50% in 2030 and MDG 1, reducing poverty by 50% from the 1990 level, would be achieved by 2060. This scenario is not politically and technically acceptable within the implementation of the NAIP.
- ☞ **Scenario 2: NAIP Scenario:** The NAIP aims to reduce the incidence of rural poverty to 50% by 2018 against a current level of 70%. The incidence of rural poverty in 2015 will be 53.75%, according to this scenario. MDG 1 in this case would be reached in 2030. To achieve this objective, it should also high and sustained agricultural growth rate and a better distribution of the benefits.
- ☞ **Scenario 3: Vision 2030 Scenario:** The Vision 2030 aims to reduce the incidence of poverty to 20% by 2030 against a current level of 70%. The incidence of poverty in 2015 will be 50%, according to this scenario. MDG 1 in this case would be reached in 2024. To achieve this objective, it should also high and sustained agricultural growth rate and a better distribution of the benefits. Poverty would be eradicated by 2040.
- ☞ **Scenario 4: CAADP scenario achieving MDG 1 in 2015:** the incidence of poverty is expected to be 35% however it is currently 70% (2012). The annual rate of poverty reduction would exceed 200% in less than three years. This scenario would require a sustained agricultural growth rate of over 25% and a better distribution of the benefits. Poverty would be eradicated by 2030. This scenario seems unrealistic and unworkable in the current agro-climatic conditions of the Republic of Zambia.

The four scenarios achieving MDG 1 in 2015, 2018, 2024 or 2030 will be considered in the analysis in terms of growth and poverty reduction. The results are as follows:

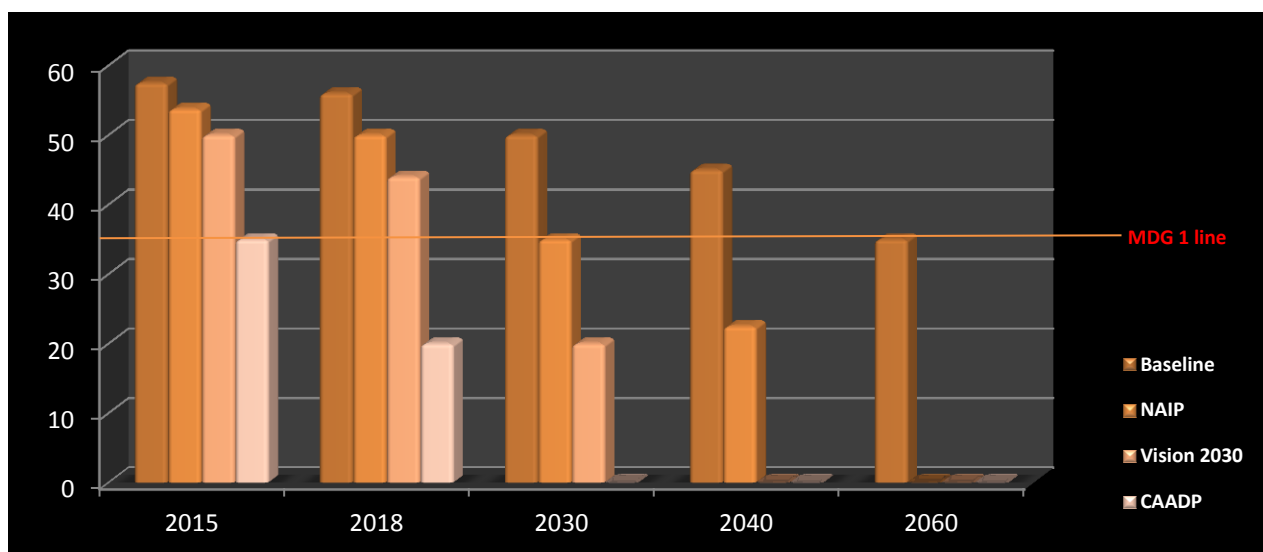


Figure 2: Poverty reduction within the four scenarios of Baseline, NAIP, Vision 2030 and CAADP

Thus, the independent technical review considers the NAIP scenario with aims to reduce rural poverty from actual level 70% to 50% by 2018 and Vision 2030 scenario to reduce poverty from 70% to 20% in 2030 as most realistic. In the case of NAIP scenario, the MDG 1 will be achieving in 2030. Regarding Zambia economic trends, reform of agricultural policy concerning input supply, the achieving of MDG 1 can be rushing earlier around 2020 in alignment with the vision 2030. The NAIP implementation will focus on the diversification of agricultural growth sources and continuity in the overall economic growth. The modeling exercise will better integrate the different parameters of sub - agricultural sectors to identify the sources of growth can contribute significantly to reducing the poverty and extreme poverty incidence in rural areas.

C.2.3. Effectiveness of existing programmes

The NAIP takes into account ongoing programs financed by the Government of Zambia and Development Partners in agricultural sector (Agriculture, Livestock, Forestry and Fishery). These On-going and planned interventions total US\$ 457 million of which US\$ 308 is on budget. The financing gap is estimated at just over US\$ 651 million. The Independent technical review commends this effort by the Ministry of Agriculture and Livestock to ensure consistency between existing programs and the NAIP. However NAIP is silent on the effectiveness of any investment programs in raising productivity, improve food security or reducing poverty. Past budgetary shows that almost 50% of the agricultural budget went in to support input and output subsidies and only 17% was allocated to agricultural programs. Based on the budget allocations in the NAIP and anticipated contributions to agricultural GDP, the government's proposed investment strategy diversified over a number of commodities provides good environment for risk management.

C.2.4. Dimensions of incremental financing

The total budget for the NAIP implementation for the period 2014 - 2018 is estimated at 2,730.71 million US \$ around 14,745.83 million Zambian Kwacha. The annual allocation is estimated at 546.14 million US \$ (2,949.17 ZKW). In comparison, the Agricultural Sector allocation executed in 2012 was amounted to 314.44 million US \$ (1,698 million of Kwacha). The analysis of the projected needs of long-term financing of the rural sector of the Republic of Zambia for the three scenarios selected demonstrate consistency in the estimate cost for NAIP implementation.

Given the challenge of the substantial increase in the agricultural budget and its growth rate and its contribution to the total budget of Zambia, it is recommended that a study is conducted to analyze institutional and human capacity for NAIP implementing. This analysis should be undertaken before initiating NAIP implementation. The study should lead to a strategy for capacity building of these institutions or resizing program to measure the capacity of mobilization and implementation of financial institutions.

Looking at the proposed investments across the different thematic areas, it is clear that agricultural production and productivity is the major driver of the NAIP, as it takes up to 46.09% of the total resources for the agriculture sector. The food security programme is also important taking 24.16% of the total budget of the NAIP.

Improving production and productivity, mostly input supply in terms of fertilizers, seed and breeds and agricultural chemicals will attract the bulk of the agricultural expenditures targeting specific commodities while the remaining resources cover several cross-cutting areas. The Government of Zambia routinely spends over 80% of the agriculture budget on FISP/FRA while the importance of Food Security and Improve production and productivity in the Zambia agricultural policy. This needs to be examined carefully, however, since the bulk of the budget is for recurrent and other expenditures items that have very little long-term productivity-enhancing impact, unlike spending on activities such as research and development and infrastructure. Unfortunately, the technology generation and dissemination component of the support services accounts for a dismal of the total agricultural resources and the total national budget and it represents a business-as-usual spending scenario.

Component 3: Adoption of best practices and inclusion of core programme elements

C3.1 Pillar 1: Sustainable Land and Water Management (SLWM),

C3.1.1 Land Management

Zambia NAIP focuses on land management for reducing land degradation for the purpose of improving soil quality and reduces sediment loads catchment. Interventions include soil assessments, promotion of technologies to improve land and water quality and techniques of soil and water management upstream watershed. The sub-component will also promote the adoption of conservation agriculture (including zero tillage, cover crops, crop rotation) and the use of organic fertilizer (compost, animal and green manure). This component will be closely linked to the component on the improvement of agricultural production and productivity.

It is noted in the Zambia's NAIP a lack of action related to knowledge and technologies for promoting sustainable land management. There is also a lack of learning and capacity building for sustainable land management capitalization activities. Also is missing in this document development activities of the institutional environment for sustainable land management.

Recommendations

- i. The technical review recommends to set up actions to remove sustainable land management, to plan activities for capacity building in sustainable land management and strengthen the institutional environment

C3.1.2. Water Management

Due to the dependence of the Zambian agriculture climatic issues, NAIP attaches particular importance to the efficient use of water and irrigation to the significant increase in the irrigated area. The country has water surface and subsurface can allow considerable challenges of climate change adaptation and development of irrigation. NAIP provides the strengthening of water users associations and the rehabilitation and construction of new irrigation systems in various forms.

The Investment Plan does not take into account the development of a national strategy and an action plan for managing water for agriculture.

Recommendations

- i. NAIP must include the development of national strategies and action plans for agricultural water management (AWM), as well as actions to strengthen the capacity of stakeholders for sustainable management of water resources. This strategy can be designed within a Public - Private Partnership framework.

C3.1.3 Land Policy/ Administration

Sustainable land management has two main strategic objectives namely planning and strengthening of community participation in the integrated land use management . The targeted actions concern the inventory of land and water resources at all levels. Zambia intends to focus on the initiation and strengthening of community based sustainable land management (CBSLM) on total sample of 300 communities. Land administration has two main strategic objectives namely improving land

administration and facilitation of access to land. Particular emphasis will be placed on improving the ease and speed of titling to allow especially small producers have more land and guarantees. The Investment Plan does not provide activities related to the promotion of institutional reforms. This is to strengthen the institutions in charge of governance and land administration capacity building owners and stakeholders to develop a land information system.

Recommendations

- i. The technical review recommends providing activities to promote institutional reforms, the implementation of capacity building programs, the establishment of a national land information and adequate budgetary allocations to ensure that take charge of development and implementation costs,
- ii. The development of appropriate policies, which secures small farmers against land grabbing while satisfying external demands of farmland by foreign multinationals
- iii. The creation of a comprehensive study on the action plan to make operational land reform measure.

C3.1.4. Cross - cutting issues (Forestry, Livestock, Fishery, Environment and climate Change)

Forestry

The major challenge to Forestry subsector is said to be deforestation which is estimated at estimated at 250 000 to 300 000 hectares per annum and is said to be mainly caused by Agriculture. However given poverty levels, fuel wood/charcoal burning is likely to emerge as an important cause of this deforestation. The plan does not clearly state the relative contribution of agriculture and charcoal burning to deforestation. Nevertheless the Plan does provide mitigation measures to ***“Promote Efficient Energy Use from Natural Resources” to deal with deforestation*** of deforestation driven by fuel-wood/charcoal use

Recommendations

- i. The Plan should articulate the need to estimate the relative impact of agriculture and fuel wood/charcoal burning on deforestation for policy engagement
- ii. The plan should clearly state how privates sector will be engaged in providing alternative energy sources
- iii. The Plan should state the need to explore other alternatives to supply affordable energy sources than currently stated in the Plan.

Livestock

The NAIP clearly identifies the challenges facing the livestock sector including low funding, decrease in numbers, infrastructure needs marketing and gender related issues. However human capacity needs are not clearly spelt out, neither are gender - related strategies. Further the integration of livestock with other subsectors including crops and aquaculture is not clearly stated.

Recommendation

- i. Elaborate how production, marketing are linked to each other and the various actors at the various levels of commercialisation from small scale to large scale commercial farming,

- ii. Given the gender dimension of livestock, the plan should outline strategies to enhance livestock commercialisation among female headed households,
- iii. The plan should articulate human resource needs and strategy to fill the gap,
- iv. The plan should clearly provide a mechanism where integration with other sectors is enhanced and also taught to farmers.

Fisheries

Fisheries and Aquaculture have been adequately addressed under the Sustainable Natural Resources Management and Agricultural Productivity Improvement Programmes, respectively. However, two key issues stick out on fisheries and aquaculture subsectors. First, while it is recognised within NAIP that fisheries sector recorded negative growth between 2009-2012 when the overall growth rate of the agriculture and forestry, exceeded 6 per cent, raises questions as to what caused such a negative growth. The lack and unreliability of fisheries data and statistics compounds the ability to provide strategies to reverse the situation. Secondly, the approaches that have been suggested in the NAIP to manage fisheries such as establishment of Fisheries Management Committees and enforcement of regulations, restocking of water bodies have elsewhere yielded mixed results. Recently Ecosystems Approach to Fisheries which combines ecological, biological and social issues in managing the fisheries seem to provide opportunity to reverse declining trends of fisheries production in tropical waters. However, the approach entails that human capacity is adequately provided for.

The need for increased production of either from fisheries or aquaculture is more pressing than ever, given the depressed per capita fish consumption. While the NAIP presents an optimistic view of increasing catches from fisheries, it is likely that the increase will come from aquaculture. And if the desire to have additional 80,000 MT/annum of fish by 2018 is to be realised, a detailed aquaculture investment plan is a necessity. In its present form the NAIP provides a framework from which the investment plan can be drawn. The plan would clearly spell out public and private sector investment areas. The current interest by NPCA and COMESA to support countries to draw up bankable country aquaculture investment plans should be seen as an opportunity to move the sector forward.

Recommendations

Fisheries

- In partnership with regional/international experts/organisations undertake an analysis of the fisheries including stock assessment which will form the basis for EAF
- Undertake intensive human capacity building programme in areas of stock assessment and fisheries management

Aquaculture

- In partnership with regional/continental bodies of COMESA and NEPAD develop a detailed aquaculture investment plan for urgent increase in fish production

C3.2. Pillar 2: Improving Rural Infrastructure and Trade-Related Capacities for Market Access

C3.2.1. Raising competitiveness and seizing opportunities in domestic, regional and international markets

The objective of the NAIP is to reduce cost, improve quality of products and enhance competitiveness of potential agricultural exports; and seize the opportunities in both regional and international markets thereby increasing rural incomes and livelihoods of the smallholder farmer. To increase access to rural and market infrastructure, the focus will be on enhancing storage facilities for surplus production as well as enhancing farmer's access to markets.

Zambia, because of its comparative advantage in maize production and its location in the region, stand to benefit from good prices in the regional market. The NAIP stresses on the need to create an enabling policy environment that will facilitate an efficient supply of agricultural inputs, increase private sector participation and improve the functioning of markets. To enhance the vision of NAIP, it is recommended that:

- ✓ The government should try and only focus on purchase of strategic food reserves and leave the surplus for the market.
- ✓ The Private sector, in consultation with Government, should take more prominent role in implementing market access programs and for the government to restrict its role to facilitation - the private sector are willing and have the capacity to provide some of the services efficiently.
- ✓ The government provides a predictable and consistent policy environment - e.g. bans and barriers frequently imposed by government on food security grounds need - no one would want to invest in agriculture if the market signals are not clear. Frequent bans of maize exports have denied the farmers the opportunities to tap into the growing regional market for maize value chains and in the process exploit their comparative advantage to increase production.

C3.2.2. Invest in commercial and trade infrastructure to lower costs of supplying domestic, regional and international markets

Marketing of agricultural products from rural areas requires good logistical planning, efficient handling, storage, transportation and marketing. The NAIP acknowledges that the high cost of transportation and the poor condition of Zambia's rural road network restrict the opportunities of investment in outlying areas.

The role of Food Reserve Agency currently mandated by the Government to buy all the maize from the small-scale farmers at Government determined price and store as strategic food reserves should be reviewed to allow for more players. The private sector has been unable to participate in maize purchase due to a number of reasons:

- price setting by government that is usually above domestic and regional market price
- large funding from government to the Food Reserve Agency to buy the maize from farmers
- high level of subsidies by government to maize production and marketing

There are indications that this support might not be sustainable in the near future and the government will have to find other ways to provide these services (buying, storage and selling). The opportunity for the private sector comes through as a result of delays in payments by the Food Reserve Agency as it sometimes takes up to one year for farmers to be paid. The physical distance and cost of transport to the warehouse locations are too great for smallholders, and it is profitable to bring the aggregation points and warehouse operators closer to the primary producers.

A warehouse receipt system has significant potential to resolve these challenges in the input and output market. A warehouse receipt system (WRS) is a system of financing and trading agricultural outputs based on a warehouse receipt, a document guaranteeing the existence and availability of a given quality and quantity of commodity in storage for safekeeping. The system finances agricultural commodity owners by using their commodity as collateral. For a warehouse receipt system to be successful, past experience indicates that governments must take an active role in creating an appropriate enabling environment. Specifically, the government must:

- ✓ Develop policies / legislations favourable to the emergence of warehouse receipting systems and related market institutions;
- ✓ Develop regulatory systems where conditions are favourable, i.e. where the regulatory service can be highly focused and professional, and the economics are favourable.

Recommendations

- i. Encourage private and Cooperative Union investment in village and community warehouse receipt operations
- ii. Promote Public and Private investment in aggregation or bulking centers
- iii. Provide incentives to encourage Public and private investment in market center infrastructure development (Warehouses, roads, sanitary places, truck parking lots, dryers, cleaning and grading equipment)
- iv. Private investment in market logistics
- v. Public service in policy, certification and operator licensing; warehouses
- vi. Private investment in warehouse receipt financing and management

C3.2.3 Develop value chains and access to financial markets

The NAIP hopes to enhance production, diversify and promote value chain approach, improve the quality and enhance the competitiveness of potential agricultural exports in order to fully exploit the regional and international markets increasing household incomes. Value chain development has become one of the best strategies public sector employs to engage and attract private investment in the agribusiness sector. Several commercial banks now for example, consider the level of value chain development as one of the critical considerations for agribusiness financing. Also, well-functioning markets and an enabling trade policy open commodity value chain pipes, enabling farm inputs to flow to on farm production, farm products to flow to value addition, and value added (in form and space) products to flow to markets, domestically, regionally and internationally.

Diversification - Due to high Government support to maize production and marketing, it has denied other sectors opportunities to grow. Currently, almost half the agricultural budgetary allocation goes to fund the government maize input and output subsidy programs. Only 17% is allocated to supporting agricultural programs. Farmers prefer to grow maize as there is a ready market offering good price. There is a growing private sector investment in high value crops mostly for export to the regional and international markets. Diversification into other commodity value chains offers the rural farmers an opportunity to break from reliance on maize and invest in other high income enterprises.

The NAIP proposes to facilitate diversification away from low-value staple food production toward higher value produce, which is an important strategy for improving household incomes and food and nutrition security. But there will be need for improved credit facilities for farmers and training.

Agro-processing - Private sector investment in agricultural value chains is most pronounced in the role played by agro-processors. They create the needed agribusiness opportunities for investment and sustainable livelihoods from small-scale producers, performing many off taker relationships to assist small holder farmers to access market. The activities of the agro-processing companies spur rural development through direct infrastructure investment and corporate social responsibilities. Examples of key roles and investment made by agro-processing firms include:

- ✓ **Infrastructure Investment:** PPP investments in infrastructure including equipment, machinery, electricity, water supply, estate development, warehouses and transport systems.
- ✓ **Market Access:** Providing immediate market for producers e.g. opportunities for animal feed in Botswana and Zimbabwe
- ✓ **Technical Assistance:** They provide technical training to farmers and support mobilization of farmers into cooperatives
- ✓ **Supporting Aggregators:** Provide financial and non-financial support to aggregators who work directly with producers. Aggregators ensure efficient mobilization of raw materials and also train more farmer associations

Access to financing mechanisms - Agriculture continues to be viewed as a risky investment by the private sector and commercial banks are not willing to lend to the sector and if they do, the interest

rate is quite high, between 14-20%. As a result, only 13% of small-holder could access credit. The micro-finance sector is still quite undeveloped and will need to be promoted. There is need therefore, to develop other sources of agricultural financing along the agricultural value chains. Information on opportunities available in the agriculture sector is important and will be required by the banks and other private sector institutions for investment decisions.

Recommendations:

- ✓ Promotion livestock and dairy value chains that could offer immense opportunities for increased incomes and improved nutrition security
- ✓ Incentives to attract more private sector finance and phase out or reduce reliance on government support programs
- ✓ Development of bankable projects within the priority value chains - This will inform private sector of investment opportunities, scale of investment, financial requirements, return on investment as well as risk mitigation measures. Provision of this information is needed to incentivize the private sector to deepen its investment levels within the value chain.
- ✓ Promote value chain financing - Rather than focusing on production with the aim of increasing volumes and enhancing productivity, programmes should adopt market first and integrated financing approach to attract formal financial institutions interested in financing various actors and activities within the entire value chain.
- ✓ Facilitating multi-institutional financing approach - Emerging financing models that have proved to be successful include multi-institutional financing schemes. The programme outlines various value chain interventions and investment areas, secure financing from institutions whose strategic objectives and mandate fit into the various project components along the value chain.
- ✓ Comprehensive financing approach - This approach focuses on business packages that have technical support as key components of the investment plan.

C3.2.4 Strengthen the commercial and technical capabilities of farmers, farmer organizations and trade associations

Past research by UNDP and other agribusiness studies clearly demonstrate weak technical capacities of value chain actors and service delivery firms to provide the requisite know-how for improved productivity. In order to accelerate growth it is important to raising the capacities of private entrepreneurs, including commercial and smallholder farmers, to meet the increasingly complex quality and logistics requirements of domestic, regional, and international markets. The proposed IP highlights the need for training for farmers and other market operators to understand value chains and to improve on the marketing skills and capacities to participate in the markets.

The current private sector investments in cotton, peanuts, soya, paprika, etc., should be supported through provision of and farmer extension system. Such investments could provide alternative opportunities for farmers to enhance their incomes and food and nutrition security.

Recommendations:

- i. Investment in extension services - Technical know-how at production and post-harvest level, contract farming, price mechanisms, innovative extension system, compliance to good agricultural practices, reducing incidences of aflatoxin contamination, global gap and private standards are weak in the entire value chain.
- ii. Research Institutions need to be supported to increase their capacities to roll out improved planting materials, innovative technologies for productivity, risk analysis and market intelligent services
- iii. Develop a capacity development programs for farmers and other value chain promoters in value chain development
- iv. A key element of strategic approach to smallholder-friendly value-chain development is to build the capacity of FBOs and Trade Associations (TAs) to effectively provide high-quality technical

and commercial services to their members and act as credible partners to banks, input dealers, traders, processors, and other private sector actors along the value chain.

C3.3 Pillar 3 - Reducing hunger and poverty

The review focused on major priority areas identified in the Framework for African Food Security, the CAADP Pillar 3 framework document. Food and nutrition concerns cut across all the other three key programmes under this NAIP: Sustainable Natural Resources Management; Production and Productivity Improvement, and; Market Access and Services Development.

The annual and total budget for implementing the food and nutrition security and disaster risk management programme is presented in **Table 1**.

Table 1: Budget - Food and Nutrition Security Component (US\$ million)

Component	Implementation Period (years)					Total	Source of Funding		
	2014	2015	2016	2017	2018		GRZ	Farmers	Priv Sect
Promote National and Household Food Security	100.00	123.00	123.00	123.00	123.00	592.00	573.60	18.40	0.00
Promote Access to Nutritious Food	6.59	10.63	11.16	10.95	11.13	50.46	49.71	0.75	0.00
Ensure Risk Management and Disaster mitigation Capability	3.54	3.64	3.64	3.54	3.04	17.40	17.40	0.00	0.00
Total	110.13	137.27	137.80	137.49	137.17	659.86	640.71	19.15	0.00

Source: Zambia NAIP, 2013

Despite increasing budgetary allocation to the agriculture sector in the last two years, the poverty level amongst small holder farmers is stagnant and in some cases the situation is getting worse. Information has it that many of the farmers are owed monies by FRA which is the major buyer of maize from these farmers. This situation helps to maintain the poverty circle making some of the farmers and their families poorer and unable to meet their needs for farm inputs, etc. Making provision for access to adequate and year-round supplies of food that is nutritious and safe to eat is rated as the most important task lying ahead for Zambia and its people in pursuit of their national vision. Strategies to facilitate the improvement of the nutritional status of the people of Zambia especially the rural communities stays high the development agenda. Emphasis should be placed on pregnant and lactating women, children below the age of 15 years, people living with HIV, people in emergency situations and other vulnerable Groups. The Government of Zambia is commended for the support and plans for Food and Nutrition Security/Disaster Risk Management through the Food and Nutrition Security Programme with focus on enhancing incomes as well as household food and nutritional security.

C3.3.1 Risk management

The risk analysis and mitigation assessment in the NAIP shows that the measures incorporated will make the overall risk of implementation low. Information on issues of climate change resulting in recurrent draughts, poverty levels especially in the Western Province, challenges surrounding the adoption of new technologies and new farming practices, etc all form the basis of strategies and programmes proposed in the NAIP document. GRZ is currently implementing supportive measures that will positively impact NAIP implementation. These include the Integrated Financial Management Information System (IFMIS) and MAL's Integrated Monitoring and Evaluation System. We must however

be careful to give the NAIP is proper focus as the “Standing Document” for the agriculture sector development in the medium term with its own results framework and strong M & E System in place.

While the NAIP may elaborate on the strategies needed to reduce risk at national level, the necessary profiling of vulnerable groups is missing. This makes it difficult to identify the level and scope of action required to address the risks to food and nutrition insecurities of vulnerable groups. Attempts to support risk management strategies at the individual and household level do not address the specific needs of some vulnerable groups within communities.

Recommendations:

- i. More in-depth analysis of NAIP beneficiaries may be useful to identify vulnerable groups and identify factors that limit them from accessing and benefiting from program activities and to design appropriate strategies.
- ii. Harmony of all on-going partnership programmes managed by the cooperating partners into the projects of the NAIP will further reduce risks; guarantee accelerated progress and the achievement of desired results.

C3.3.2. Improved food supply through increased production and market linkages

Two policy objectives are particularly relevant to the Market Access and Services Development Programme: (i) *To create an enabling environment that will facilitate an efficient supply of agricultural inputs, increase private sector participation and improve the functioning of markets*”, and; (ii) *“To improve the quality and enhance the competitiveness of potential agricultural exports in order to fully utilize markets (regional and international) thereby increasing agricultural contribution to foreign exchange earnings”*. These policy objectives will be achieved through the implementation of the following four (4) components: (i) Support institutional market arrangements and performance; (ii) Increase access to rural and market infrastructure; (iii) Increase access to rural finance, and; (iv) Promote value chain integration.

Recommendations:

- i. Need to articulate projects of the NAIP that strengthen strategic commodities value chains.
- ii. Marketing programs should also focus on making staple crops more available in deficit areas.

C3.3.3. Diversification of diets to improve nutrition

There are serious attempts in the NAIP to improve livestock, fishery, legumes and horticultural food production as potential sources of protein and micronutrients essential for minimizing nutritional problems largely affecting children (under 5yrs) and pregnant women.

The NAIP has a strategic objective to promote consumption and utilization of diversified high nutritive food at household level and comprehensively describe actions for improving the quality of diets for the most vulnerable groups. The NAIP proposes to promote consumption of enriched foods in complementary feeding programs, maternal nutrition and for people living with HIV and AIDS and conducting of demonstrations on preparation of enriched porridge in communities, which are effective in combating malnutrition among the vulnerable. There is urgent need to align all cooperating partners’ projects to the NAIP.

Recommendation:

- i. Need to align all projects on-going by cooperating partners to the NAIP.

- ii. Periodic surveys should be conducted to establish per capita consumptions of highly nutritive foods produced in the country.
- iii. Need to diversify food basket with livestock and other nutritious crops.

C3.3.4. Increase in the income of the poor

Embedded in the promotion of improved productivity is diversification of crops focusing on legumes, oil seed crops, other cereal crops, root and tuber crops and horticultural crops. The NAIP focus on increasing maize production directly impacts the poorest farmers. With dramatically increased yields, many of these farmers will have some marginal profits, or will be less dependent upon the market to buy food. Smaller producers will also have the opportunity to increase their incomes through the program's commercial agriculture activities that promote out-grower schemes and contract farming arrangements. However, the current program is unlikely to benefit the landless or those farmers with very small plots.

Recommendation:

- a) Relevant government ministries, cooperating partners and civil society organizations known for social protection services should collaborate to provide social safety nets and social protection programs in the plan.
- b) Use of "SMART Subsidies" will help to move many out of abject poverty.

C3.4 Pillar 4: Agricultural Research, Technology Dissemination and Adoption

Research and development of new technologies; rural extension are recognized as key to improving productivity. While the plan recognizes the need to strengthen the institutional and human capacities of various groups of relevant actors (research, farmers, and extension); In developing institutional and human capacities the NAIP does not cite the other actors responsible for higher education e.g. University of Zambia and training of the key stakeholders of NAIP apart from those of the Ministry and farmers; it does not show in clear terms whether and how these actors will be supported to engage with one another and with the private sector, so that education and policy actors operate as a holistic system of innovation.

The plan proposes setting up a Competitive Grant Scheme (CGS) as a way to enhance public service delivery systems to ensure adequate funding for research and extension but does not detail the available capacities in rolling out the CGS so that it enhances agriculture production and productivity.

The Plan does not clearly show how the research system will mainstream gender and other cross cutting issues such as environment/climate change and the youth. In fact the youths are completely left out of the research system.

Recommendations

- i. A mechanism should be put in place where private sector, Universities, Research Institutions, and the Ministry of Agriculture and Livestock should create a networking platform, design programmes together and implement programmes targeted at the needs of the farmers
- ii. Emphasis should be put on "action research" where the centre is the farmers, and the farmer and researchers learn together
- iii. A clear mechanism should be suggested on how the Competitive will be run and the Ministry's relationship with the National Science and Technology Council (NSTC) which has vast experience in administering research grants.

- iv. The plan should articulate in greater detail how the research system proposes to mainstream gender and to address other cross cutting issues notably, the environment/climate change and the youth.

C3.5 Crossing-cutting Issues

Climate Change

Within the NAIP a number of strategies have been incorporated as adaptation and mitigation measures against climate change including conservation agriculture, developing efficient use of energy sources to reduce natural resource depletion. Arguably, the climate change early warning data collection points should not be limited to fisheries and aquaculture but the whole agriculture sector. Similarly, predictive capacity and modelling is important for the country.

Recommendation

- i. A strategy to develop human and infrastructure predictive and modelling capacity for climate change should be included

Gender

It is reasonably recognised in the NAIP that women play an important role in Zambia agriculture where at least 78 percent of women in Zambia are engaged in agriculture, compared with 69 percent men. It is also recognised that women **need to be appropriately facilitated to enhance household food and nutrition security**: On other hand, their role or potential role in the whole agriculture value chain is not fully addressed. In some countries, for example, women are key to trading and agro-processing. In the NAIP, apart from “promoting two technologies that are gender and HIV/AIDS sensitive” under “**Promotion of Good Agricultural Practices**” and “promoting of at least two (2) technologies that are gender and HIV/AIDS sensitive” under “Mechanisation of crop production systems”, there are no specific programmes to enhance participation of women in the agriculture.

Recommendations

- i. Introduce women specific programmes e.g. under “**Increase access to rural finance**”,
- ii. Introduce women specific capacity enhancement programmes e.g. under “**Promote value chain integration**”
- iii. Introduce women specific programmes in all production and productivity programmes

Youth

The country demographic data, suggest that the population of Zambia is predominantly young. Approximately sixty six (66) percent of the population is said be aged between 0-24 years. The implication is that youths constitute an important segment of the population and which should be considered for future farmers to develop agriculture. The Plan needs to articulate strategies for engaging youths in Agriculture for meaningful agriculture growth.

Recommendation

- i. Articulate strategies of incorporating youth in agriculture programmes

C3.6 Monitoring and Evaluation Framework

Due to the adoption of results-based management, NAIP has a framework for Monitoring - Evaluation complete with a special emphasis on monitoring outcomes and impacts. To this end, the NAIP

monitoring - evaluation framework places particular emphasis on the definition of objectives and key performance indicators, the methodology of collecting indicators accompanied by an institutional framework that clearly defines the roles of each category of stakeholders. NAIP has also attempted to assess the human resources needed to make operational this global and inclusive Monitoring - Evaluation framework.

Monitoring of a number of variables will determine their impact, including the impact of government policies on various categories of stakeholders, but also the impact of technology and climate change on production and productivity.

All data will be disaggregated by gender, agro-ecological zones and categories of farmers to provide a detailed analysis of variables. Three assessments will be undertaken to replicate the performance of key performance indicators in the next 5 years with as startup to establish a baseline, mid-term and at the end of the first phase of NAIP.

Recommendations:

- i. There is need for M&E plan to be developed and agreed upon by all the stakeholders
- ii. Efforts should be made to provide baseline data in partnership with specialized institutions like National Statistics Office, FAO, Agriculture Research Institutes and others, and Universities;
- iii. In order to ensure a robust M&E system, adequate financial and human resources need to be allocated and budgeted for towards data collection, surveys, capacity building and knowledge management.

Component 4: Alignment with country commitments

C4.1 Prioritization Within the investment plan

The Republic of Zambia NAIP gives high priority to the improvement of food and nutrition security, stabilization and increased sources of household income to enable them to invest in the agricultural production and productivity growth. These priorities are the continuation of the current policy of Government intervention focused primarily on access to inputs for small producers and food reserves. Maize is the main issue in this strategy because of its importance in the food habits of Zambia.

Recommendations

- a) Policy reform to provide for a predictable and consistent policy environment for effective implementation of NAIP
- b) The promotion of private investment in rural areas and regional trade should be among the priorities of the investment program.

C4.2 Links with Existing sector programs / projects

In the context of direct budget support, technical and financial partners in the agricultural sector and the Government of the Republic of Zambia is currently co-finance several agricultural development projects aligned with the NAIP's sub - programs. That is why they have been capitalized in the NAIP resources acquired until 2018. The amounts allocated to these projects and programs have been funded in the NAIP budget as secured amounts. This demonstrates a good synergy between the NAIP and existing projects and programs. However, MAL should submit a summary table showing the secured funds and gaps to seek the effect of facilitating the organization of the High Level Business Meeting. Regarding the NAIP's budget, the financing gap is around \$ 650 million, or 3.2 billion ZMW. This represents about 25 percent of the total budget of the NAIP.

C4.3 Links to Regional Agriculture Sector Development Plans

NAIP not deeply treats issues related to access to regional markets, trade facilitation and trade policy. The link with the Regional Programme for Agricultural Investment and Food Security by COMESA, Tripartite Agreement between COMESA - SADC - EAC, will cover the 26 countries members of these three Inter - Governmental Organizations, and expectations of the country in relation to this Regional framework are not explicit in the NAIP. This is also the case for the impact that Zambia hopes to regional integration in terms of access to market, trade, innovation, growth and poverty reduction. NAIP is not intended to remove non-tariff barriers to regional trade, facilitating the free movement of persons and goods and the regulatory of technical barriers to the money transfer within COMESA and SADC regions.

Recommendations

- i. Clarify the instruments (coordination and operational) and the roles of different groups (government, private sector, producer organizations, civil society) to take advantage of regional integration;
- ii. Specify the desired effects and objectives of regional integration that will clarify and justify the priority actions of the Republic of Zambia to facilitate regional integration;
- iii. Participate in the definition of regional programs in Eastern and Southern Africa for the purpose of better understanding their impact on national programs of Member States.

C4.4 Identification of policy issues and steps required to resolve them

The Ministry of Agriculture and Livestock overall responsibility for NAIP implementation with the main objective is the creation of an environment conducive to agricultural private sector development. The MAL ensure linkages and synergies with other Ministerial departments and institutions for the effective implementation of its mandate. MAL will use the Agricultural sector Advisory Group (Ag SAG) to engage other stakeholders on key issues affecting the sector and progress in relation to the implementation of the NAIP. Regarding the liberalization policy, the Private Sector will pilot the agricultural sector development and growth with the civil society and farmers' organizations (including small-scale, medium and large farms). Other partnerships have an important role to play in the implementation of the NAIP, including the Technical and Financial Partners, financial institutions, input suppliers, agro-industry, retailers and the Regional Economic Communities such From the Common Market of East Africa and Southern Africa (COMESA) and the Southern African Development Community (SADC).

The NAIP Implementation has implications for agricultural and rural development public policy, through several reforms envisaged:

- ☞ NAIP Implications over institutional issues with the restructuring of the Ministry of Agriculture and Livestock, including the creation of the Directorate of Monitoring & Evaluation;
- ☞ NAIP Implications against the Government's policy on inclusiveness of gender, regarding the role of women in the agricultural sector (production, processing, marketing and improving the nutritional status) and address inequalities between men and women.
- ☞ NAIP Implications concerning the natural resources management policy, environment and climate change;
- ☞ NAIP Implications regarding the Land Policy reconciling customary land law and modern land tenure.
- ☞ NAIP Implications regarding the Trade Policy of Zambia.

Component 5: Operational realism

C5.1 Viability of implementation arrangements

The Ministry of Agriculture and Livestock supervises NAIP and institutional arrangements for its implementation are well defined. MAL will ensure linkages and synergies with other Ministerial Departments and institutions for the effective implementation of its mandate. MAL will use the agricultural sector Advisory Group (Ag SAG) to engage other stakeholders on key issues affecting the agricultural sector and the progress report on the implementation of its mandate. At decentralized level, existing structures, namely; the Provincial Agriculture and Environment Subcommittee (PAES) of the Provincial Development and Coordination Committee (PDCC); the District Agriculture and Environment Subcommittee (DAES) of the District Development and Coordination Committee (DDCC) and the Community Agriculture Committee (CAC), will be strengthened under the policy dialogue sub-component of the Key Support Systems (Institutional Strengthening). It will be designed to promote stakeholder participation, coordination and decentralization at these levels, which expected to improve the performance of the NAIP implementation. The inclusiveness of NAIP must also be reflected in the implementation. In general, the role of stakeholders has not been well defined in the NAIP.

Recommendations

- i. Follow the inclusiveness of the NAIP integrating stakeholders at all levels of coordination and implementation of the program,
- ii. Integrate the various stakeholders in the Technical Committees for greater NAIP's ownership.

C5.2. Institutional assessment

In general NAIP note that the MAL structures face problems of insufficient human resources, expertise and capabilities. The successful implementation of the program will depend largely on the provisions to be taken to correct these deficiencies. Although the precise NAIP needs strengthening human resources and technical capacity of the structures responsible for its management and its implementation, an institutional assessment of the rural sector is needed. The overall objective of this evaluation is to contribute to institutional implementation of the NAIP, through a better match for the administration of the rural sector decentralization, and transfer some public activities to non-state actors, including the Private Sector which will play a leading role in the NAIP implementation. The inclusiveness of the NAIP implementation should mean the transfer of some public's activities, including stakeholder's capacity building to non-state actors.

Recommendations

- i. Provide an institutional assessment of all public and private structures involved in the management and implementation of the NAIP.

C5.3 financing Indicative Plan

Due to the implementation of direct budget support, the envelope generated by the Government of Zambia and the Technical and Financial Partners for the implementation of projects and programs covering a good portion of the budget of the NAIP. The NAIP's previous budget is 2730, 70 million U.S. Dollars. The financing gap is of the order of U.S. \$ 651.19 million. Because of this financing gap of NAIP, consideration should be given more interested traditional Donors financing of the program, look for new strategic partners and better assess the actual contribution of all stakeholders before the organization of the High Level Business Meeting.

Recommendations

- i. Assess the contribution of all stakeholders to better indicate the actual financing gap,
- ii. Describe the mechanisms that will be used to mobilize additional resources or actions taking into account the already effective prioritization,
- iii. Measuring the level of actual contribution of the State capital to better monitor the commitments of Maputo Declaration.

C5.4 Agriculture Sector Public Expenditure Review

The Government of Zambia has in the past allocated significant amounts in the agricultural sector in some years more than 10% of its budget. However, a recent analysis of IAPRI showed that the share of the state budget allocated to agriculture vary between 5.8 and 6% (2011 - 2013). But by combining the budgets of Ministries and Agencies in Rural Development Sector as fishing, aquaculture, forestry and the environment, there should be a more accurate indication of the national budget allocated to agriculture and rural areas. However, to monitor compliance with the Maputo commitment should be targeted at direct public expenditure in the agricultural sector. The effectiveness of public spending in agriculture should also be taken into consideration with regard to the persistence of the high incidence of poverty, especially in rural areas.

Recommendations

- i. complete the document with the rate of expenditure execution and constraints identified in terms of absorptive capacity, leakages, and other measures of technical and allocation efficiency
- ii. Implement monitoring tools to better assess sectoral expenditure from the public budget allocated to agriculture.

C5.5 Public financial management capacity

Institutional arrangements planned for the implementation of the National Agricultural Investment Program is expected to reduce gaps in public resource management related to lack of coordination of interventions in the area between the ministries and other stakeholders. Similarly, the approach to the management and implementation will improve the management of public resources.

Indeed, NAIP will be coordinated by a common to all sources of funding due to direct budget support implementation since 2012, with flexible management procedures acceptable by the various parties. The challenge will be to agree on funding mechanisms and disbursement complementary i) ensure fiduciary management quality, ii) facilitate a disbursement of different sources, iii) are acceptable to all parties and therefore compatible with their procedures.

C5.6 Risk assessment

The NAIP identify many risks and propose measures of mitigation incorporated into the NAIP design. The mains risks are:

1. **Ownership challenge:** Inadequate country ownership of NAIP by MAL and other stakeholders may negatively affect implementation performance. For mitigation of this risk, the NAIP has identified and specified implementation roles and responsibilities of various actors and stakeholders.

2. **Low capacity:** MAL that will play a critical role in coordination and monitoring of NAIP has had capacity assessment undertaken and found low. PEP is currently under implementation to strengthen MAL's capacity. However, capacity building by PEP should have been finalized before implementation of NAIP. For mitigation of this risk, the NAIP is concerned with capacity enhancement of various stakeholders and systems. This includes training and procurement of appropriate equipment. Key Support Services have been particularly targeted for strengthening.
3. **Donor/implementation fatigue:** A number of interventions have been designed in the past to boost agricultural sector growth. There is a danger of "donor fatigue" and "implementation fatigue". The emphasis of NAIP is that this is not an initiative that is a "stand-alone" entity, rather NAIP under CAADP is there to animate already existing strategies and policies.
4. **Funds flow:** there may be a failure to mobilize adequate resources. Additionally, the committed funds may not be disbursed timely. The computation of the total NAIP budget has been done cautiously, based on prevailing planned expenditure figures by Ministry of Finance. The current actual budget (which is higher due to supplementary funding) has been avoided.

The interest of the Technical and Financial Partners, COMESA and other organizations in the sub-region in the wake of the signing of the Compact will be many opportunities that will open in the country, and it is for the Government of the Republic Zambia to take advantage. If all these aspects come to be controlled during the implementation of the NAIP, the risk of failure will be minimized.

C5. 7 Financial and economic assessment (including cost-benefit analysis)

Given the significant resources required to implement the NAIP, it should consider its economic viability. A commonly used criterion is the Net Present Value (NPV). The investments required for infrastructure is justified by the needs of water management, processing of agricultural and livestock products, access to local, national and international markets. The study of economic viability should concern all NAIP.

C5.8 Estimate of private sector investment

NAIP has directly productive investments, especially in animal production sectors, in terms of fisheries and aquaculture and agriculture. With the divestiture of commercial activities and the privatization of public enterprises, such funding should pass through the traditional banking system. The independent technical review mission recommended that the Republic of Zambia to make a comprehensive assessment of funding directly productive in the NAIP for installation of revolving credit lines to reach the maximum number of producers. These credit lines may be supplied by the Government, the Technical and Financial Partners, the private sector, Farmer's organizations and taxes on agricultural products trade. Negotiations with Commercial Banks and Micro-Finance interested in the management of credit lines should focus on guarantee fund for loans granted, the interest rates bonus and the availability of credit to small producers.

Conclusions and recommendations

The AUC/NEPAD Independent technical review commends the efforts of the Republic of Zambia in strategic thinking for the consistent implementation of the National Agricultural Investment Plan that fits with the CAADP principles. However, for better implementation the technical review team recommends integrating in this first phase of NAIP:

- ✓ the agricultural private sector development through the promotion of private investment in rural areas and the development of Public - Private Partnerships and Business to Business alliances,
- ✓ the establishment of lines of credit to support funding directly productive at commercial banks and micro - finance arranged to receive them,
- ✓ the development of national and regional agricultural markets to take better advantage of regional integration and regional trade potential,
- ✓ the studies of environmental and social impacts with the implementation of sub - programs and components of NAIP,
- ✓ the establishment of a Core Team for NAIP implementation including representatives from all relevant Ministries (Finances, Trade, Infrastructure, Health, etc.), Farmer's Organizations, Civil Society and Private Sector.

In addition, the Independent Technical Review agrees with the priority given to improving the agricultural production and productivity and food security and nutrition and recommends increasing the capacity for all NAIP stakeholders including the Agricultural Private Sector, Farmers Organizations and Civil Society.

Annex 1: CAADP Post-Compact Guide
(Under separate cover)

Annex 2: Zambia Post Review Road Map

Issue	Activities and Benchmarks	Responsibility	May 13	June 13	July 13	Aug 13	Sept 13	Oct 13	Nov 13	Follow-on Comments
High Priority										
Finalization of NAIP document	<ul style="list-style-type: none"> Engage a consultant Incorporate technical review comments into the NAIP Engage consultations with sector experts in the editing of the NAIP 	MAL	Mid May							Consultant should be well vested in the CAADP processes
Develop a policy index to help track policy implementation	<ul style="list-style-type: none"> Identify major policies critical for implementation of the NAIP components and programmes Link implementation to policy and legislation enactment 	Ministry of Planning		Mid Jun						
Strengthen modalities for regional integration focusing on among others, shared/riparian sources, regional trade and agreements	<ul style="list-style-type: none"> Identify existing gaps in regional integration issues Engage regional stakeholders dealing with various bodies of relevance Develop and sign MoUs/Agreements with regional relevant regional bodies 	Ministry of Industry & Trade			End of July					
Work out and implement modalities for transition of existing programs into the NAIP	<ul style="list-style-type: none"> Identify existing programs and their respective budgets by NAIP components and integrate these accordingly Align existing program activities to those of appropriate NAIP components 	MAL					End of Sept			This will go a long way in refining financing gap by NAIP component
Refine NAIP budget to reduce the financing gap to reasonable levels. This is better done based on results to be achieved.	<ul style="list-style-type: none"> Undertake an analysis of historic funding to the agricultural sector by source. This should be the basis for arriving at a more realistic NAIP budget. Undertake an assessment of what would be a reasonable budget increase following the above analysis. This should involve engagement of Ministry of Finance, the private sector and the Ministry of Finance. 	Min. of finance & Agric, CPs; Private Sector				End of Aug				
Develop Terms of Reference for a Public Expenditure Tracking Survey	<ul style="list-style-type: none"> Undertake at least one consultative meeting involving Ministry of Finance and Ministry of Agriculture on parameters to included in the Terms of Reference Draft the ToRs and circulate to key stakeholders including Cooperating Partners Implement the Public Expenditure Tracking Survey by the end of 2013 	Ministry of Finance and MAL			Mid July					
Develop a Private Sector Financing Strategy	<ul style="list-style-type: none"> Develop ToRs Engage private sector institutions on NAIP financing by component and programme Collectively develop the strategy involving Cooperating partners, government and the private sector 	Ministry of Finance & MAL; Private Sector				End of Aug				
Develop modalities for a Capacity Development Framework	<ul style="list-style-type: none"> Develop ToRs for a Capacity Needs Assessment Develop Capacity Building Plan 	Min. Agric. & Planning					End of Sept			
Develop operational modalities for the coordination framework established to implement NAIP	<ul style="list-style-type: none"> Lesson learning (regional and international experience) on best practices. This may involve study tours by key stakeholders Define coordination roles by all entities involved 	Min. of Plan & MAL				End of Aug				
Medium Priority										

Issue	Activities and Benchmarks	Responsibility	May 13	June 13	July 13	Aug 13	Sept 13	Oct 13	Nov 13	Follow-on Comments
Strengthen modalities for the participation of all key stakeholders at the lower level in the NAIP implementation	<ul style="list-style-type: none"> Identify key stakeholders to be involved in NAIP implementation Undertake stakeholder consultations on their respective key roles 	MAL & Planning; Civil Society Organizations				End of Aug				
Strengthen risk management parameters of the NAIP	<ul style="list-style-type: none"> Detailed identification of key potential risks In-depth analysis of mitigation measures 	MAL & Planning			End of Jul					