Overseas Development Institute

Poverty and European Aid in Zambia
A study of the Poverty Orientation of European Aid to Zambia

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Working Paper 138
Results of ODI research presented in preliminary form for discussion and critical comment

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Introduction

This report examines the development of foreign aid and poverty in Zambia during the last decade of this century. Since its independence in 1966, Zambia has developed a strong dependence on foreign aid, while at the same time an increasing number of Zambians have found themselves living in conditions of abject poverty. There is little doubt that over the last 35 years life has become increasingly difficult for the average Zambian. In a parallel process foreign aid has grown from a small trickle to become a virtual flood. In the 1960s foreign aid provided the Government of the Republic of Zambia (GRZ) with technical assistance and contributed towards various capital investment projects undertaken by the GRZ. Today, foreign aid is still performing this classic role, but it has also expanded to become a strong political player in the country.

The issue which this report deals with is whether the policy and practice of European donors, or more specifically, members of the European Union (EU), is attuned to the fact that poverty reduction is the most pressing human issue in Zambia today. For the most of the 1990s a staggering 65-70% of the population has been living on or below the poverty line. Given the political and economic role of foreign aid in the country it is highly relevant to ask how well the aid from the most important European donors reflects the pressing issue of poverty reduction.

- Is poverty reduction a major objective for European aid?
- If so, how is this reflected in their respective aid programmes?
- Has European aid contributed to poverty reduction in Zambia?

To explore these issues, we organised the analysis around four themes. The first is the context of the Zambian economy during the 1990s. This is done in Chapter 1 and provides the context against which the analysis of the poverty situation and foreign aid is undertaken. The chapter ends with a discussion of the aid dependency of Zambia. The second theme is that of poverty. Chapter 2 discusses the poverty situation at the national level. On the basis of fairly consistent statistical surveys produced by Zambian authorities, it is possible to depict the development of poverty during the 1990s. This official picture is then contrasted, or complemented, in Chapter 3 by a study of local perceptions of poverty. On the basis of smaller surveys in two districts in Luapula Province and two compounds in Lusaka, we try to give poverty a more distinct face – how poor people perceive their own poverty.

The third theme is that of foreign aid in the national context of Zambia. In Chapter 4 we look at the source, volume and composition of foreign aid generally, but with a special focus on aid from the European Union members and the Commission. In Chapter 5 and 6, we explore the fourth theme of our study – the poverty orientation of the European donors with the largest portfolios in Zambia. By average share of total bilateral aid during the 1990s they are the UK, Sweden, Denmark, Holland, Germany and Finland. Chapter 5 looks at the policies of these donors and their poverty orientation. It also takes a comparative look at the respective donor portfolios and analyses them in terms of poverty orientation. Chapter 6, finally, brings us down to the project level. This Chapter is based on a set of project studies, which were carried out as part of this study. Donors were invited to propose a project which in their view was a good example of a project with a PR orientation. These projects were then analysed according to the criteria developed for the larger programme of research. Chapter 7 returns to the three main questions guiding the analysis and tries to arrive at a comprehensive assessment of European aid and poverty reduction in Zambia.

The report has been in the making for a long time. It is a collaborative effort between three research institutes: The Nordic Africa Institute (NAI), The Institute for Economic and Social Research (IESR) at the University of Zambia and the Department for Peace and Development Research

(PADRIGU) at the University of Gothenburg. The researchers involved are Jerker Carlsson from the Nordic Africa Institute in Uppsala, Sweden, Oliver Saasa and Patrick Chibbamullilo from the Institute of Economic and Social Research at the University of Zambia and Camilla Orjuela from the Department for Peace and Development Research at the University of Gothenburg in Sweden.

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Foreword

This paper is one of a series on the experience of European development cooperation agencies in the use of their aid programmes for poverty reduction. It is the product of a major collaborative research programme involving ten European development research institutes. The programme breaks new ground in its intention to compare and to draw from the collective experience of donors within the European Union. The Overseas Development Institute played a co-ordinating role. The institutes involved are:

Asociación de Investigation y Especialización sobre Temas Ibero Americanos (AIETI), (Madrid);

Centre for Development Research (CDR), Copenhagen;

Centro Studidi Politica Internazionale (CeSPI), Rome;

Deutsches Institut für Entwicklungspolitik/German Development Institute; Berlin;

Développement des Investigations sur l'Adjustment à Long Terme (DIAL), Paris;

European Centre for Development Policy Management (ECDPM), Maastricht;

Institute of Development Studies (IDS), Helsinki;

Nordic Africa Institute (NAI), Uppsala;

Overseas Development Institute (ODI), London;

Third World Centre, Catholic University of Nijmegen, Nijmegen.

The objective of the first stage of this research programme was to describe and assess each donor's goals as they relate to bringing the benefits of aid to poor people, and to review each donor's organisation and management to implement this objective. The ten donor agencies are those of Denmark, the European Commission, Finland, France, Germany, Italy, the Netherlands, Spain, Sweden and the UK. A series of working papers on each development cooperation agency are being published. Those currently available are the following.

Danish Aid Policies for Poverty Reduction by Lars Udsholt (WP 100, May 1997); *German Aid Policies for Poverty Reduction* by Eva Weidnitzer (WP 101, June 1997); *Italian Aid Policies for Poverty Reduction* by José Luis Rhi-Sausi and Marco Zupi (WP 102, September 1997); *French Aid Policies for Poverty Reduction* by Lionel de Boisdeffre (WP 103, September 1997); *Netherland Aid Policies for Poverty Reduction* by Paul Hoebink& Lau Schulpen (WP 115, December 1998); *Spanish Aid Policies for Poverty Reduction* by Christian Freres and Jesús Corral (WP 104, September 1997); and *Swedish Aid for Poverty Reduction: a History of Policy and Practice* by Jerker Carlsson (WP 107, April 1998). *Finnish Aid Policies for Poverty Reduction,* by Timo Voipio, (WP 108, August 1998) *The European Community's approach to poverty reduction in developing countries* by Christine Loquai, Kathleen Van Hove & Jean Bossuyt (WP 111, August 1998).

The second stage of this collaborative research programme consists of a series of *seven country studies* to examine the operations of the European donors in pursuit of poverty reduction in Bolivia, Burkina Faso, India, Nepal, Tanzania, Zambia and Zimbabwe. Mixed teams from different institutes have undertaken these studies with the assistance of the field offices of the agencies and of local research personnel. Special attention is paid to the country context, the nature of the processes involved including country strategies and dialogue between partners on poverty reduction issues. In addition, a sample of specific interventions are examined to assess the effectiveness of approaches to their identification, targeting, design and implementation as well the benefits they provide to poor people. The following country studies have already been published:

European Aid and the Reduction of Poverty in Zimbabwe by Tony Killick, Jerker Carlsson & Ana Kierkegaard (WP 109); *European Aid for Poverty Reduction in Tanzania* by Timo Voipio & Paul Hoebink (WP 116); *European Aid for Poverty Reduction in Nepal* by Hans Gsaenger & Timo Voipio (WP 123) and *Do the Poor Matter? A Comparative Study of European Aid for Poverty Reduction in India* by Aidan Cox, Steen Folke, Lau Schulpen and Neil Webster (WP 124).

This study of the poverty reduction operations of European Development Agencies in *Zambia* was undertaken by Jerker Carlsson with Oliver Saasa, Patrick Chibbamulilo & Camilla Orjuela.

I am most grateful for the co-operation of each Institute in this endeavour and for the help of all those donor officials and advisers who have responded to enquiries and interviews by the collaborating researchers. I would like to acknowledge the financial support provided by the former UK Overseas Development Administration, now the Department for International Development, which made possible ODI’s contribution to the programme. However, neither they nor any others who have assisted in this programme necessarily agree with the facts presented and the inferences drawn.

John Healey
Overseas Development Institute

1. The Economy of Zambia

This chapter provides the economic context within which we shall look at the development and current poverty in Zambia. We shall discuss the economic situation of the country as it appeared towards the end of the 1990s. Although the situation in 1998 can not be fully understood without placing it in its historical context, we have not done so at this time. Several studies have been written of the economic history of Zambia during the 1970s and the 1980s and the reader is referred to them for the necessary historical perspective.[1] The chapter concludes with an attempt to establish the aid dependency of the Zambian economy in the late 1990s.

The current economic policy

The policy framework within which foreign aid is delivered and absorbed in Zambia changed in 1991. Multi-party elections were held and the ruling party was ousted from power after more than 25 years. At first, donors welcomed the change. For a long time they had been dissatisfied with the Kaunda government's inability to deal with the economic problems of the country. The new government became a much more faithful follower of the structural adjustment policies advocated by the Bretton-Woods institutions and most bilateral donors. Since 1991, the Government of the Republic of Zambia (GRZ) has been following a structural adjustment programme, agreed upon with the IMF, World Bank and other donors. Much as in the case of other countries in Southern Africa, the GRZ realised that the previous welfare-based approaches to income equalisation were unsustainable. The state would not be able to find the means to sustain important sectors such as education and health. The government turned its attention to stabilisation and adjustment instead. It aimed at restoring economic growth and macroeconomic stability in the face of a continuing decline in price and production of copper, the main export commodity of Zambia. Thus, facing a great risk for recession. The policy was implemented through short-term measures such as reform of the public sector, liberalisation of markets and a tight fiscal policy aimed at bringing down the public sector deficit.

The key policy elements of the programme are:

- privatisation of state-owned companies;
- liberalisation of domestic and international trade for Zambia;
- liberalisation of the country's foreign exchange market;
- introduction of a cash budget system and other fiscal measures aimed at reducing inflation;
- reform of the health and education sectors to make them financially sound and more effective;
- reform of the civil service to make it small but efficient;
- liberalisation of maize marketing and generally promoting private enterprise in the agricultural sector; and
- rehabilitation of the country's road network and other parts of the physical infrastructure.

[1] Useful references are Adam et al. (1994), Andersson, P. & Kayizzi-Mugerwa, S. (1989), Bates, R.H. & Collier, P. (1993), Colclough, C. (1988), Ndulo, M. (1999) and White, H. (ed.) (1998).

The reform programme focuses on reducing the role of the state through decontrol, deregulation, privatisation and promotion of the private sector. Fiscal deficits are to be reduced and the public sector is to become more efficient with a clear focus on human development and infrastructure.

Macroeconomic situation

For 1998 the GRZ had set itself three major macroeconomic targets. The first was to achieve a 4% real growth rate in the GDP. Second, a further reduction of inflation to 15% and, third, increasing official foreign exchange reserves by USD$ 40 million. These objectives were based on a set of assumptions of which the successful privatisation of the Zambia Consolidated Copper Mines (ZCCM) was perhaps the most important. The GRZ also expected donors to deliver sufficient balance of payments support (BOP). A reasonable inflow of private foreign capital would be needed as well. Government institutions should exercise a much more prudent management of fiscal and monetary affairs than before. Some luck with the weather gods would also be necessary if the GRZ were to reach its targets.

The economy had its ups and downs during the period. 1996 in particular showed a significant growth rate of 6.59%. It trailed off in 1997 and turned negative in 1998. This was a year when the economy fell from an already low level of economic activity. The decline was recorded primarily in agriculture and mining.

Table 1.1 Distribution and growth of GDP at market prices, 1994–1998
(% based on values in constant 1994 prices)

Sector	**1994**	**1995**	**1996**	**1997**	**1998**
Agriculture, forestry & fishing	13	18	17	16	15
Mining & quarrying	17	12	12	12	11
Manufacturing	10	10	10	10	11
Electricity, gas & water	3	3	3	3	3
Construction	5	5	4	5	5
Wholesale & retail trade	5	14	17	17	17
Transport and communications	6	6	6	6	6
Other sectors	29	31	31	32	32
Total GDP at Market prices	2,240,678	2,189,799	2,334,087	2,412,182	2,364,600
GDP growth rates		(2.27)	6.59	3.35	(1.97)

Comments: Other sectors include the following: Restaurants, hotels and bars; Financial institutions and insurance; Real Estate and business services; Commercial, social and personal services; Bank service charges; Indirect taxes.
Source. GRZ (1998a). Economic Report, p.20.

The composition of the GDP shows an economy where the traditional productive sectors – mining, agriculture and manufacturing – slowly reduce their proportionate contribution to the GDP. Largely due to the depression in the mines, their combined share fell from 40% in 1994 down to 37% in 1998 (see Table 1.1). Agriculture actually recorded a small but steady progress in its growth up to 1998 when compared with the starting point in 1994. Largely as a consequence of the low economic activity in the primary sectors, there was a stability at a low level in the sectors directly servicing them – electricity, construction and transport. What Table 1.1 brings out is a picture of Zambia as primarily a service and trading economy. What is particularly noteworthy is the large share of ‘other sectors’ services in the GDP. Services such as restaurants and hotels, real estate, commercial etc. account for around a third of the GDP during this period. Trade was another sector which recorded some progress over the period.

What explains this failure to reach the set target of a 4% growth in GDP?

First, the weather gods were unpredictable and a combination of prolonged dry spells and heavy rains caused extensive damage to crops across the country. Real output of the sector was estimated to have fallen by 6% in 1998, leading to a cereal deficit of 643,000 tons of maize, wheat and rice (GRZ 1998a, p.18).

Second, events in the mining sector did not turn out as expected. Contrary to expectations, the GRZ failed to negotiate the sale of the ZCCM. As a consequence, the much needed rehabilitation of the mines were delayed and as a result production and productivity continued to fall. Another factor, and this time outside the control of the GRZ, were adverse developments in the international copper price. In 1997 copper traded at above a dollar but it fell by some 30% to 70 cents per pound in 1998. Cobalt also fell from a level of US$24 per pound to US$15 over the same period.

Third, the GRZ had assumed that donor support, especially in the form of Balance of Payments Support (BOP), would be forthcoming as planned. The MMD had honoured most of its external payments obligations, as well as finalising bilateral debt rescheduling agreements with most Paris Club creditors. Furthermore, during 1998 a preliminary agreement was concluded with the IMF on a new 3-year Enhanced Structural Adjustment Facility (ESAF). The agreement was principally based on structural issues of privatisation and public service reform as well as on tax policy. An ESAF programme would be essential for Zambia for three reasons. First, it would enable the country to obtain BOP from donors. Second, it would also be a condition for accessing debt relief and, third, it was a condition for accession to the HIPC debt initiative.

In May 1998, a CG meeting was held with the donors to Zambia. The outcome was satisfactory, from Zambia's point of view, as donor's pledged to provide a total of US$530 million in BOP and project support. Unfortunately, for Zambia, by the end of the year none of the pledged BOP support had been disbursed. Donors preferred to hold back disbursements because of the delay in privatising the major remaining assets of the ZCCM. In 1997 the same thing happened. Donors withheld pledged support due to disagreements over governance issues. This meant that for two years in a row, BOP remained rather limited.

Keeping inflation under control had been an important policy objective. Despite a generally tight monetary policy stance, inflation was 30.6% for 1998, compared to 18.6% for the previous year. Interest rates rose while the value of the kwacha depreciated (GRZ 1998a, p.17). Budget management was a key instrument for keeping inflation under control. The target for 1998 was to maintain the overall fiscal deficit below 3% of the GDP. This meant achieving a surplus on the domestic budget amounting to almost 2% of GDP. The GRZ did entertain ambitions to protect vital expenditures in the social sectors.

The budget performance in 1998 was considerably worse than previous years as is shown in Table 1.2.

Table 1.2 Budget Performance, 1996–1998
(K billion)

Budget item	**1996**	**1997**	**1998**
Domestic revenue	817	1023	1127
Income taxes	245	327	398
Domestic VAT & excise tax	264	352	393
International trade taxes	244	288	280
Non-tax revenue	65	56	43

Table 1.2 Budget Performance, 1996–1998 (Contd.)
(K billion)

Budget item	**1996**	**1997**	**1998**
Grants	242	260	316
Revenue and grants	1059	1283	1443
Current expenditure	584	1418	894
Wages and salaries	221	324	320
Public service reform	0	2	80
Transfers and pensions	96	127	146
Interest on public debt	188	213	229
Other current expenditures	79	98	119
Capital expenditures	345	390	562
Domestically financed	41	70	115
Foreign financed	304	320	447
Current and capital expenditures	1079	1293	1627
Overall balance	**-20**	**-10**	**-184**

Source: GRZ. Ministry of Finance, various reports.

Domestic revenue collection fell short of expectations: only K1.127 billion was raised. This performance was explained by low collections of non-tax revenue, particularly motor vehicle registration fees, passports and ground rent. Performance was so poor that only half of the amounts budgeted were actually collected. This was explained by weak enforcement mechanisms. Fees were simply not collected, not properly reported etc. Revenues from trade taxes (import duties, import VAT, import declaration fee) also fell short of expectations. In this case, the inability to meet targets were attributed to the sluggish performance of the economy, lack of foreign exchange and the poor financial position of the mining sector. On the expenditure side of the budget, several pressures emerged that complicated the achievement of the budget targets. A major problem was the non-disbursement of donor funds for the public service reform programme. The GRZ, therefore, had to finance retrenchment packages out of its own resources. An estimated K80 billion, against a budget of K20 billion, was used on public sector employees who were forced to leave their positions. Finally, increased costs of goods and services, due to rising inflation and currency depreciation and the holding of Government elections, added pressure on the expenditure side of the budget.

During 1998, the budget followed a cash budget system. Expenditures were met and paid for only if there was money available. Since budget support from donors was not forthcoming as expected, and as domestic revenue collection only yielded the barest minimum of what was expected, there was actually very little money to spend. Overruns in some expenditure were the result and the objective of maintaining an overall fiscal deficit of 3% of the GDP could not by met. Actually, the deficit widened to about 4% and the domestic budget surplus share of GDP fell to barely 1%.

Despite the difficult budget situation, which contributed to short-term stagnation in the economy, the GRZ made attempts to stimulate the private sector. The planned budget surplus was intended for retiring domestic debt with a view to freeing financial resources for private sector use. This measure was intended to reduce the cost of credit and increase the availability of credit. The Government also implemented a policy of redeeming its domestic debt, including arrears. Consequently, the stock of domestic debt, mainly consisting of treasury bills and bonds, was reduced by almost a third towards the end of 1997.[2] While debt retirement was financed principally from revenue reserves accumulated over the past, arrears were paid from current revenues.

The balance of payments continued to be in a precarious state in 1998. The balance of trade deteriorated further. Exports fell by some 25% between 1997 and 1998. A combination of reduced metal prices and falling production volumes caused this all time low in metal exports. Production of copper was down to 270,000, a figure never experienced before and quite telling about the state of affairs in ZCCM. Net earnings from copper and cobalt decreased by more than 30% between 1997 and 1998. Other export commodities such as cotton, tobacco and sugar had problems of accessing some export markets.

The value of imports declined from 1997 to 1998 by some 16%. Imports of food remained stable and the imports of capital goods increased slightly. It was the imports of fuel and energy that recorded the largest drop. This reflected the general recession of the economy.

Table 1.3 Balance of Payments, 1996–1998
(US$ million)

Item	**1996**	**1997**	**1998**
Exports	993.4	1191.0	873.0
Imports	-1056.3	-1218.0	-1022.0
Balance of trade	-62.9	-27.0	-147.0
Services balance	-347.0	-394.0	-352.0
Current account balance (excluding grants)	-409.9	-421.0	-501.0
Current account balance (including grants)	-122.9	-239.0	-275.0
Capital account balance	49.0	166.0	-8.0
Overall balance	-105	-127	-282

Source: GRZ. Ministry of Finance, various reports.

The combined effect was a worsening trade balance deficit. Although the service balance improved slightly, the deficit in the current account balance continued to increase. Declining capital and financial flows further indicated the structural weakness of the balance of payments. In 1998, official flows reflected the suspension by donors of balance of payments support, net private capital flows (direct foreign investment and portfolio investment) also decreased. Consequently, the current account deficit in 1998 had to be financed, to a relatively large extent, by drawing down foreign exchange reserves. The other principal source of financing the current account deficit was project assistance (GRZ 1998a, p.37).

Zambia's stock of external debt was estimated to be US$ 6.5 billion in 1998. This was a downward revision of previous estimates by some 0.5 billion. This was due to a data reconciliation and validation exercise, in addition to factors such as debt retirement, debt relief operations. In spite of the generally weak economic situation, the GRZ managed to honour debt servicing in 1998. This was made possible by drawing upon foreign exchange reserves.

[2] The value of treasury bills and bonds fell by almost K100 billion, down to some K 200 billion. At the same time the GRZ increased its payment of outstanding bills and arrears resulting in cost overruns of K55 billion on the arrears vote.

Table 1.4 The External Debt of Zambia, 1995–1998.

Composition of debt (US$ million)	**1995**	**1996**	**1997**	**1998**
Public debt	*6,042*	*6,124*	*6,315*	*6,214*
Bilateral	2,605	2,677	2,856	2,695
Paris Club	2,153	2,246	2,427	2,212
Non-Paris Club	452	431	429	482
Multilateral	3,201	3,269	3,315	3,112
IMF	1,206	1,206	1,206	1,139
IDA	1,238	1,348	1,450	1,526
IBRD	75	54	33	16
Commercial debt	236	178	144	407
Private debt	*57*	*82*	*88*	*254*
Total debt stock	**6,099**	**6,206**	**6,402**	**6,468**
Indicators (%):				
Debt service ratio	-	40.7	28.8	33.3
Debt/export ratio	515	625	538	741
Debt/GDP ratio	179	191	164	205

Source: Ministry of Finance and Economic Development. Lusaka.

Still, the country's debt stock remains unsustainable. Although the debt service ratio has improved slightly – going down from 4% in 1996 to 33% in 1998 – other indicators did not improve. The debt/export ratio has gone from an impossible 515% in 1995 to an even more impossible level of 741% in 1998. A more modest deterioration was experienced by the debt/GDP ratio which went from 179% to 205% over the same period. More than 50% of the stock was owed to the multilateral institutions, mainly the World Bank and the IMF. There is no doubt that the GRZ sees an urgent need to get access to the Highly Indebted Poor Countries (HIPC) debt initiative. A recent development has been a rise in the share of private debt. In 1998 it accounted for about 4% of the total debt, after having been on a level of below 1% for many years. This increase was primarily the effect of liberalisation of capital markets, which enabled private firms to source internationally for their investment.

Aid dependency

Over the years Zambia has developed into one of the most aid dependent countries in Sub-Saharan Africa (SSA). In 1992, Zambia received an aid per capita of USD 125; this was about 3.2 times as much as SSA as a whole (World Bank 1999: p. 384). Five years later, aid flows to SSA had fallen to an average of USD 26 per capita. Aid per capita to Zambia was almost halved during the same period – USD 65. Thus, the gap between Zambia and SSA in terms of aid per capita had narrowed. This trend probably reflects two tendencies. First, a general decline of aid flows to Africa. Second, Zambia's mounting problems with its donors.

Table 1.5 The Aid Dependency of Zambia, 1992 and 1997

	Aid as % of GNP		**Aid as % of gross domestic investment**		**Aid as % of imports of goods & services**		**Aid as % of central government expenditures**	
	1992	1997	1992	1997	1992	1997	1992	1997
Zambia	36.1	16.9	273.8	107.4	53.8	35.3	104.2	n.a.
Sub-Saharan Africa	12.0	5.0	66.1	27.7	27.9	12.7	n.a.	n.a.

Source: World Bank. World Development Indicators, 1999, p. 354, table 6.10.

When interpreting aid dependency ratios the World Bank had the following to say (World Bank, 1999, p. 355):

> '….care must be taken in drawing policy conclusions. For foreign policy reasons some countries have traditionally received large amounts of assistance. Thus, aid dependency ratios may reveal as much about the interests of donors as they do about the needs of recipients.'

Aid to Zambia is a typical illustration of this proposition. The volume and composition of external assistance to Zambia has been conditioned, first and foremost, by the country's willingness to reform its economy and, secondly, by the degree of economic adversity. The pattern of aid flow correlates closely with the country's policy changes. For example, during the first four years of independence up to 1968, aid to Zambia maintained a steady and upward movement. When the government decided to expropriate foreign assets through its policy of nationalisation, however, a significant drop in external assistance was registered. The UK, in particular, lowered its assistance significantly. When the Zambian economy began in mid-1974 to experience serious external shocks caused mainly by the drop in the price of copper and the increase in the price of oil, the donors responded positively by increasing their aid flows to the country.

There are two comments to make about Zambia's indicators of aid dependency. First, they are high by any comparison. In terms of aid as a percentage of GNP, Zambia is only surpassed by Guinea-Bissau, Mozambique and some of the Sahel countries in SSA. Particularly staggering is the relationship between aid and gross domestic investment. Zambia's ratio is about four times the average for SSA. Second, there has been a declining trend across all indicators. This is true for Zambia as well as SSA as a whole. In Zambia aid as a % of GNP fell from 36% in 1992 to 17% in 1997. This does not reflect any increase in productive activities in the country. On the contrary, Zambia continued its downward spiral that had started already in the early 1980's. For SSA, the same average ratio fell from 12% to 5%.

When the IMF embarked on structural adjustment programmes (SAP) world-wide in 1980, Zambia's failure to design and implement an acceptable reform package led to a noticeable reduction in external support particularly from the bilaterals. When the country adopted a SAP over the 1983 to 1987 period, this was rewarded with an appreciable increase of external assistance. During that period, the number of aid agencies that were active in Zambia stood at around 150. Not surprisingly, when the Zambian government unilaterally decided to abandon the IMF/World Bank-supported SAP in May 1987, many donors significantly reduced their support to the country. Major donors like the United States, UK and Germany actually suspended their disbursements completely. In other words, during the period when there was an absence of real agreement with the major international financial institutions, bilateral donors also reduced or abandoned their commitments to the country. The same happened towards the end of the 1990's. After the initial positive response to the election results in 1991, when the MMD took over from Kaunda, bilateral donors became increasingly worried about the performance of the government. The primary reason for this was not economic policies and their implementation; it concerned the reported problems with corruption and the human rights record of the government.

Summary

The current government has achieved a lot in terms of macroeconomic reform. The pace of liberalisation and decontrol has been impressive. Prices have been decontrolled and subsidies eliminated. The market determines both the exchange rate and the interest rates. Quantitative restrictions on imports have been removed and the tariff structure has been compressed and simplified. Parastatal monopolies have ended, crop marketing has been liberalised and an ambitious privatisation programme has been launched.

In spite of these achievements, the long-term prospects for economic growth in Zambia will continue to be limited by inherited structural weaknesses of the economy. The dependence on copper and the lack of a dynamic agricultural sector are perhaps the most important barriers to renewed growth. Further, growth is hampered by the low level of human resource development and by the huge debt burden. Of immediate concern to Zambia is dealing with the problem of foreign exchange shortage. In the short-term, the matter is largely in the hands of the donors. Therefore, it is a bit worrying that the relationship with the donors that started off well, has developed into a relationship full of conflicts, particularly on governance issues. This has negatively affected aid flows particularly from bilateral donors.

2. The Poverty Situation in Zambia

In the 1960s and early 1970s, Zambians enjoyed gains in income, life expectancy, school enrolment and reduced malnutrition and infant mortality. Despite these gains as many as 65% of all Zambians remained in poverty. From the middle of the 1970s, Zambia's per capita income, as well as most social indicators, began to fall. The situation deteriorated to such an extent that, in 1985, the World Bank re-classified Zambia from a low-middle income to a low-income country. By the early 1990s, Zambia had reached a level where the UN General Assembly included Zambia on the list of least developed countries. Thus, during the last 35 years, Zambia has experienced the worst economic decline in Sub-Saharan Africa. To make matters worse, it is difficult to see a rapid change for the better.

In this chapter we shall provide a picture of the current poverty situation, as far as the available material will allow us. This will give the context within which European donors formulate their policies and strategies and the mode of implementation they choose for their programmes.

Nutrition status is often used as an indicator of the extent and depth of poverty. Assessing trends in nutritional status of most countries is problematic. National surveys are often not available and trends must, therefore, be estimated from localised surveys. They are often limited to regional or provincial levels at best and often to district or village levels. Zambia is no exception to this general situation. Available macro level statistical data in Zambia follow an income/expenditure approach to measuring poverty. The Central Statistical Office has produced three poverty surveys during the 1990s–1991, 1993 and 1996. They are all based on the poverty line concept, using a food basket for estimating the poverty line. Poverty as a broader socio-economic phenomenon is not reflected in these surveys. Thus, when assessing poverty in Zambia we are often left with macro level data which correspond to an income approach to poverty, while at the micro level we have a different kind of household-type survey. These often provide material for a broader concept of poverty, focusing on livelihood, assets and rights. They are difficult to reconcile with each other on a national level.

Combating poverty – the policy response of the GRZ

In a recent policy paper the GRZ defined poverty as follows:

> '...lack of access to income, employment opportunities, normal internal entitlements by the citizens to such things as freely determined consumption of goods and services, shelter and other basic needs of life that include education, preventive diseases'(GRZ, 1998c).

The GRZ considers its development strategy decidedly pro-poor. The Minister of Finance stated the following in the 1998 Budget speech: '….the ultimate objective of our economic and financial policies is to reduce poverty and to raise the living standards of all our people' (GRZ, 1998b).

In 1998, the main objectives of the GRZ, as far as poverty reduction was concerned, were formulated in a National Poverty Reduction Strategic framework. This framework outlines five key strategies for reducing poverty:

- achieving broad-based growth through agriculture and rural development;
- providing public physical infrastructure;
- increasing productivity of the urban micro-enterprises and the informal sector;

- developing human resources; and
- coordinating, monitoring and evaluating poverty reduction programmes and activities.

This framework became operationalised later in 1998 in the 'National Poverty Reduction Action Plan (NPRAP)'. It is still too early to say much about the progress of the plan. Many of the activities outlined in the plan require substantial investments. Many of the planned interventions in agriculture, infrastructure and the social sectors will be concerned with rehabilitation of, or even construction of, new facilities. The budget situation of the GRZ is not strong. The government is currently unable to provide any of the required capital. It is also difficult to see any other actor filling some of the gap. Capital for this kind of investment is not available in the private sector. The domestic, private sector is weak and suffers in particular from a badly functioning capital market. The remaining source of funds is foreign donors. This source has become critical for the delivery of social services. The success of the Plan therefore depends a great deal on the political and financial support from donors.

The pro-poor policy intentions of the GRZ can be seen in its budget priorities. It is a positive sign that the GRZ has shifted more of its meagre resources to the social sectors. The budget sector allocations rose from 28% in 1993, to 34% in 1995 and 1996, to 35% in 1997 (SPA, 1998, p.3) Still, this only covers the most basic running costs. There is little left for much needed maintenance and upgrading of facilities. Since 1991, the GRZ has also been quite active in terms of structurally reforming the delivery of social services. There is an emphasis on decentralisation of service delivery and greater delegation of authority, including the responsibility for policy development. The GRZ has also, together with donors, moved toward the formulation of sectoral strategies and programs for the health, education, agriculture, road and water supply and sanitation sectors.

National Poverty Reduction Action Plan, 1999–2004

1. **Agriculture and Rural Development**
   - Increase agricultural production and food security.
   - Improve quality of agricultural research and extension system.
   - Improve access to agricultural credit, particularly for small-scale farmers.
   - Improve livestock production and disease control.
   - Promote rural electrification and use of alternative energy sources.

2. **Public physical infrastructure**
   - Promote construction, rehabilitation of rural roads, bridges etc. by using labour-based methods and alternative technology.
   - Support construction of local markets, storage and clean water facilities.
   - Support the development of transport and communication systems, as well as schools and health centres.
   - Promote the construction of irrigation systems, boreholes, dams and wells.
   - Ensure community participation in the development and maintenance of physical infrastructure.
   - Provide physical infrastructure for the disabled.

3. **Urban Micro-Enterprises and the Informal Sector**
   - Provide financial, social and market intermediation in the informal sector.

4. **Development of Human Resources**
   - Achieve universal primary education, increase access to basic education and improve supply of text books.
   - Increase access to skills development and vocational training

5. **Coordinating, Monitoring and Evaluating (CME) Poverty Reduction Programmes and Activities**
   - Enhance the capacity of the Ministry of Community Development and Social Services for effective CME

Poverty in Zambia – the current situation

The high levels of poverty in Zambia (and the continuing decline recorded in the social indicators) have been characterised as a social crisis. The legacy of past economic and social sector policies, the dramatic effects of the AIDS epidemic, an increasing rate of population growth and consecutive droughts have all played their role in shaping this crisis. In order to present a comprehensive picture of the poverty situation in the country, we shall start by looking at the Human Development Index (HDI) and the Human Poverty Index (HPI) for Zambia.[1]

National statistical data allows for the following breakdown of the various components of the HDI according to province.

Table 2.1 Provincial values of HDI components for Zambia, 1990 and 1996

Province	**Life Expectancy at Birth (years)**		**Adult Literacy Rates %**		**Real Income per Capita in constant US dollar**	
	1990	**1996**	**1990**	**1996**	**1990**	**1996**
Central	50.6	49.1	67.1	58.7	465	186
Copperbelt	49.9	48.4	82.1	81.1	596	329
Eastern	42.0	40.7	47.5	79.1	267	168
Luapula	40.0	38.8	39.0	96.8	414	213
Lusaka	50.4	48.5	81.0	95.5	914	472
Northern	44.2	42.9	60.0	70.7	242	148
North West	51.1	49.6	49.8	64.6	249	143
Southern	52.5	50.9	68.8	56.6	374	210
Western	43.4	42.2	54.8	46.0	244	141
Zambia	**47.1**	**45.7**	**61.2**	**72.1**	**418**	**223**

Source: UNDP (1998b) Based on the following sources: for 1990 data, Republic of Zambia, Census of Population, Housing and Agriculture, 1990 Zambia Analytical Report vol.10, 1995. Republic of Zambia: Priority Survey I, 1991, 1993; for 1996, Central Statistics Office, Living Conditions Survey, 1996.

The figures offer a rather unfortunate picture of the development between 1990 and 1996. Across Zambia, life expectancy has declined from 47 years to 46. The real income per capita has been reduced by almost half and was US$ 223 in 1996. Historically, there have always been large differences between the provinces in terms of income and most other socio-economic indicators, for that matter. In 1990, the difference between the highest and the lowest PCI was US$ 672. By 1996 the gap had narrowed to US$ 331. The literacy rate shows an unexpected rise, given the deterioration of the education system, from 61% to 72% in 1996. This is attributable to positive

[1] The Human Development Index (HDI) is well-established and needs no detailed presentation. It represents an attempt to transcend the limitations of traditional concepts of measuring development and welfare in a comprehensive way. It offers a necessary and important adjunct to money metric measures such as the per capita income. The HDI is composed of three major indicators of development merged into a single index. Each indicator represents an important dimension of human development: a long and healthy life, knowledge and a decent standard of living. Translated into statistical measures, the first component is life expectancy at birth; knowledge is measured by the weighted average of adult literacy and combined primary, secondary and tertiary enrolment rates; and the standard of living is measured by per capita income adjusted after a certain threshold.

HDI measures progress in human development but it does not measure deprivation, or poverty. Measuring poverty by using only money-metric measures such as the headcount index of poverty has its limitations. It should be complemented by a measure of deprivation analogous to the HDI. The Human Poverty Index (HPI) was developed to measure poverty along the same three dimensions as the HDI (UNDP, 1998a). UNDP therefore proposes a dual approach for measuring changes in levels of human development. A 'welfare' oriented approach using the values of per capita income and the HDI and a 'deprivational' approach using the values of headcount poverty incidence measures and the HPI. The usefulness of working with two complimentary measures becomes apparent in a situation where a country's rank order differs for the two indices. The implication, for example, of the HPI rank being higher than the HDI rank is that 'overall progress in human development has been pro-poor, effectively helping the most deprived lift themselves out of human poverty' (UNDP, 1998b, pp.22–23).

developments in five provinces – Eastern, Luapula, Lusaka, Northern and North Western. The most surprising development is perhaps the high literacy rate achieved in Luapula, a province that is among the least developed in Zambia. We therefore suggest that these figures should be interpreted with some caution.[2]

Let us then turn to the HPI. Data availability allow us to make a comparison but we should bear in mind that the original sources are quite different and one can expect an inconsistency in data, making comparisons difficult. Table 2.2 shows the HPI and its components by province.

Table 2.2 Human Poverty Index of Zambia by Province, 1990 and 1996

Province	P1		P2		P31		P32		P33		P3		HPI	
	1990	1996	1990	1996	1990	1996	1990	1996	1990	1996	1990	1996	1990	1996
Central	12.9	16.5	21.0	16.3	52.7	51.9	18.0	10.0	21.0	24.7	30.4	28.9	23.6	22.2
Copperbelt	13.2	17.5	11.0	9.0	13.5	18.9	-	3.2	21.0	20.2	11.5	13.7	12.0	14.2
Eastern	20.6	23.5	38.0	29.6	67.4	66.6	10.0	13.4	23.0	26.7	33.5	35.6	32.3	30.1
Luapula	19.9	25.5	16.0	12.4	60.4	60.2	6.0	3.4	29.0	25.8	31.5	29.8	24.3	24.7
Lusaka	12.9	17.4	11.0	9.0	19.1	18.9	2.0	2.1	19.0	20.2	13.4	13.7	12.5	14.2
North West	12.6	15.3	29.0	21.8	60.4	60.7	14.0	12.0	17.0	26.9	30.5	32.9	25.9	25.5
Northern	16.9	20.0	22.0	17.1	64.6	62.9	28.0	12.7	33.0	26.3	41.9	34.0	31.0	24.6
Southern	11.8	14.8	18.0	14.0	63.2	55.4	17.0	10.8	18.0	25.2	32.7	30.5	24.2	21.9
Western	17.5	20.1	37.0	28.8	65.3	61.3	28.0	12.2	21.0	26.0	38.1	33.2	33.4	29.4
Zambia	**15.4**	**19.0**	**22.0**	**17.6**	**51.8**	**15.0**	**15.0**	**8.9**	**22.0**	**24.6**	**29.3**	**28.0**	**24.4**	**22.9**

Notes:
P1 = Under five mortality rate per 100 live births.
P2 = Adult illiteracy rate.
P31 = Percentage of population without access to safe water.
P32 = Percentage of people without access to health services.
P33 = Percentage of moderately and severely underweight children under five.
P3 = The simple average of the three variables: P31, P32 and P33.
HPI = Human Poverty Index

Source: UNDP. Human Development Report for Zambia 1997. Lusaka. Based on the following sources: Republic of Zambia, Social Dimensions of Adjustment: Priority Survey I, 1991, 1993, Tables 5.2, 6.1, 7.11 and 14.2. For 1996: CSO. Demographic and Health Surveys Macro International Inc. Maryland. Zambia Demographic and Health Survey 1996. Preliminary Report, 1997; Republic of Zambia. Living Conditions Monitoring Survey, 1996. Preliminary Report 1997. Republic of Zambia. Zambia Enhanced Structural Adjustment. Economic Growth and Poverty Reduction Policies of the Government of the Republic of Zambia. A report presented to the CG meeting for Zambia June 1997.

It appears that, in general, the poverty situation has remained fairly stable during the first half of the 1990s. There has been a decrease in the overall HPI of some 1.5 percentage points, which is encouraging but still within the error margin. It is noteworthy to find three provinces, Copperbelt; Lusaka and Luapula, have experienced an increase in the HPI. Apart from Luapula, which is a rural province, the developments in Lusaka and Copperbelt suggest an increase in urban poverty. Looking at the different components of the HPI there has been an improvement in adult literacy, as well as an improvement in the proportion of people with access to health services. On a more negative note, there was an increase in the under-five mortality (U5MR), as well as in the proportion of underweight children under five years of age. Finally, there has been no change in the proportion of people with access to clean water. Nationally, about half of the population have access to clean water. One should note the huge difference between the urban areas of Lusaka and the Copperbelt and the more rural areas.

In the next section we shall look more closely at two important aspects of poverty – the health status of the people and provision of health services.

[2] Part of the problem can be explained by the sources used for calculating the various HDI components.

Health

Provision of health services

When attaining independence in 1964, Zambia inherited a very unequal health service. Most of its population had little access to health services. After independence, the GRZ promised to redress this structural imbalance by expanding services to the whole population, particularly in the rural areas.

Zambia's strategy for health sector development was similar to that of many other countries of the times. It placed comparatively little emphasis on preventative health care. The GRZ built health facilities and hospitals. In 1996 Zambia had 84 hospitals and 1261 health facilities. This should be compared with the time of independence when there was 48 hospitals and 306 health centres across the country (CSO,1998). The major part of the construction took place between 1964 and 1975. Thereafter there has been only modest contributions to the health infrastructure.

Zambia trained health workers so that the population per doctor fell from 13,640 to 10,920 and the population per nurse fell from 1730 to 580 between 1970 and 1990. It also trained community health workers and traditional birth attendants and strengthened preventative programmes. Expanded health services contributed to an improvement in health standards. So, for example, between 1960 and 1980–82 infant mortality fell from 125 to 80 per 1000 and under five mortality fell from 220 to 152 per 1000. (World Bank, 1994).

Thus, Zambia attempted to both expand its primary care services and improve upon its larger hospitals. This strategy could have been successful if the economy had grown. Unfortunately, Zambia soon found itself in a situation where it could not meet the expenses of the health system. There is little doubt that the economic crisis seriously affected GRZ ability to maintain its health system. Looking at the period 1980 to 1995, health expenditure, expressed in constant 1985 prices, fell from K155 million in 1980 down to a low in 1992 of K101 million. Thereafter it started to rise and reached K120 million in 1995. Health expenditure has captured a larger share of total GRZ expenditures, rising from 10% in 1993 to 13,7% in 1994 (Penrose et al., 1996, p.41 and UNDP, 1998b, p.38). This reflects, of course, not only the GRZ's own priority setting but also the impact of Bretton Woods conditionalities. The different agreements with the IMF and the World Bank specified a certain percentage of GRZ spending allocated to the health sector.

In spite of this positive attention to the health sector, the money simply was not enough. One reason was that staff salary related costs took an increasing proportion of the total resources available to health. In the middle of the 1980s, when the first signs of an impending crisis began to show, they stood at 65% of total health expenditures. Currently, salaries and related costs occupy over 80% of health expenditures. Not surprisingly, the GRZ finds itself unable to maintain what had been installed in the post independence period. This includes maintenance of buildings and equipment, availability of drugs and trained staff. In a situation of limited resources, cost-effectiveness considerations became critical for running the health system. In its public expenditure review of 1992, the World Bank (1992) points out a range of mistakes that were made in terms of resource allocation; decision that probably led to increases in mortality rates:

- cutbacks were skewed in favour of curative services and against preventative services;
- salaries were maintained relative to supplies, operations and maintenance;
- operating expenditures tended to favour 'big ticket' items, such as the University Teaching Hospital in Lusaka;

- provincial services were cut much more than urban services; and
- there was disinvestment or outright abandonment of services in the most geographically isolated districts.

The basic services that were cut were the most cost-effective and efficient in terms of health status. The net result was ‘often empty shells where clinics used to be; where there were staff, they frequently did not have the tools with which to do their work’ (Penrose et al., 1996, p.69). Already in the 1980s, many of the rural poor were underserviced since health care spending tended to favour the urban areas and the ‘line of rail’. Later on the impact of reduced spending associated with structural adjustment was to dramatically exacerbate this bias. In the early 1990s it was apparent that there was a need for a revision of the health policy/strategy more adapted to an economic crisis where poverty had reached almost endemic proportions.

In 1992, the GRZ took stock of all the critical problems in the provision of health services and embarked on a comprehensive reform programme of the sector. The health reforms are aimed at improving equity, access, cost effectiveness and service quality. The reforms signify new roles for the GRZ, communities and individuals in health care delivery system. The main approach in this programme has been to decentralise responsibility for essential service operations to the district level. The hope is that this move will make provision of health services more responsive to local needs and accountable to users. District Health Management Boards and Hospital Management Boards have been established consisting of elected community representatives. The reforms have also emphasised the redirection of funding from centrally managed projects to funding for activities defined by communities and districts. The health resource base has also been strengthened through budgetary reform, whereby resources have been shifted from central levels to the lower levels of the administrative hierarchy. District Health Management Boards and Health Management Boards now receive block grants, which should give them a possibility to plan their activities according to their own plans and needs. User fees were also introduced in order to enhance the resource base of the boards. In an endemic poverty setting the use of user fees may be sub-optimal, particularly if they are cash-based or are set too high, which they initially were in Zambia. Their use is likely to result in lower clinic attendance. Parliament enacted the National Health Services Act in 1995. This Act now constitutes the legal framework under which the health services operate.

Malnutrition and child mortality

In general, malnutrition is a major cause of ill-health. A person’s nutritional status is a function of a number of factors of which access to food is only one. Other factors, such as health and sanitation, food prices, seasonality of food availability, stability of sources of income, the general education of mothers (especially regarding knowledge of nutrition information, child feeding and weaning practices) and culturally determined consumption preferences, all influence a person’s nutritional status. Poverty itself is the major explanatory variable for the presence of most of these factors. In the child, malnutrition affects immunity, growth and cognitive development.

In Zambia, the most common form of malnutrition is Protein Energy Malnutrition (PEM), which manifests itself in such maladies as kwashiorkor, marasmus or marasmic-kwashiorkor. The major micro-nutrient deficiencies associated with malnutrition are vitamin A deficiency and iron deficiency anaemia, the latter being prevalent among women and children. The prevalence of PEM is closely associated with inadequate dietary intake. This is in turn linked to declining levels of income preventing families to access nutritionally adequate food on the market.

In 1991, about 69% of all Zambians were living in households with expenditures per adult equivalent below a level sufficient to provide basic needs. By 1993 the proportion had risen to 76%, as many as 55% of the population were living on expenditures below the level required to cater even for basic nutritional needs. In 1995, 53% of all children under five years of age were stunted and, therefore, chronically malnourished – a rise of approximately 13% from the levels recorded in 1992 (FHANIS, 1996, quoted in Penrose, 1996, p.8).

The traditional measures used are stunting (height-for-age), wasting (weight-for-height) and underweight (weight-for-age). Stunting measures the growth retardation, while wasting measures the relationship of body mass to body length. Being under-weight or a low weight in relation to age usually results from lack of adequate nutrition and/or acute illness (Hanmer & White, 1999, p.64)

A review of malnutrition data does not always provide a consistent picture of levels and trends of malnutrition in Zambia. Available statistics do not readily allow for the compilation of nutrition indicators over longer time period. Hanmer & White (1999) conclude that only underweight data are available. Consistent data for stunting and wasting are available only for the 1990s. Table 2.3 shows the trend for underweight. There is a fall until the early 1980s, then a rise during the mid-80s, to be followed by a levelling off into the 1990s.

Table 2.3 Under-weight for under-fives (%)

	1972	1975	1980	1985	1992	1996
Under-weight	24	20	6	14	23	24
Stunting					40	43
Wasting					5	5

Source: Hanmer & White, 1999, p. 65

Malnutrition is usually much more prevalent in rural areas. The difference between Lusaka/Copperbelt and a typical rural province like Luapula is about 26% when it comes to stunting and 16% when it comes to wasting. The rural-urban disparity has widened slightly between 1992 and 1996 when it comes to stunting and wasting but not with respect to the children who are underweight. The difference here is quite small.

Table 2.4 Nutrition indicators among children under 5 years by province, 1992 (%)

Province	Stunted		Underweight		Wasted	
	1992	1996	1992	1996	1992	1996
Northern	57	57	36	32	7	5
Luapula	56	57	40	33	6	7
Eastern	48	48	25	26	3	3
North West	42	47	26	27	4	2
Western	42	45	26	32	4	5
Central	39	38	22	20	4	6
Southern	35	40	22	21	3	4
Copperbelt	34	31	22	17	5	4
Lusaka	32	30	23	16	5	5
Rural	46	49	23	17	5	5
Urban	33	33	29	28	5	3

Source: Hanmer & White, 1999, p.65.

Still, many studies suggest that malnutrition did not worsen between 1980 and the early years of the 1990s. The ZFNC (1994) show that the heights of rural children have increased, which is attributed to an improved nutritional status thanks to improved calorie consumption of cereals. Furthermore, stunting declined between 1989/90 and mid-1992. The ZFNC study thus concludes that the malnutrition situation has remained stable and even improved slightly. The same conclusion is arrived at by two other studies (ZDHS, 1992) and (WHO, 1989). They conclude that the nutrition situation in the country has not changed over the last 20 years. Malnutrition continues to be a serious problem but its growth seems to have levelled off towards the end of the 1990s. The fact that malnutrition, as expressed by growth faltering indicators and under-five mortality, did not move in tandem does not mean that malnutrition did not exercise an impact on U5MR. However, the data suggests that other factors were important in explaining the rise in U5MR towards the end of the 1990s. A study from the mid-90s, for example, suggested that to a large extent deteriorating health services could explain increases in U5MR (Hambayi, et al., 1995). The study investigated case fatality (CFR) between 1980 and 1993.[3]

Where health facilities were adequate (i.e. mission run hospitals and health facilities) the CFR remained at about 22%. Where services had deteriorated (i.e. GRZ run hospitals and health facilities) the CFR climbed to 53% during the same period. Increased mortality among U5MR's had no biological explanation but were the consequence of the quality and quantity of health care. As a patient, one stood a much better chance of surviving if you went to a mission hospital than a government hospital.

One of the most used indicators of health status, and poverty, is U5MR. Table 2.5 below shows U5MR from 1960 up to 1993.

Table 2.5 Under-five mortality rates, 1960–1993

Year	U5MR
1960	228
1965	203
1970	172
1980	146
1985	138
1990	120
1992	191
1993	202

Source: Ojermark, ZDHS 1992 and Unicef 1993

Up until 1990, U5MR actually decreased from 228 per 1000 in 1960 to 120 in 1990. During the 1990s there was a rapid deterioration. Looking at the whole period 1980–1992, there was a 33% increase in U5MR. Yet, according to Sullivan (1994), for a sample of 11 SSA countries there was actually a decline in U5MR of 22% over the period 1985–1990.

To what extent has malnutrition contributed to increased U5MR? Malnutrition is associated with mortality, however, U5MR increased in spite of stable levels of malnutrition. Hence, one can suspect either the outbreak of a serious disease or lack of good health services. Reduction in health sector spending may have increased U5MR mortality rates; a clear expression of inappropriate strategic resource allocations in a situation of accelerating economic crisis.

[3] The case fatality rate (CFR) is defined as the proportion of people admitted to hospital or health centre with a specific illness who die.

Hanmer & White (1999) performed an analysis of infant mortality. The authors conclude that there has been a substantial rise in U5MR over time. Infant mortality has also increased but it is levelling off during the 1990s. Child mortality, on the other hand, has continued to rise. The authors note that many of the factors associated with infant mortality – child rearing practices and immunisation to mention two of the most important – have been improving. This suggests that mortality should have declined rather than risen. As this has not been the case, other factors must have been responsible for the rise. A possible reason may be the deteriorating standards of the health services which offset the improvement in child rearing practices and immunisation. The spread of HIV/AIDS is another such factor, although it does not explain all of the mortality increase.

Antenatal care (ANC) is a particularly important determinant of child survival in Zambia. First, levels of childhood mortality are heavily biased towards deaths in the first week, first month and first year of life. These levels increased significantly during the 1980s. Second, congenital syphilis and low birth weight are prevalent in Zambia. Though they are high risk factors, they can be controlled by ANC interventions. An attempt to quantify the relative importance of the determinants of U5MR through multiple regression found that levels of ANC (the percentage of people in each province who do not have access to any form of MCH related services) explains two thirds of childhood mortality (Penrose et al. 1996, p.78).

ANC was followed closely by determinants such as stunting and then poverty. Malaria, a leading cause of death amongst under-fives in Zambia, shows the second lowest correlation to mortality. This finding is consistent with the notion that children are dying not because of disease but because they are not being treated. The relation between 'distance to a facility' and mortality shows the lowest correlation. These findings taken as a whole support the view that the quality of health care services are sub-standard.

The prevalence of the HIV/AIDS epidemic in Zambia is today a factor to be reckoned with when analysing the health situation. But it is not fully clear to what extent there is a relationship between prevalence of HIV/AIDS and U5MR. The prevalence of HIV/AIDS is highest in urban Zambia, while child mortality rates are higher in the rural areas. To some extent this may reflect weaknesses in rural health statistics. Proper diagnoses, for instance, are not always ensured in rural health clinics. Studies made in the mid-90s suggests that HIV is contributing to child mortality (Fylkesnes, 1994). The issue is how much. Penrose (1996, p.80) makes the point that there are three factors that might indicate that the HIV epidemic had only a modest impact on U5MR increases:

- the HIV/AIDS epidemic has a significantly greater impact on the child population mortality than the infant population (Fylkesnes, 1994, UNICEF, 1994);

- the general thrust of mortality trends in Zambia has been towards increased levels of infant mortality and not child mortality; and

- the general trend in infant mortality was towards greater increases in rural areas than in urban centres, the opposite of the HIV epidemic trend.

To sum up, we can conclude that the increase in U5MR in Zambia that was observed from the 1980s to the early 1990s can be explained in terms of poverty, malnutrition and the HIV/AIDS epidemic. It has been made worse by a deteriorating health service system. It is not simply a matter of under-investment but of outright disinvestment. GRZ lack of resources and a cost-ineffective resource allocation strategy has resulted in a serious run-down of different public health facilities. Furthermore, there is a geographical bias in that the situation has become progressively much worse in rural than in urban areas.

Education

The provision of education has been relatively neglected by government for many years. Compared with the health sector, the reform process has been much slower. In 1996 an education policy was initiated. In compliance with the policy's emphasis on basic education, the GRZ put in place a Basic Education Sub-sector Investment Programme (BESSIP). The policy focused on increasing participation by stakeholders, promoting cost-sharing and maximising the resources available to the sector. It also aimed at increasing access, improving equity and providing quality and cost-effective education and training. The means would be a combination of formal, non-formal, private and community based initiatives.

However, since the mid-1980s the education sector has been suffering from declining and inadequate funding. In the period 1987–1991, public spending on education fell in real terms compared to the period 1981–85. The proportion allocated to the education sector, as a proportion of total GRZ expenditures, fell throughout the 1990s, from 13% in 1987 to 11% in 1997 (National Action Plan for Poverty Reduction, 1998, p.70). The policy emphasis on basic education has also been reflected in the allocations within the education budget. In 1996, 51% of the education budget went to basic education. This was further raised to 62% in 1998 (National Action Plan for Poverty Reduction, 1998, p.69) but under funding of the education sector is a growing problem. There is a significant reliance on donor funding and cost-sharing, although any exact figures are hard to find.

The result can be seen today all over Zambia. School buildings are in a total state of collapse and lacking even the most fundamental pieces of equipment. More serious though is the effect this has had on the quality of education. There are no data available to allow us to measure and discuss the development of quality over time. Common indicators of the status of the education system are the enrolment of pupils to the school system and the drop out rates from the system.

During colonial days the education sector had been largely neglected. One of the new government's most important priorities was to provide basic education for all. Impressive gains were also made during the immediate years after independence. The growth rate trailed off during the 1980s and early 1990s but there was still an increase. This is an impressive achievement since Zambia had by then started to embark on an economic decline of an unprecedented scale. Table 2.6 shows the development up to 1991.

Table 2.6. Growth rates of Primary School Enrolments, 1964–1970 and 1986–1991

Year	% Increase over previous year
1964	-
1965	8.4
1966	15.4
1967	13.9
1968	12.9
1969	8.6
1970	4.8
1986	-
1987	2.5
1988	2.5
1989	1.4
1990	2.7
1991	1.6

Source: GRZ. Ministry of Education. Annual Reports, 1964–1970 and unpublished data for 1986–1991. Quoted from O.S. Saasa. *Poverty Reduction in Zambia: the Current Context, Policies and Strategies*,.(MIMEO), August, 1997.

In 1994, total primary enrolments numbered a little over 1.5 million pupils in about 3,700 schools. There were nearly 200,000 secondary school pupils in 590 schools. There is some evidence that primary school apparent enrolment rate declined between 1985 and 1990, when it was reported to be just under 90% (GRZ, 1992, app.3). Towards the end of the 1990s, however, primary school enrolment began to increase from 1.5 million pupils in 1997 to 1.7 million in 1998. At the primary level, spontaneous initiatives have resulted in some 400 schools adding a further two grades. The resulting nine-grade cycle is considered as 'basic education'. In addition, some 2,000 community schools have also been established. These schools offer two year cycles and are perceived by parents and children as a means of improving chances in primary schools. During the same period, secondary school enrolment rose from 255,000 pupils to 350,000. The increase in secondary school enrolment was largely due to the opening of new basic schools and increases in the number of academic production unit classes (GRZ, 1998a, p. 81).

In 1995, net enrolment in primary education was 77% and 84% of the students completed grade 4 in primary education. The ratio between girls and boys in primary and secondary education was 82% in 1995. Literacy rates were comparatively high. Among 15–24 year olds, 91% could read and write in 1995. Adult illiteracy stood at 22%, 29% for women and 14% for men in 1995 (World Bank, 1996).

In Table 2.8 below we illustrate the situation as it was recorded by the CSO in 1996.

Table 2.7 School attendance by age-group and rural/urban location, 1996

	5–6	**7–13**	**14–18**	**19–22**
Rural	6	62	54	14
Boys	5	61	68	22
Girls	7	63	42	6
Urban	14	81	65	25
Boys	12	82	71	34
Girls	15	81	59	16

Source: CSO, 1996, table 7.1, p.39
Note: Primary grades 1–4 correspond to age-group 7–10 years
Primary grades 5–7 correspond to age-group 11–13 years
Secondary grade 8–9 correspond to age-group 14–15 years
Secondary grade 10–12 correspond to age-group 16–18 years
Students above 18 years are expected to be in tertiary institutions

The following features of school attendees emerge:

- There is a significant difference between rural and urban areas in terms of school attendance. This is particularly noticeable in the age group 7–13 years, when the difference is almost 20 percentage points. Among older children the difference is smaller – around 10 points.

- As expected more boys than girls attend school, except at primary levels. Girls tend to drop out from school when they reach 14 years and even more so from 19 years and upwards.

Table 2.8 School attendance by % in age-group and province, 1996

	5–6	**7–13**	**14–18**	**19–22**
Central	10	76	58	17
Copperbelt	13	80	64	22
Eastern	6	52	44	15
Luapula	4	65	57	14
Lusaka	11	78	61	18
Northern	6	61	61	20
North W.	13	61	56	19
Southern	8	71	60	16
Western	6	68	57	17
National	**9**	**69**	**58**	**18**

Source: CSO, 1996, table 7.2, p. 42

The following features of school attendees emerge:

- For children in primary schools, attendance is above the national average in the Copperbelt, Central and Lusaka. The lowest rates are found in Eastern, Northern and North Western provinces. The spread between the highest and the lowest is 19 percentage points, with an average of 69%.

- In the second grade primary, the spread is reduced to 11 points. But this time the provinces with the highest attendance rates are different, except for Lusaka and Copperbelt, which consistently have higher values than the others.

- Across the provinces there is a significant reduction in school attendance when the children reaches the age of 19 and above. The national average is 18% and the spread is only 8 points with the Copperbelt having a rate of 22% and the lowest attendance rate is found in Luapula and Western provinces of 14%.

One would have expected school attendance to exhibit considerable differences according to poverty status. The deeper the poverty the less the likelihood of parents sending their children to school. This would be more pronounced at the higher grades in the schooling system.

Table 2.9 School attendance by % in age-group and by poverty status, 1996

	5–6	**7–13**	**14–18**	**19–22**
Extremely poor	9	69	58	18
Moderately poor	11	76	64	19
Non-poor	17	84	67	21

Source: CSO, 1996, table 7.3, p. 43.

As expected there is a difference between the non-poor and those living in various stages of poverty. However, the difference is perhaps not that significant and it tends to decrease in the higher grades. It is particularly noteworthy to find that irrespective of being poor or not, parents are equally inclined to send their children to different kinds of tertiary teaching institutions. 21% of the children coming from non-poor families enter a tertiary institution, while 18–19% of those coming from poor circumstances enter tertiary training. These figures warrant further investigation before they can be fully interpreted.

Another indicator of the situation in the education sector, admittedly a rough one, is literacy. Between 1990 and 1993 the literacy rate in the country was 73%. Not surprisingly, more men (81%) than women (65%) could read and write. The difference appears, however, to be quite high. Towards the end of the 1990s the situation had improved. The overall literacy rate now stood at 78.3%, and the gap between male and female literacy had narrowed. 85.6% of the men could read, while 71.3% of the women were literate (CBS, 1997, p. 9). Thus, there has been an improvement in both enrolment and literacy rates.

Rising education costs are a frequently cited problem by households and families. In some cases, it has undoubtedly contributed to a decline in enrolments/attendance (World Bank, 1995, p.182). School related costs are often substantial for a family. Parents contribute directly to a school fund, the required sum being set by government, and to the Parent Teacher Association. Among the indirect costs faced by a family, school uniforms is the most important element. Although regulations have been relaxed and wearing uniforms is no longer nationally required, the decision is left to head teachers, who often insist that the children wear uniforms. Another cost is that for private tuition. Teachers often encourage this practice, as it constitutes an important supplement to an already meagre salary.

The costs of education to households rose significantly in the early 1990s. In 1991, education expenditures accounted for 7% of non-food expenditures on average across the country. This rose to 16% in 1993 and was accompanied by variations between rural and urban rates of spending increase. This was largely the result of a substantial increase in food expenditures in rural areas (Penrose, 1996, p.58). Health expenditures as a percentage of non-food expenditures rose from 2.4% to 3.2 %, in the rural household they rose to 4%. Table 2.10 below shows the data.

Table 2.10 Household spending on education and health, 1991 and 1993

	(1)		**(2)**		**(3)**	
	1991	**1993**	**1991**	**1993**	**1991**	**1993**
Urban	30	34	10	14.7	3.3	2.9
Rural	46	25	6.5	16	2.2	4.0
Zambia	**38**	**30**	**8.3**	**15**	**2.8**	**3.5**

(1) = Percentage share of non-food spending in total household expenditure
(2) = Percentage share of education spending in non-food spending
(3) = Percentage share of health spending in non-food spending

Source: CSO 1992, Priority Survey 1, table 10.2, p. 119; Priority Survey 2, table 9.2, p.102

Generally, urban households spend much more money on education than those in the rural areas. This reflects higher incomes as well as access to more expensive education opportunities. In the early 1990s households tended to increase their spending on education, while their spending on health services fell considerably. This trend was more pronounced in the urban areas (CSO, 1992, Priority Survey 1, table 10.1, Priority Survey 2, table 9.1). Education costs continued to rise during the 1990s, to a certain extent this mirrored the decline in GRZ expenditures on education. Some of the costs were shifted to parents. The consequences of this increased burden on parents were sometimes serious. Children were reported to leave school temporarily, awaiting their parents' payment of school fees.

Summary

Poverty in Zambia is currently at a very high level. Around 70% of the population live on or below the poverty line i.e. they consume US$ 1 or less per day. A majority of the poor live in extreme poverty i.e. on less than 60 US cents per day. This staggering expression of poverty has been stable, with minor variations, ever since reforms began in earnest following the change in government in 1991. Most social indicators confirm the incidence of poverty. Infant mortality, adult literacy and malnutrition all remain high. When such a high percentage of the population lives below the poverty line, and has done so for some time, it is easy to realise that the efforts required to change the situation requires both time, human and financial resources, a stable political situation and a good portion of luck.

The education sector has experienced a deterioration in major indicators. Still, the fall has not been as dramatic as that for health. One major reason was parents' high appreciation of the value of education and the willingness to shoulder some of the costs previously covered by the GRZ. Education related costs appear to account for a higher share of family expenditures than previously. Increasing poverty may soon erode parent's ability to cover up for the dwindling state resources.

Chapter 3. Poverty and Change: Perceptions and Facts

Poverty is part of life for the majority of Zambia's inhabitants today and the situation is, in many cases, getting worse. What are the perceptions behind the poverty statistics?

This chapter is based on a field study of two peri-urban areas of Lusaka and four villages in Luapula province. The cases selected for the study are, therefore, poor urban neighbourhoods or rural villages, which have been targeted by development aid aiming at livelihood improvement and poverty alleviation. Thus, the British funded CARE project PUSH (later Prospect) in Chipata and George compounds in Lusaka has developed from a food for work approach to a more sustainable strategy of infrastructure improvement coupled with micro-finance and institution-building.

In Luapula, where most people rely on subsistence farming for their living, the Finnida Luapula Livelihood and Food Security Programme (LLFSP) works through the agricultural extension service to improve food security for small-scale farmer households. In the villages studied – Mwewa and Maloba in Samfya district and Muyembe and Kapulo in Kawambwa district – participatory extension service, seed multiplication, livestock training, grants for infrastructure improvement and credit are some of the activities brought by LLFSP.

How do the household members themselves express their main problems and their definitions of poverty? What changes have the households seen over the last five years? And how have the households adjusted to the change? Which of the changes experienced by the households are outcomes of development projects?

Livelihood and food security in Luapula

About three quarters of the approximately 600,000 inhabitants of Luapula province live in rural areas. The main sources of livelihood are fishing and small scale farming. In a Zambian context, Luapula is a peripheral province. To a large extent, Luapula is involved in subsistence agriculture but it has also served as a labour reserve and granary for the more prosperous Copperbelt province. During the 1990s, the market liberalisation has gradually penetrated the rural areas. This caused maize production, which had been aggressively promoted during the 1980s, to decline substantially due to the termination of seasonal credit and marketing facilities provided by the government (Gould 1988, and Tapio-Biström et al. 1998).

For Luapula, the market liberalisation has had a marginalising effect, due to the relative isolation of the province in relation to the main domestic markets. Poor rural infrastructure has contributed to increased poverty. Luapula suffers from extremely high malnutrition rates, high infant mortality rates and low life expectancy and the share of female headed households is relatively large.[1]

The Finnish support to the agricultural sector in Luapula has developed in close relation to the development policies of the GRZ. The Luapula Livelihood and Food Security Programme (LLFSP) was initiated in 1995 as a response to changed government policies as well as to the need for enhanced food security. An improved livelihood situation for small-scale farmer households, which was the target group, was to be reached by a participatory extension service and support for the

[1] In 1996, the under five mortality rate in Luapula was 25.5 per 100 births, compared to 19 in Zambia as a whole. The life expectancy at birth was 38.8, as compared to 45.7 for the whole of Zambia. 57% of the children under five in Luapula province were stunted in 1996, while 33% were underweight and 7% wasted (UNDP 1997, Hanmer and White 1999, p.65). Figures from 1980 estimates the rate of female households as 35.8% (Gould 19888, p.27)/

cultivation of traditional crops. Adaptive research, soil fertility improvement, seed multiplication, livestock development, farm power and mechanisation, as well as a development fund providing grants for community initiated projects and credit to savings groups, were components of LLFSP. In 1999, LLFSP had covered 42 of the 161 agricultural camps in the province (Growth through Community Participation, 1999). (Finnish Development Cooperation 1997, LLFSP Programme Document, 1994).

Two of these camps were selected for this study and within each camp two villages were looked at. Mwewa and Maloba villages, in Mwewa camp, are situated in Samfya district in the lake area. Agriculture is the main source of livelihood here, along with trading, mainly with the fisher communities by the lake shores. Mwewa, which is the central village in the camp, has 235 households and is situated on a main gravel road. Maloba is a remote village with 75 households about 12 kilometres from Mwewa village. The road leading to Maloba is hardly distinguishable and the nearest school and clinic are eight kilometres away.

The second camp in the study, Muyembe, is in the sparsely populated farming areas of Kawambwa district on the plateau. Muyembe village, on the gravel road between Mansa and Kawambwa, is the home of the chief of the area and has a newly renovated school and a clinic. There are 125 households in the village and a community group as well as a women’s club. Kapulo village is made up of 40 households and situated on a muddy road seven kilometres from Muyembe.

Urban self-help in Lusaka

Lusaka’s so-called peri-urban areas or shanty compounds grew up as illegal settlements for a work force moving in from the rural areas to work in an expanding industry. The migrants’ self-built dwellings were legalised and upgraded during the 70s. Concrete houses became a symbol of modernity and the areas were provided with roads and water. In the 1990s, however, retrenchment and closing down of factories have caused mass unemployment and most peri-urban inhabitants try to make their living from small-scale businesses. The compounds have become increasingly overcrowded, as the physical and economic space for new house building has shrunk drastically and they suffer from diseases, deteriorated roads and sanitary environment and from the lack of clean water (Tranberg 1997, Schlyter 1991 and 1999).

George compound, in eastern Lusaka, is one of the largest peri-urban areas, with its estimated 200,000 inhabitants of different ethnic and geographical origin, most of whom moved in after migration controls were abolished in the 1960s (Schlyter 1991). The smaller, and somewhat less overcrowded, Chipata compound in northern Lusaka is the home of about 40,000 persons. The compound is named after the town of Chipata in Eastern Province; most of its inhabitants have their roots in the Eastern Province and started to build on this former farmland from the 1950s onwards. Both compounds carry clear signs of poverty; large families share small, deteriorated houses, roads are muddy and full of pot-holes, garbage pile up, and people do their best to make their living selling tomatoes, onions and other small merchandise along streets or from their front yards. During the study there was a cholera outbreak, which had spread from George compound.

PUSH (Programme Urban Self-Help) was initiated as food-for-work programmes in Zambia in 1991–92, responding to the double crisis that drought and economic reforms had brought upon the already poor people in the peri-urban areas. Distributing food to the poor, especially women, while letting them engage in road upgrading, refuse collection and sanitation improvement was the strategy used by the British financed NGO CARE in four compounds in Lusaka and Livingstone. In the second phase of PUSH, 1994–97, and from 1997 under the name PROSPECT, CARE aimed at a more sustainable solution to the problems of the urban poor. Livelihood improvement through social and personal empowerment became the main task. This focused on:

- infrastructure improvement, mainly of access to water;
- micro-finance, including savings groups and training in business skills; and
- institution building, aiming to develop area based organisations, such as the Resident Development Committees, that are going to address the problems in the compound, plan and manage the infrastructure projects and strengthen the link between the citizens and the City Council (Barton et al 1997, Esch 1997, CARE 1994, 1996 and 1999).

Both George and Chipata compounds were involved in the food-for-work activities in the early 1990s, which brought improved roads and garbage collection, as well as a temporary and partial solution to the income problem. Among the PUSH II and PROSPECT activities, the water provision in Chipata compound was the most noticeable. Also, in George, CARE was involved in the local organisational frameworks around a Japanese funded water project. Furthermore, training in social and personal empowerment, and of local leaders, has taken place in both compounds and savings groups have been formed and received credit for business initiatives.

Methods used

The main source of information in this study is 80 qualitative interviews with residents of the two urban compounds and four rural villages. Focus group discussions, as well as informal interviews and conversations have complemented the interviews with key informants. Project documents, evaluations and baseline studies, as well as interviews with project staff, have also provided useful information.

It is often difficult in poor urban settlements or rural areas to obtain a truly random sample and therefore, a stratified sampling method was used. In the Lusaka compounds, the administrative division in zones was used in the sampling process. Two zones were selected in each compound, representing different types of neighbourhoods in terms of to population density and closeness to and involvement in the project. In each zone, households were selected by house and by limiting criteria such as economic status, age, location and female headed households. The sampling was thus not biased towards project beneficiaries. In Luapula, the two agricultural camps studied were selected to represent different livelihood areas (the lake region and the plateau).

Out of the 80 individuals interviewed, 50 were females. This was a deliberate choice, as women in most households take a greater responsibility for the family, including the children and, thus, it was believed, would give a view representing the needs and views of the whole households somewhat better than men.[2] 15% of the households in the sample in Lusaka were female headed, while that was the case with 30% of the households selected in Luapula. In Luapula, as many as 60% of the sample households were involved in LLFSP activities, giving the Luapula study a project bias. In Lusaka, 30% of the households had been involved in the CARE programmes.

The individual interviews were semi-structured and open-ended and were designed so as to let the interviewees themselves define problems and important aspects of their livelihood, before asking about changes of various aspects of the households situation and, specifically, about the aid project.[3] When asked about changes over the last five years, selective memory and personal opinions are likely to have guided the responses, sometimes more than actual events and changes

[2] It is of course problematic to let one person express the view of the whole household. Power relations, conflicting interests and group dynamics within each household must be taken into account, both in the interview situation and in the analysis. (Moser 1993).

[3] A large part of the interviews were facilitated by an interpreter. It was not always possible to obtain privacy during the, on average one hour long, interview sessions and neighbours, family members, curious children and local leaders sometimes intervened in, or contributed to, the interviews.

(Bernard 1995: 233ff). This is, of course, somewhat problematic. But it is important to emphasise that this study concerned the *perceptions* of change and poverty, rather than actual facts.[4]

The focus group discussions included problem ranking, definition of categories of poor and rich and, in Luapula, ranking of crops, livestock and income generating activities, as well as the making of food availability calendars and gendered working calendars.

Faces of poverty: problems and definitions

What is a good life? What does it mean to be poor and what are the main problems poor households are facing?

A good life?

The definition of 'a good life' differed widely between the urban and rural areas. In the rural study, the meaning of good life evolved around farming.[5] It is from farming you get food but, also, a surplus for selling, which brings incomes to use for necessities such as salt, soap, clothes and the children's school fees. Getting a good life is about working hard and working for oneself rather than for others. However, incomes from a business or employment are alternative means of gaining a good life.

Availability of food and ability to send children to school were the characteristics of good life that ranked highest among the villagers, after farming. Another marker of good life was good clothing, as well as a clean appearance, which reflects the fact that a person can afford to buy soap. Good health and access to health services, in case of sickness, was yet another criterion for good life. Safe water, good road, a good house, electricity, toilets and pits for rubbish were other criteria mentioned occasionally.

In the urban study, having enough food was seen as most important for a good life. Having enough money, was the second most important criteria for a good life and something that was emphasised in frequent comments about the importance of being in employment or running a business in order to lead a good life in urban areas. Here, as well as in the villages, having good clothes was a sign of well-being, as was the ability to send children to school and to pay for medical care. Characteristics that were mentioned only in the urban area were the ownership of a house (which can bring incomes when letting rooms to tenants), living in a clean environment and (as a sign of wealth) owning a vehicle.

Several respondents, both in Lusaka and Luapula, emphasised characteristics of good life that were not directly livelihood related but which concerned personal relations and spiritual life. Happiness within marriage and good relations with family, friends and neighbours was seen as essential. Going to church and leading a spiritually rich life was of great importance, as was the ability to assist others.

Being poor

[4] The result must thus be interpreted as the view of the respondents on change over a period of time which is not exactly five years, but sometimes cover the last decade or so. We have so far as possible tried to concretise the perceived changes by asking detailed questions about changes on various variables for the household in question, in order to avoid general 'it was better before' thinking. The research team also made an effort to emphasise independence from the aid projects in question, in order to avoid a bias toward project-friendly answers, something which was more successful in Lusaka than in Luapula.

[5] The importance of farming might be somewhat overemphasised in the study, due to the fact that the research team was moving with agricultural camp officers and in LLFSP vehicles.

Few respondents in the study could say that they lead a good life. Rather, their everyday life was a struggle against poverty, as shown in these quotations from Luapula.

> 'Almost everybody here is poor. We are staying like this [She reaches out her hand to indicate the uneven floor of the poorly built house]. All this signifies poverty – the way we are dressing and eating. This is not a good life, this is being poor. Some people go without food from six in the morning to eighteen hours. At eighteen hours is when they have lunch'.

> 'A poor person does not plough a big field, and thus has not a lot of food'.

The definition of categories in focus group discussion gave indicators of what it meant to be rich (*abakankala*), middle rich (*abapakati*), poor (*abapina)* and very poor (*abapina saana*). At the top of this hierarchy are those who eat and dress well, have a good house with assets such as furniture, bicycles and radios, who have livestock and who can afford to educate their children. The poor are those who have difficulty in obtaining these things. A dirty appearance due to lack of soap, poor dressing, eating only one or two meals per day, having malnourished-looking children and 'it is a long time since they had fish' are some indicators of poverty. Also, a small house with a leaking roof indicates poverty, as well as the inability to send children to school. The very poor were, according to the results from the focus group discussions, those who could not work for themselves, who did piece work or worked for others to get food or who might be lazy. The old, lame, weak and permanently ill, who beg for food and who have no family to care for them, were among the very poor.

Suffering, hunger and poverty was central in the tales of most urban respondents. Most interviewees defined the great majority of the people in their neighbourhood as poor. Participants in a focus group estimated that one out of ten in the community was rich (*olemela*), while two were moderately rich (*olemela pangono*), two moderately poor (*osauka pangono*) and five belonged to the category poorest of the poor (*osauikilatu*). Individual interviews, however, assessed that poverty was even more prevalent in the neighbourhoods. These quotations give some examples of how poverty was characterised in town:

> 'When [poor persons] are moving they don't move with energy. Too many thoughts are on their minds, about how they are going to eat and how to find money'.

> 'There are families who don't eat during the whole day. In the evening they find some occra and eat it with nshima [maize porridge]'.

Lack of food was the most common sign of poverty (*osauka*) in town. Poor dressing, a dirty appearance and 'the way they move' were visible indications often brought up, as was the condition of the house. Over-crowding ('there can be ten children in one house, crowding in one room') and having to rent the house were other characteristics of poverty. The inability to send children to school was common in poor families, as was illness, which was intensified by the lack of food and money to take the sick to the clinic. Lack of employment and lack of money to start up a business were the factors behind the poverty. The fact that poor people have many children, as well as many orphans, was used by some as both an explanation and a sign of poverty. Poor toilets and sanitation were mentioned, as were relational issues such as 'you fail to assist your friend' and 'there is no happiness at home, it is as if there is a funeral'. The very poorest were often described as those who have nothing – no food, no shelter, no one to take care of them, 'people who have just come from the village, and just walk around'.

Causes of poverty

The isolation of the villages, with poor roads and long distances to services such as markets, schools and health clinics, was the fate that most problems revolve around for the villagers in

Luapula. Lack of money for e.g. agricultural inputs, fees for schooling and health care, clothes, relish, soap and salt or to start a business, was the other urgent problem mentioned by most villagers. These two problems are interconnected. Poor roads hinder farmers from reaching markets and discourages traders to travel to the remote villages. With the problem of access to markets follows the difficulty of changing agricultural surplus into cash and also obtaining commodities like fertiliser, seeds, clothes, and fish.

> 'We have to carry mealie meal or millet on the head and walk on foot to the market in Kawambwa [31 kilometres away]. It is a terrible suffering. Usually we end up eating all we produce. We might have a lot of sweet potatoes, but they rot, while we eat food without salt, and sometimes bath without soap (woman in Kapulo)'.

> 'We have to pay to take children to hospital, but we have no money. We have to just stay back and see our children die (widow in Mwewa, who had lost several children)'.

When ranking the most severe problems in focus groups, bad roads and the distance to, and costs of, the health clinic and school were the top three in almost every discussion. Lack of agricultural inputs, such as fertiliser and seeds, and water problems also ranked high. Access to health care and education was especially difficult in the more remote villages, where many children did not go to school due to the long walking distances. In the rural areas, where the amount of work the household members put in determines the amount of food they will be able to produce, the extensive labour burden, especially on women, was problematic. This was particularly mentioned by female heads of household.

In the urban compounds, labour burden did not seem to exist. People were perceived as 'just sitting around'.[6] The daily struggle in the shanty compounds concerned money. Health clinics and schools could be found close by but the fees to enter them were often unbearable. Also, the prices of food and clothes were intolerable to the economy of a poor family. 'The only thing is money. If we had money all these problems would disappear', one focus group participant in Chipata concluded.

During the ranking of problems in a focus group discussion in Chipata, the lack of schooling, food, proper housing and medical care, plus unhappiness in the family were brought up. After some debating, the consensus was that the cause of all these problems was the lack of incomes: 'If we only had an income we could pay for health care, send our children to school, and there would be happiness in the family'. 'Poor is the person who does not work', was the definition expressed by one man in George compound.

Another problem brought up by several respondents was the fact that children nowadays do not respect the grown ups – they drink too much and live an unruly life, which often results in girls becoming pregnant without having a man taking responsibility for the baby. Security was likewise an urgent problem in the urban settlements. Houses had to be carefully guarded and even the poor had to watch over their few belongings, in order to keep the thieves away. The growing population and the growing piles of garbage was occasionally mentioned as problematic too.

Change and adjustment

Poverty is a continuously changing state, rather than something static, and the livelihood situation of many persons is constantly altering between better and worse, crossing back and forth over the borders between deep poverty and what is defined as a good life. These changes are dependent on a variety of factors. Personal or household life-cycle factors such as health, death, divorce, marriage

[6] Although at least the women tend to do a lot of unnoticed domestic work, in addition to 'just sitting around'. (see Schlyter 1999)

and growth of the family can be crucial to the well-being of the household. Simultaneously, external factors, such as government policies, economic liberalisation and structural adjustment, determine the conditions the household lives under. Here, we look at how the poor people in urban and rural Zambia perceive change in their living conditions over five years, from around 1993 to 1999. We shall look into the following aspects of their economic life: farming, livestock, income-generating labour, food security, health, education, water and housing.

Luapula: Isolation and lack of markets

Farming

People in Luapula are farmers and maize has traditionally been their staple crop. Market liberalisation has gradually come to penetrate the rural areas of Luapula province and a slow adjustment to the new conditions has taken place. The most obvious difficulty posed to the farmers by the new policies is the access to markets. With the cancellation of the maize related subsidies and the cessation of seasonal credit facilities to small farmers in the early 1990s, farmers themselves have to organise and take initiatives in order to find markets and to purchase agricultural inputs. This transformation into business-minded thinking has been a slow and difficult process. Instead, there has been an increase in the farming of traditional crops, while input-dependent crops have lost importance.

95% of the households studied cultivated cassava, which is the staple food. Groundnuts were almost as popular, followed by finger millet, maize, beans and sweet potatoes. The most significant change over the last years was the considerable decrease in maize production, which was explained by the lack of fertiliser and compensated by an increase in cassava and other crops. When asked about their total agricultural production, 11 out of the 40 households in the study had increased their production, while 9 had seen a decrease. These changes were often explained by household life-cycle factors; a growing family required larger fields, while ageing persons lacked the energy to work large fields and the death or moving away of a family member forced the household to decrease its production. Some stated that it had become harder to afford to pay for labour.

Agricultural training had encouraged some families to increase production and yields had increased with the use of techniques for soil fertility improvement. A ‘tired soil’ was in other cases the explanation behind a decreased productivity. Fertilisers were not available in any of the villages and the unavailability of seeds for planting was likewise mentioned as a problem by many farmers. Another change in the farming habits that could clearly be seen is the decrease in *citemene* (shifting) cultivation, due to deforestation.

Livestock

When it comes to livestock, chickens were most common, followed by goats and pigs. No dominant trends of change could be traced. Livestock was kept by most households in the plateau area, whereas in the lake area few households were engaged in livestock keeping and the practice was on the decrease. Two reasons for this were the ban on goats in one village (as the goats destroyed crops which were now more often grown close-by the village) and the prevalent chicken diseases. Selling or slaughtering in the pursuit of food and money was another reason for the decreased stock of animals.

Incomes and marketing

Crop production was the dominant source of income, although few households depended solely on it. Beer brewing was the most common off-farm income, practised by 17 of the 40 households studied. Knitting and baking for sale were activities which were increasingly profitable, but hampered by women's lack of time. Trading with fish, *citenges*, salt and cigarettes was common in the villages. Fishing was on the decrease due to over-fishing. Basket making, gardening, and carpentry were other activities that engaged a growing number of people. Charcoal burning was decreasing due to deforestation. Women who had received loans had temporarily been able to improve their situation, after having started trading businesses. They had, however, not been able to maintain their commerce. Too small profit, too small loans, too short repayment time and the fact that every day expenses consumed the capital, were the major complaints.

Marketing the produce was the major problem for the farmers in these remote villages, although, as a consequence of the changed economic policies, they experienced an increased importance of money and marketing. Groundnuts was the most important cash crop, although the staple cassava was being increasingly marketed. The prices differed fundamentally between the low prices of the villages, on the one end of the scale, and the much higher prices in the larger towns in the Copperbelt, on the other. Most respondents were well aware of this fact but still sold locally due to the lack of means of transportation and capital and the fact that they grew such small quantities. The villagers most often had to walk long distances to town to sell and, lacking market information, they were vulnerable to the fluctuation in prices. Lack of storing facilities and the fact that money was urgently needed all the time hindered them from selling at more favourable prices.

The market situation depended to a large extent on the state of the roads. The Maloba inhabitants had seen their road deteriorate and thus traders came more seldom. Most roads were, however, in the same poor state as they had been five years earlier. Some had deteriorated and others, as in the case of Kapulo, had improved but without making any significant changes when it came to marketing possibilities.

Labour

Most persons interviewed experienced a heavier labour burden compared to five years earlier. The need to increase the yield as the family grew was one cause, as was the struggle for a better life. Other causes included death or sickness in the family, the abandonment by a spouse or inability to pay for labour. However, at the same time, new methods learned in agricultural training were said to have decreased the work load for some households. There had also been a significant change in the division of labour, according to many respondents – or at least in the awareness of the heavy workload of women. This change had lightened the work burden for some women but, in most cases, it had only had the effect that men worked more and the household got more work done. In work calendars prepared in village focus groups, women still assessed the work load as being much heavier for women than for men, especially in the busy rainy season. For households headed by females, the huge labour burden remained an urgent problem.

Food Security

A very diverse picture was given by the villagers on food security. 15 out of 40 respondents judged that they had a better food intake than five years ago. For 22 villagers the situation had worsened, both when it came to the quality and the quantity of food. Most villagers were not able to eat three full meals per day, nor to have fish, chicken or other meat very often. Among many of those who expressed an improvement in the food situation, hard work was given as a reason. The hammer-mill in Muyembe had helped to increase food security, according to some, and the agricultural officer's encouragement to improve and increase farming had had an effect. Some people now had a more varied diet, due to an increase in gardening. Other explanations given for the improved food situation was that more (protein rich) groundnuts were produced and that there was more fish available on the market.

The most important explanation given by the large share of respondents with a poorer food intake was the depletion of game and fish, which was especially apparent on the plateau. In the past, when there was plenty of fish, men would go hunting and bring home important proteins for the meals. Now fish had to be purchased expensively, and was, in many cases difficult to get hold of. The reduction in maize production was also blamed for the increased difficulties of getting enough food, as cassava fails to dry during periods of heavy rain, causing families to go without food for whole days. Some households remained with very little food after having sold their produce to obtain an income and many stated that they had less money now to buy food.

Social issues

Disease and premature death was always present in the Luapula villages. The most common diseases were, according to the villagers, diarrhoea, coughing, and malaria. Half of the sample assessed that the amount of disease had increased since 1994. The most fundamental change over the five years, however, had not been the number of diseases but the possibilities to get treatment at a health clinic or hospital. As one woman said: ‘The number of sicknesses are the same, but now we fail to go to the hospital, so most of the sick are dying’. What prevented people from receiving health care were mainly long distances and lack of transportation, fees at the clinics, costs of medicines and poor service at the clinics. The clinic fees and cost of drugs had increased considerably over the five years under study. Fewer people sought help at the clinics in 1999 than five years earlier.

> ‘Everywhere you can go for treatment you need to look for money. While you do that the person already dies. They don’t care about you if you don’t pay. Before it was free’. (woman in Mwewa).

When it comes to access to water, the situation had changed for the better where wells had been constructed that benefited the whole village. Households which depended on water from the stream still experienced the same problems with drying out of the river and unclean water at certain times of the year.

Education

Increased school fees and other costs had a serious impact on parents’ willingness to educate their children. Many of the respondent parents failed to send their children to school due to the lack of money for fees and other school related costs. This had not been the case in 1994. Long distances to school and the need for children to help with farming (especially in female headed households) were other commonly mentioned reasons for taking children out of school. Another problem, which had become more urgent over the five years, was the over-crowding of schools. The deterioration of the buildings and lack of seats in Mwewa made the villagers there talk about a declining quality of education. The school in Muyembe had, on the other hand, been renovated and upgraded and people there felt that the quality of education had improved.

Housing

The quality of housing had for a clear majority of the respondents seen a positive development or at least managed to remain the same. Only one fifth of the respondents reported a worse housing situation than they had five years earlier. Those with poorer and smaller houses were in most cases youths who had moved out from their parents house. Many households had been able to expand or improve their houses by hard work. The same trend could also be seen with household assets. Most villagers had a very limited number of assets, including kitchen utensils, farming tools, some stools and chairs, and – in the more central villages – other types of furniture and sometimes bicycles. A majority of the respondents had, however, been able to slowly accumulate assets or to remain on the same level. But some had seen their few belongings gradually 'completing their life span'. In some cases, women were deprived of their assets when the male head of household left or died.[7]

Lusaka: Retrenchments and increased costs of living

The change in the government economic policies during the 1990s was clearly experienced by the households in the Lusaka compounds. There was a strong feeling that the living conditions had deteriorated over the years. Economic margins had narrowed along with inflated prices, increased costs of living and decreased possibilities for employment.

Incomes and Employment

As many as 82% of the respondents in the urban sample had seen their income and employment situation worsen over the last five years. Retrenchments from the public sector was one important reason for this development, as was increased competition in the informal sector. Most of the households in the study were engaged in the informal sector, with petty trading or survived on day to day piece work or on low paying formal employment. The retrenchments and closing down of companies had forced more and more people to turn to trading of groundnuts, tomatoes, onions, second hand clothes etc. along the roads, in local market places or from the yard of the house. The rapid increase in the number of persons marketing the same products raised severe income problems for those who earlier had been able to make a profit on the business. Other dilemmas behind the sad figures were increased family sizes and the growing number of dependants in each family. Retrenchments caused an increased number of people, who were unable to survive on their own, rely on the few engaged in some form of economic activity. Single women turned to coping strategies such as illicit beer brewing in order to secure an income; renting out rooms was another solution for house owners who saw their incomes decline.

[7] Property grabbing by relatives of a deceased husband is common practice in Zambia (Tranberg 1997, Schlyter 1988).

Food Security

When it comes to food security, one third of the households in the study had not seen much change over the five years, while two thirds were worse off. Both the quality and quantity of food had decreased. Few households had access to protein – most of them very rarely ate meat. In many households people ate only once per day. In about one third of the households people had the preferred three meals per day. Sometimes this number of meals was maintained by reducing the quantity of food at each meal. The problem was not the unavailability of food but high food prices. Food costs started rising after subsidies on the main staple food maize was abolished as far back as in 1991. The food situation was especially alarming in female-headed households, which had been most vulnerable to the rising prices. Cultivating maize and other crops on small fields outside the compound gave indispensable contributions for some. Many households said that they now had to buy mealie meal in small bags, at a higher price, as they lacked the money to buy a big sack at a time.

Social issues

The health situation was perceived as worsening by most respondents. People saw an increase in the incidence of diseases during the period. Most common, according to the respondents, were tuberculosis, malaria, AIDS, cholera and diarrhoea. Particularly in George, the increase in diseases was clearly felt, as the compound was affected by a cholera epidemic during the study. Still, about one third of the respondents thought that the health care had improved over the five years and cited the increased number of points for health services as the most important reason. But the majority, 65%, had observed a change for the worse. Scarcity of drugs at the health facilities and the increased costs of services were the main reasons. Most households struggled to afford paying the fees for the governmental health ‘schemes’. Those who failed to pay for the schemes had to turn to private clinics. All complained about the lack of drugs at the clinics, which forced the patients to make additional payments for drugs at the pharmacies.

The access to water had changed a lot over then years and, for most people, for the better. Most inhabitants in the compounds depended on the water schemes funded by donors. Others used wells (some of which were shallow), council supply points, their own or neighbours taps. 74% saw an improvement in the water situation, while 19% of the households in the study had a more difficult situation. The improvements were both in terms of quality and distances. Earlier many women had to walk one to two kilometres away to draw water, stand in queues for hours or risk sexual harassment or violence when going to draw water at night-time. Chipata already had safe water, while it was under construction in George, where some households still relied on irregular water supply from old taps or on unsafe water from wells. But although most people, especially in Chipata, praised the improved water situation, a considerable number of households, 20% of the sample, did not manage to pay the fees for the water scheme. These were people who could not afford to pay the relatively large monthly fee and instead ended up paying more when buying water per 20 litres. There were also those who could not afford any kind of payment for water, who had to beg neighbours for water or ask children in families who had paid for the scheme to draw water on their behalf. In George, the shallow wells were still a considerable health hazard.

Although sanitation was not defined as a problem worth noticing in the rural areas, it was a growing complication in town. The indicators for good sanitation conditions are the presence of good toilets and the existence of a system to dispose of garbage. 65% of the respondents saw a worsened situation in terms of these indicators. The failure of the local authority to collect the garbage was one explanation to the growing problems. Another was the population increase, which caused congestion in the compounds and made it increasingly difficult to find a place to dig pits for dumping of garbage. Boxes for disposal of garbage had been constructed in parts of George but not everybody knew about them, or used them, and some complained about long distances (although the maximum distance from a house to one of the boxes was 150 metres). When it comes to latrines, no major change could be seen but the fact that some of them lacked a roof represented potential hazards during the rainy season because of the risk of over-flowing.

Education

In the education system there had been a decline in standards as well. 60% of the households experienced a worsened situation when it came to schooling. On the positive side there was the increased number of schools. This had particularly improved the access to secondary schools. On the negative side, however, were the rising costs. This constituted the main explanation behind the fact that fewer children in the compounds attended school in 1999 than they did in 1994. Many respondents acknowledged that they had had to take their children out of school for economic reasons or that the children had never had the chance to go to school. One household had had to keep children from school because of the lack of places in grade one. Several respondents said that they had to bribe teachers in order to get a place in school for their beginners. A reduction in the money spent on school by the government had lead to a declined quality in most school. Those who had a little more money appreciated the growth in the number and quality of private schools.

Housing

Housing was another area where there had been some improvements. Almost half of the people in our sample group had managed to improve their housing situation. Only about 13% had experienced worsening living conditions. As in the rural areas, houses were slowly extended or improved by hard work. Those with a deteriorated living situation were in most cases tenants who had to cope with increased crowding due to lack of incomes. For those who did own a house, incomes from tenants were important and squeezing people together in fewer rooms was a common coping strategy.

Roads

Along with the general deterioration of George and Chipata compounds, the roads inside the compounds had become worse and worse. This was something which led to difficulties, especially when the rainy season converted them to muddy tracks that were difficult to walk on. Many respondents remembered the CARE food-for-work projects from the early 1990s, when the roads were repaired and kept clean. The food-for-work programmes were however abandoned in 1994 and, since then, the roads had deteriorated. The roads were an issue that had not yet been addressed by the community based organisations.

The main roads leading to the compound, on the other hand, had been improved during the period under study. The government had started to repair roads in urban Lusaka after the introduction of fuel levies in the mid-1990s. Also, the means of transportation had improved, in terms of availability in the area. It was now always possible to catch a vehicle to other parts of town. Still, few people could afford the cost of transportation, which had gone up significantly during the last couple of years.

Security

Security was defined as an urgent problem and many interviewees could tell about recent experiences of robbery and theft. They had to guard their few belongings carefully in order to be able to keep them. Most people were of the opinion that the situation had deteriorated. They felt that this was due to the increased difficulties of earning a living and the increased hunger problem.

‘Now people even break in to steal a bag of mealie meal’, a woman told us. She made comparisons with the past when only television sets, radios, or other more valuable goods would be of interest. The few people who saw an improved situation in terms of security referred to the increase in the number of police posts and the beating up of thieves by the community.

Summary: Change and adjustment

Households in both rural Luapula and urban Lusaka had experienced profound changes in their livelihood situation in the second half of the 1990s. Structural adjustment, and particularly market liberalisation, were behind the changes in both cases, although the effects in the villages were very different from those in the city compounds.

The most important change for the Luapula households was that the isolation of the villages and marginalisation of the province seemed to become more apparent. It also become more problematic. The farmers now had to struggle hard to reach markets and they had adjusted their production to fit a situation where no fertilisers were available. Higher costs for health services and education also took its toll. Still, long distances and lack of means of transportation continued to be more important for access to health and education than increasing fees.

The urban poor were more outspoken about their experience of a life filled with more suffering. Changes caused by retrenchments and tougher business competition, coupled with rising costs of living, put stress on the families who often lived from day to day. The failure of local authorities to manage services such as water, refuse collection and roads in the compounds added to the picture of a deterioration of living conditions. To cope with the situation many families would take their children out of school, refrain from seeking health care when needed, reduce the number of meals per day, live in increasingly crowded houses or rooms and sometimes beg for money. Many turned to small scale trading, copying the business idea of the neighbours, and thus adding to the competition. It was increasingly common that households were unable to afford paying larger amounts of money for e.g. water provision, health schemes, or large packages of mealie meal, something that often made their costs higher in the end.

Chapter 4. Development Assistance Flows to Zambia

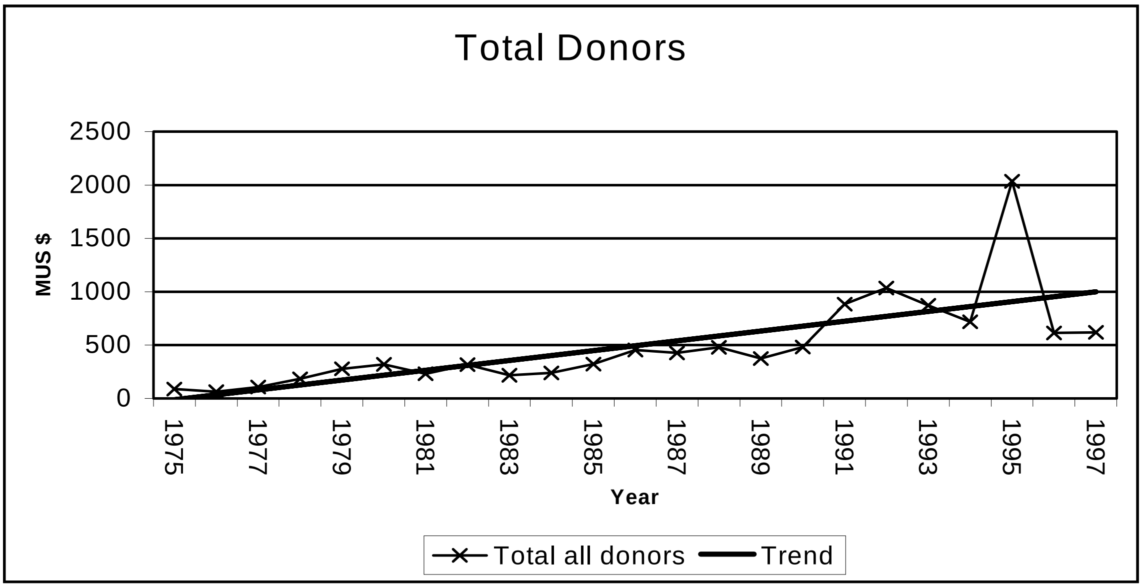
The purpose of this chapter is to provide a picture of the development of aid flows to Zambia. The presentation is mainly descriptive and focuses on the magnitude of the flows, their source of origin and their sectoral distribution.[1]

Sources of aid

During the 1960s, development assistance was a rather insignificant feature in the economy of Zambia. It was not until the mid-1970s that development assistance became a force that the GRZ had to seriously take into account when making major decisions about economic and social policies and actions. The GRZ also began to solicit more actively for external development funds and aid was becoming more than a marginal contribution to GRZ own resources. Thus, it is the period after 1975 that is the most interesting for our purposes. Particular attention will be given to the 1990s since it represents a clear change in the political history of Zambia, with consequences for economic and social policies.

The definition of official development assistance (ODA) used here follows that of the OECD/DAC. It is defined as those flows to developing countries provided by official agencies, including state and local governments, or by their executive agencies. Such flows must be administered with the promotion of the economic development and welfare of developing countries as its main objective. Furthermore, they must be concessional in character with a grant element of at least 25%.

Figure 4.1 Net Receipts of ODA from all donors, 1975–1997
(Constant 1996 prices)



Note: The data has been deflated by the USA GNP deflator
Source: OEDC/DAC, Geographical distribution of financial flows to aid recipients, various issues.

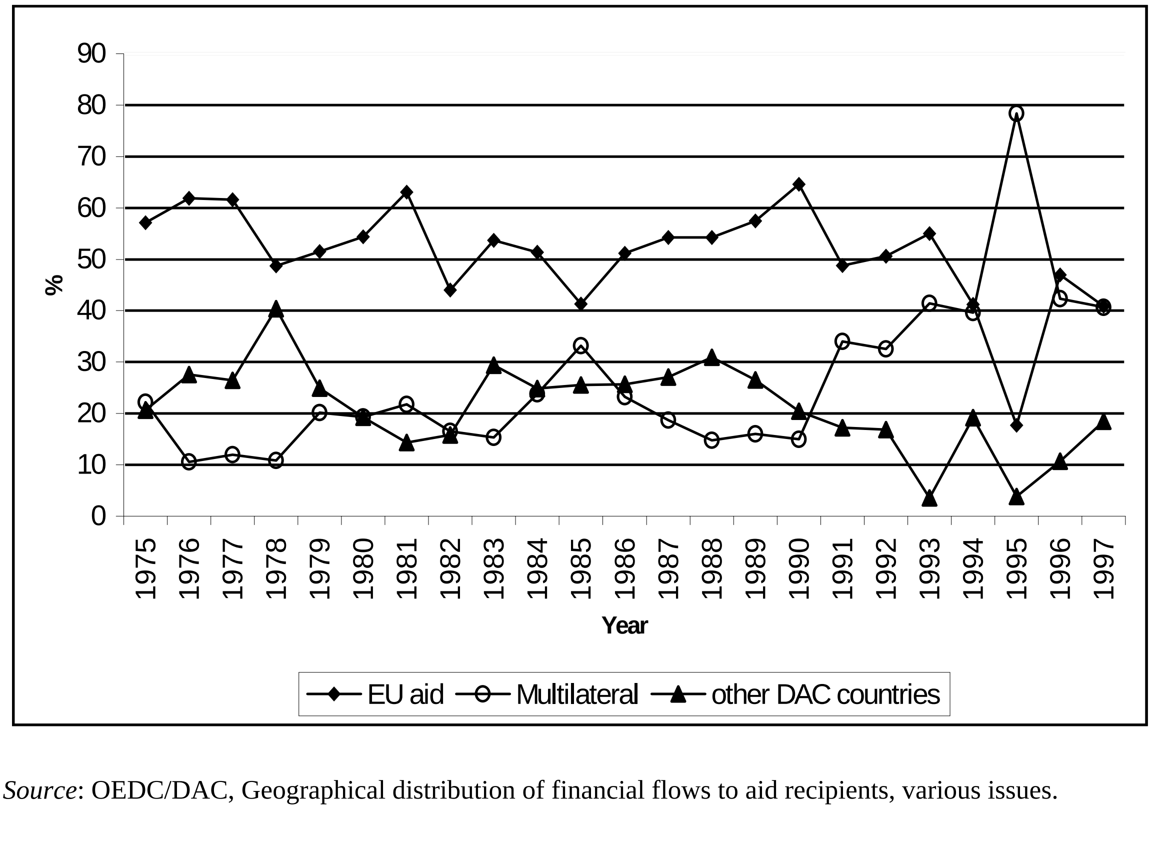
[1] The data is provided by the OECD/DAC database on financial flows to aid recipients. (OECD/DAC. Geographical Distribution of Financial Flows to Aid Recipients, 1960–1997. Paris, 1999). There are other sources of aid flow data as well. The UNDP, for example, collect aid data in Zambia. The Zambian government reports its own data. It is often difficult to reconcile data reported from other sources with each other. Doing so is a source-critical exercise in itself that we do not have the resources to undertake here. We have therefore chosen to use the OECD/DAC data. It follows a consistent set of definitions and it is one of the few sources where it is possible to establish long-term trends.

Figure 4.1 above shows the development of net ODA from all sources.[2] The average annual inflow of net ODA for each decade were as follows in millions of US$ (MUS$): 1960s: MUS$ 19; 1970s MUS$ 88; 1980s: MUS$ 337 and for the 1990s MUS$ 907.

Thus, there has been a steady and very substantial increase in the inflow of aid resources to the economy since 1960. Some years have been characterised by significant leaps. One example is between 1990 and 1991 when net ODA grew from MUS$ 481 to MUS$ 1036. This was largely attributable to the result of the elections in 1991, when a new government took over from Kaunda. Donors responded favourably as this signalled a change in the political system . introduction of a multi-party system – and a more dedicated effort to implement necessary economic reforms. Another exceptional year was 1995 when total flows reach MUS$ 2,000. Such a high level had never been seen before and it is explained by the release of SAF and ESAF funds amounting to MUS$ 1254. This was followed by a significant drop in 1996 down to MUS$ 614 and remained at that level also in 1997. An important reason for this decline was the growing dissatisfaction among donors with the GRZ.

It should also be noted that ODA flows to Zambia have been highly concessional in character. During the whole period of 1960 to 1997 the difference between net and gross ODA has varied between 2–5%, indicating a rather small outflow in the form of repayments etc.

Figure 4.2 EU, Multilateral and other DAC Donor Share of net ODA Flows, 1975–1997



Source: OEDC/DAC, Geographical distribution of financial flows to aid recipients, various issues.

Figure 4.2 presents the share of total from three different donor groups: 1) the EC and the EU; 2) the multilateral institutions, and; 3) DAC countries other than the EU member states. Aid from the EU member states has always been important for Zambia. In 1968 it accounted for 95% of total net ODA. It was stable at around 55% for most of the 1970s and 1980s. During the 1990s, however, it

[2] Unless otherwise indicated values are in million US dollars at 1996 constant prices.

fell to reach 41% of the total. Aid from DAC donors other than the EU members have also experienced a declining trend. A high was reached in 1978 when it reached 40% of total net ODA. After that it declined and finally reached 18% in 1997. The gap left by decreasing aid from EU members and the DAC in general was picked up by aid from multilateral institutions. For most of the period, 1970 to 1997, multilateral aid accounted for around 20% of the total. From 1993 onwards it reached a level of 40%. Thus, in 1997 there was the following distribution of total net ODA: aid from the EC and the EU – 41%; aid from various multilateral agencies – 41%, and; aid from other DAC countries – 18%.

Historically, bilateral assistance has been the most significant source of external resource flows to Zambia. Among bilateral donors, the United Kingdom has always been important. In the early 60s it was virtually the only donor. Since then, the donor portfolio has been expanded, although it still remains concentrated. Starting in the early 1970s a core group of bilateral donors began to form. In the 1970s this group – Denmark, Germany, Japan, the Netherlands, Norway, Sweden, the UK and the USA – accounted for around three quarters of total net ODA. From then onwards, their share began to decline. In the period 1980–89 it was 62% and towards the end of the 1990s it had fallen to 50%. In 1997 this was distributed very evenly among them. All had a share of 3–8%, with the UK as the exception with 15%.

Sector distribution of aid

Since 1975 the sector distribution of aid has undergone some important changes. Table 4.3 gives the picture for the period 1975 to 1997.

Table 4.3 Distribution of Aid from DAC Donors by Sector, 1975–1997

Sector	**1975**	**1980**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**
Social Infrastructure	*8*	*12*	*13*	*7*	*11*	*18*	*25*	*40*	*36*	*32*
Education	1	0	8	4	3	3	3	4	8	7
Health	0	0	0	1	2	6	8	11	12	3
Water supply and sanitation	0	12	2	1	1	3	8	6	3	13
Economic Infrastructure	*0*	*17*	*6*	*7*	*4*	*6*	*11*	*9*	*31*	*4*
Energy	0	0	3	5	0	1	1	0	0	1
Transport and Communications	0	17	3	2	3	4	7	8	26	1
Production Sectors	*53*	*25*	*23*	*12*	*25*	*14*	*26*	*13*	*16*	*14*
Agriculture, forestry and fishing	17	6	6	3	8	10	9	11	10	13
Industry, mining and construction	0	9	4	2	2	2	2	2	6	1
Trade and tourism	36	10	13	8	15	2	15	0	0	0
Multi-sector	*0*	*12*	*7*	*3*	*2*	*5*	*3*	*4*	*5*	*5*
Programme Assistance	*38*	*22*	*27*	*12*	*45*	*16*	*23*	*4*	*0*	*1*
Food Aid	*1*	*12*	*2*	*0*	*10*	*3*	*0*	*4*	*0*	*1*
Debt Relief	*0*	*0*	*23*	*58*	*3*	*37*	*12*	*24*	*11*	*43*
Emergency Assistance	*0*	*0*	*0*	*0*	*0*	*1*	*0*	*1*	*0*	*1*
Unallocated/Unspecified	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: OECD/DAC. Geographical Distribution of Financial Flows to Aid Recipients, 1960–1997.

In the 1970s development assistance was directed to the productive sectors, mainly trade and tourism and agriculture. It was also distributed as programme assistance in the form of import support and balance of payment's support. Together they accounted for around 90% of total aid. Little went at that time to the social sectors.

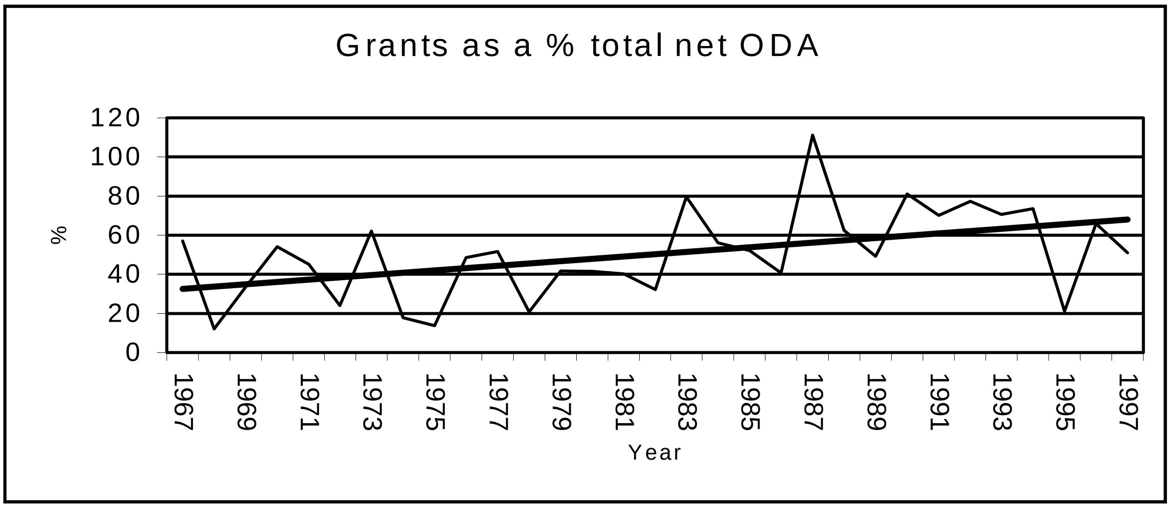
Towards the end of the 1990s there was a significant change in the pattern of the 1970s. Aid was being redirected to the social sectors and to actions to reduce the national debt. In 1997 the social sectors received about one third of total flows, while debt-related matters took as much as 43% of total flows. This change can be attributed to, first, the debt situation of the country. In 1997, to take one example, total debt/GDP stood at 172%, while debt servicing took some 22% of the export revenues of the country (World Bank, 1999). Second, channelling aid to the social sectors was a response to the alarming poverty situation and donors policy priorities. The 1990s were to a large extent characterised by a changed focus among donors. Poverty issues came to the forefront much more than previously in the international development debate (OECD/DAC,1999)

Grants and technical assistance

An equally noteworthy phenomenon in Zambia is the ever-increasing importance of grants in total external assistance. With the exception of the 1978–1982 period and during 1991, external assistance to Zambia in the form of grants have been more significant than loans. This is mainly explained by the earlier demonstrated worsening debt crisis that persuaded the bilateral donors to extend their assistance chiefly in the form of grants.

Grants are defined as transfers in money or in kind for which no repayment is required. They include grants for technical co-operation, grant-like flows such as loans extended by governments or official agencies in currencies of the donor countries but repayable in recipient's currencies. Figure 4.4 shows the growing significance of the grant element in external assistance to Zambia for both bilateral and multilateral categories. The trend seems to be increasing.

Figure 4.4 The grant element of aid



Source: OECD/DAC. Geographical Distribution of Financial Flows to Aid Recipients, 1960–1997.

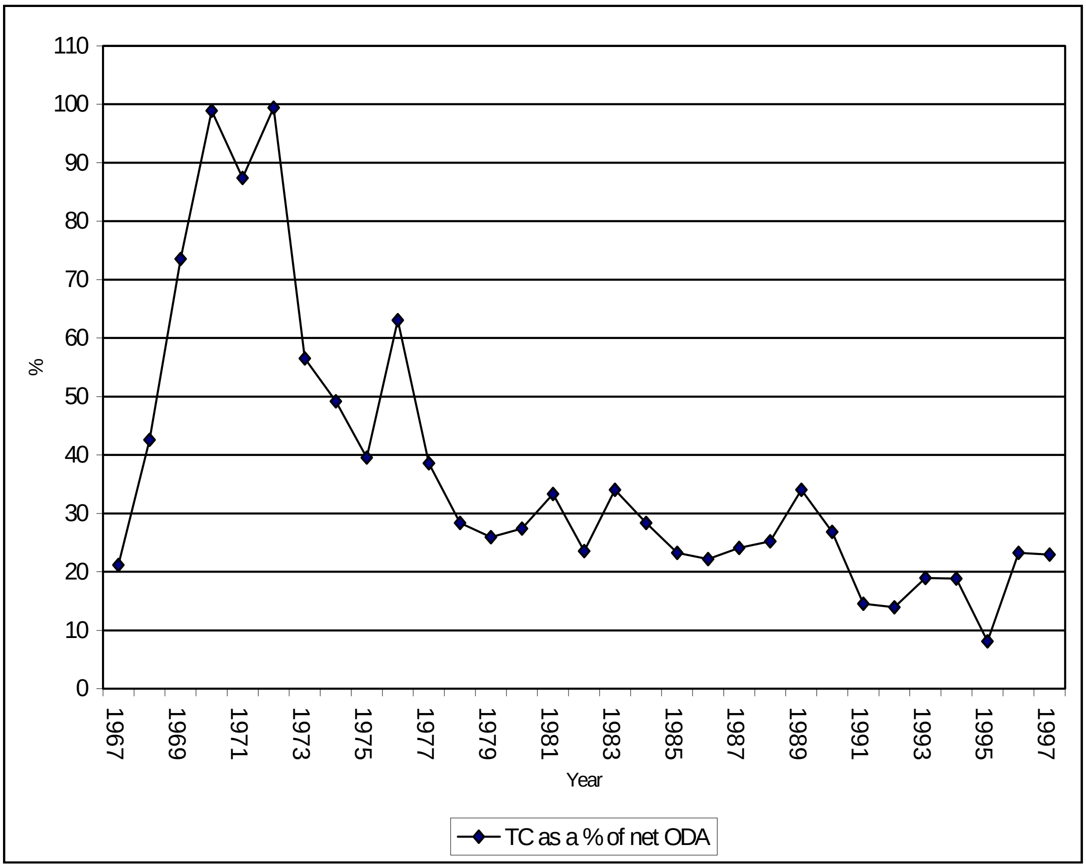
In the early days of development co-operation, technical assistance was one of the dominant modes of resource transfers. It refers to activities whose primary purpose is to increase the level of knowledge, skills etc. of the population of developing countries. The activities involve mainly the supply of human resources (teachers, experts, etc.) and action targeted on human resources (education, training, advice).

In the early 1990s, a World Bank official affirmed that technical assistance 'is a systematic destructive force which is undermining the development of capacity…And most of this technical assistance is imposed, it is not welcome and there is no demand for it really, except on the donor side'.(Jaycox, 1993). The same conclusions can be found in other sources as well. A major reason for the popularity of technical assistance is that it frequently serves to ensure donor control over some aspects of project implementation. For donors, technical assistance offers some sort of guarantee that a project will be successfully carried out if it is in the hands of capable foreign experts (Berg, 1993, Kapur, 1997). Technical assistance seems to be problematic and yet it continues at such high levels in development aid. It made up, to take one example, almost half of Tanzania's aid in 1993 (Sobhan, 1998). The same does not, however, apply for Zambia, as Figure 4.5 shows.

Figure 4.5 Technical Co-operation as a % of total net ODA

Source: OECD/DAC. Geographical Distribution of Financial Flows to Aid Recipients, 1960–1997.

Technical co-operation has declined from the early 1970s onwards. There can be several reasons for



this trend in Zambia. Donors have taken the critique of technical assistance seriously and increasingly made use of local capacities to implement aid projects. The distribution of aid has emphasised forms that do not require any technical experts from abroad, such as balance of payments assistance, debt related activities and towards the end of the 1990s sector support programmes.

Summary

Since independence, aid flows to Zambia have been increasing. During the 1960s the annual average inflow was MUS$ 19 and in the 1990s it had grown to MUS$ 907. Most of the aid has been from European donors, although towards the end of the 1990s, European aid stagnated. The slack was, however, largely compensated for by aid coming in from multilateral sources. The sector composition of aid has undergone significant changes. In the 1970s, aid was directed to the productive sectors (agriculture, trade and tourism) and in the form of import/balance of payments support. In the 1990s aid was redirected to the social sectors and to debt reduction strategies.

5. The Policies of EU Donors to Zambia

In this chapter we analyse the policy orientation of the bilateral EU members aid portfolios in Zambia. For the purpose of the study it was not possible to analyse all EU members active in Zambia. For practical reasons we selected those countries with the largest programmes in the country (as reported for 1997). Six bilateral donors were selected: the United Kingdom (37 % of total EU aid), Sweden (8%), Denmark (9%), Finland (3%), Germany (7%) and the Netherlands (10%). These countries all have a long history of co-operating with the GRZ. The aid programme of the European Commission was also included (11%). Together these bilateral donors, including the Commission, covered 86% of total EU aid. Their share of total aid to Zambia was 35%. (OECD/DAC, 1999)

A few words are required on the material we used for this analysis. Each donor was approached and asked for relevant documents outlining and informing about their policy and strategic focus in Zambia. We did not ask donors to prepare anything special for us but simply to provide us with what came out of their normal working procedures and normal information system. The quality of the material varied a lot between donors. At one end of the spectrum was the European Commission. The EC provided detailed information about the projects in its portfolio, as well as its current policy. It was also the only donor that included some evaluation information in the description of its projects. Sweden, Denmark and Finland also provided satisfactory information about their respective policies and practices. Germany was represented in our sample by the Gesellschaft fur Technischen Zusammenarbeit (GTZ). Its material provided detailed information about its projects but was much less informative about its policies. The material provided by the United Kingdom was heavily focused on project presentations, with little by way of policy analysis/presentation. The Netherlands had little useful information to provide us with mainly because their policy texts were in Dutch, as was their project information.

Donor strategies

Generally, a strategy should reflect a perception of a situation and an identification of the major tools to be used to deal with the situation. In order to capture fully the details of a strategy, and how it was formulated, we used nine indicators (jointly agreed for all country studies conducted within the comparative research project). The indicators focused on the PR reduction orientation of the strategy:

- Strategy formation. What are the procedures whereby a donor formulates and develops the strategy? Who is responsible for the strategy and are other actors consulted during the process?

- Problem identification. What are the major problems of Zambia, which the donors programme should deal with?

- Poverty analysis. Has the donor done an analysis of the poverty situation in Zambia?

- Overall donor objectives.

- Operational objectives. This relates to how the donor proposes to transform the overall objectives into specific operational objectives.

- Poverty objectives. Has the donor formulated any specific poverty objectives and, in connection with this, identified a specific target group for its assistance?

- Chief areas of intervention. Is the portfolio concentrated on specific areas, such as the social sectors or local government etc.?

- Modes of intervention. Essentially this means the donors' choice between the project and programme mode of operation. Included in the latter is sector programming.

- Monitoring and evaluation. To what extent is the donor operating with any elaborate system for monitoring and evaluation?

The findings for each dimension are presented in a summary format in Table 5.1

Table 5.1 Comparative Analysis of Donor Strategies in Zambia, around 1997

	European Union	United Kingdom	Sweden	Denmark	Finland	Germany	Netherlands
1. Strategy formation	Country strategy mainly an internal exercise. Dialogue with GRZ on general framework of programme.	Internal process, with limited consultations with GRZ. New strategy under preparation. Access somewhat limited	Country strategy process involving GRZ and other stake holders.	Focus on sector strategies, rather than country strategy. Sector dialogue with involved sector bodies.	Country strategy not important. Sector strategies form the basis for dialogue with the GRZ.	Mainly project oriented, but with attempts towards sector strategy formulation.	Strategy formulation involving dialogue with GRZ at sector level. Country strategy largely an internal process
2. Chief problems identified	Lack of growth and diversification in productive sectors. Deepening of poverty. Maintaining the economic reform process.	Lack of economic growth. Weak public administration.	Low internal resource mobilisation. High debt burden. Inefficient and expensive public sector.	Debt burden. Public sector inefficiency. Low productivity in mining, agriculture and industry.	No particular reference to the Zambian situation.	Lack of incentives to productive sectors. Debt burden.	Lack of supply response in spite of economic reform. Weak state capacity in terms of human and financial resources. Increasing poverty, especially urban based.
3. Analysis & definition of poverty situation	Poverty situation briefly analysed.	None.	Poverty situation analysed. Emphasis on the situation of women. No definition of poverty.	Poverty analysis made, but not dominant. Emphasis on gender and environment.	General presentation of the poverty problem. No analysis of poverty in Zambia..	No particular reference to poverty.	Poverty situation analysed.
4. Overall donor goals	Sustainable economic development.	Improve the quality of life of people in poorer countries.	Improve the standard of living of poor people.	Contribute to the creation of sustainable economic growth to enable Zambia to combat its widespread poverty effectively..	1. Reduce widespread poverty. 2. Combat global threats to the environment. 3. Promote social equality, democracy & human rights		Improve the standard of living of poor people.

	European Union	United Kingdom	Sweden	Denmark	Finland	Germany	Netherlands
5. Operational objectives & priorities	Development and consolidation of democracy. Promoting good governance. Poverty alleviation. Development of human resources. Integration into the world economy.	Economic reform. Health and education. Enhanced productive capacity. Promote international policies for sustainable development.	Support economic reform process toward market economy. Promote democratisation process. Result in social development.	Consolidation of health and education system. Special focus on women's situation. Improve infra-structure.	Support of economic reforms. Rural development.	Support to the economic reform policy of the GRZ.	Support of economic reforms. District capacity building. Urban poverty.
6. Poverty objectives; target beneficiaries	Poverty alleviation. No particular target group.	An indirect PR objective. No particular target group identified.	PR serves as an umbrella for the programme but is not operationalised in a precise manner. Only women specifically targeted	PR justifies the emphasis on social sectors. Women only specific target.	PR is achieved through economic growth and human resource development. The poor are defined as small farmers, women and children.	Welfare increases, rather than poverty reduction. No particular target group identified.	Poverty reduction is emphasised. Women only specific target group.
7. Chief areas of donor intervention	Productive sectors. Social sector. Macroeconomic management and policy formulation.	Economic and structural reforms. Local government. Health and population. Primary and secondary education. Urban self-help. Urban small enterprise development.	Health – planning & management, supply of drugs, reproductive health AIDS. Education – primary and tertiary levels Agriculture – food security. Private sector especially SSI. Public admin reform. Democracy and civic society.	Health care – decentralisation of health management. Education – primary schools, disabled children. Infrastructure – roads and power. Democracy and human rights – support to NGO's.	Agriculture and forestry development – emphasis on small holders. Energy. Primary education.	Private sector promotion. Water and sanitation. Natural resources Southern province development.	Gender in development. Macroeconomic support. Education – teacher training; vocational training; higher education. Rural development in Western Province. Urban development in Copperbelt.

Table 5.1 Comparative Analysis of Donor Strategies in Zambia, around 1997 (Contd.)

	European Union	United Kingdom	Sweden	Denmark	Finland	Germany	Netherlands
8. Modes of intervention & implementation	Programme aid and project interventions.	Programme aid and project interventions. Sector programming in health	Sector approach, combined with project interventions.	Strong focus on sector programming in social sectors. Project mode in smaller interventions.	Integrated rural development, combined with project interventions.	Mainly project mode but is testing Sector Investment Programmes in some sectors.	Programme aid: debt relief and BOP. Agricultural projects integrated into ASIP. Project mode in education and urban development.
9. Provision for monitoring & evaluation	Not stated.	Not stated.	Not stated.	Very limited statement.	Only presentation of the organisation of the evaluation unit. No elaboration of system for monitoring and evaluation.	Not stated.	Very limited statement.
10. Author's comments	Extensive and detailed information.	Limited information available. Country strategy under preparation.	Material covers well both policy issues and project data.	Material covers well both policy issues and project data.	No information on country policy in Zambia. Detailed project descriptions.	No information on German country policy. Detailed description of GTZ projects.	Information on country policy only available in Dutch. Brief project descriptions in English.

The formation of donor strategies included for most donors a dialogue with the GRZ. It could be undertaken either at the country level or at the sector level. Sweden was the donor that attached the strongest importance to the country strategy. In its new country programming exercise, which is applicable not only in Zambia but in all countries where Sweden has a country programme, there is an elaborate procedure for how such a dialogue should be organised (Carlsson, 1998, p. 51–54). The exercise also includes, if possible and feasible, a dialogue with other key local stakeholders. The format for this may vary quite a lot depending on local circumstances.

Most donor countries preferred to conduct dialogue with the GRZ through sector strategy talks. Denmark, Finland and the Netherlands all attached importance to this mode of programming. GTZ preferred a more project oriented mode of planning and strategy formulation but had made attempts towards sector strategies. We were informed that GTZ were still discussing whether to embrace this type of strategy formulation in the future. To some extent the decision would depend on how other donors acted.

The EU has a country strategy exercise which is mostly for internal use. There is a dialogue with the government only in respect of the general framework of the programme. For the UK and the Netherlands the country strategy is clearly an internal process. There does not seem to be any attempt to involve the GRZ in this work.

Regarding our second indicator – the identification of Zambia’s chief problems – there is a rather uniform view of what are the underlying structural causes of Zambia’s present difficulties. The root cause is the structural weaknesses of the economy manifested in a too heavy dependence on the mineral sector and an agriculture with very little dynamism. The EU, for example, notes the lack of growth and diversification in the productive sectors as an important cause. The Dutch and the Germans take the argument a bit further when they point out that there has been a lack of a supply response in spite of the economic reform measures undertaken by the government since 1991. A common theme for all donors is the impact of the debt burden and the inefficient and expensive state sector. This includes not only the parastatals but also the state administration. The most important result of these structural weaknesses is growing poverty in the country. Poverty is normally associated with rural poverty but a focus on the urban poor is now beginning to emerge. The Dutch in particular point out the serious poverty situation in the urban areas.

Although poverty is perceived as a growing problem by donors, not all of the strategy documents include any extensive analysis of the poverty situation in their policy papers. The documents from the EU and the Dutch do contain an analysis of the poverty situation. The UK and GTZ are fairly silent in terms of poverty analysis. The document from Finland contains a presentation of the poverty problem in developing countries in general but there is no reference to the Zambian situation. Sweden and Denmark are somewhat different in their poverty analysis as both place an emphasis on poverty and gender. We note that even if poverty alleviation is high on the agenda, donors are not too specific about what they mean by poverty or, for that matter, who are the poor.

The overall goals of donors in Zambia are formulated in two ways. Either there is a direct mention of improving the quality of life of poor people or the overall objective is seen as contributing to economic growth and development. There is clearly a difference in these two approaches. The EU and Denmark establish a less direct link to poverty alleviation. For the EU, the chief objective is to create a sustainable economic development process, which will benefit the poor through a trickle-down effect. Denmark also believes that its aid programme will contribute to a sustainable economic growth, which will trickle down to the poor. The other donors are explicit about their goal to improve the standard of living of poor people.

However, when we look at the more operational objectives, it appears that donors in general do not expect PR to be realised through a direct targeting of the poor. Most important among the more operational priorities is support for the economic reform process – five donors have this as a priority. Thus, it is through a reformed structure of the economy and new growth and redistribution oriented policies of GRZ that donors expect PR to be brought about. Another operational focus is on the social sectors e.g. health and education. Within this are priority areas such as the urban poor, rural development, and the women's situation. Support to democracy is mentioned as a priority area for Sweden, Denmark and the EU. It is notable that there are no specific operational PR objectives. For donors in general, PR appears as an umbrella for their whole programme. It is also unclear who donors see as the poor but there are some attempts towards a more precise identification. Sweden, Denmark, Finland and the Netherlands identify women, and in particular women-headed households, as being an important target group for poverty alleviation.

Moving further down the ladder of objectives, donors have some specific operational aims. The economic reform process is supported by technical assistance for improving macro-economic management and policy formulation. Assistance to improve the public sector is also quite common. In the educational sectors, there is a clear focus on primary and secondary education. Vocational training as well as higher education, previously supported by a number of the donors, are now losing importance. Support to the health sector is becoming progressively co-ordinated through sector programming. The major areas of intervention are: AIDS, basic health care, water and sanitation and health management. The private sector is getting more attention than in the past as well as small- and micro enterprise promotion. The new focus is largely motivated by growing unemployment, particularly in the urban areas, but is matched in the agricultural and forestry sector with a similar emphasis on small farmers.

There is also little variation in terms of preferred modes of intervention. There has been a traditional preference for projects but during the 1980s this was complemented by programme aid in the form of balance of payments support, import support and debt relief. However, during the 1990s a certain ambivalence seems to have set in regarding the effectiveness of programme aid. Donors began to experience the increasingly weaker capacity of the Zambian public administration, not only at the central level, but particularly at the provincial and district levels. The government was not able to provide the necessary human and material resources to effectively make use of aid. Donors have since been looking for other ways of ensuring aid effectiveness. A return to the project mode is one such possibility, another one, which is currently in vogue, is sector programming. It is still too early to say anything about the feasibility of the sector approach. The weak capacity of the GRZ is a key factor for this kind of intervention mode. Some hesitancy among donors to fully embrace sector programming as a dominant mode of intervention was noted during our interviews.

Lastly, the issue of monitoring and evaluation has been a recurrent theme in the debate on aid effectiveness. Across the board this is acknowledged as a major instrument for improving aid effectiveness. In only one case – Finland – had a donor something to say about its system for monitoring and evaluation. This was then limited to a general presentation of the organisation of the evaluation function in Finnish aid. None of the other documents contained any reference of value as to how their programmes would be monitored and evaluated.

The purpose of this section has been to analyse the content of donor strategies and the process for formulation. The picture that emerges is that of a strong consensus among donors regarding the causes of the present situation in Zambia, as well as the best strategic approach to assist the country. Historically generated structural weaknesses of the economy – a dependence on mineral exploitation and a stagnant agriculture – and a policy framework, which did not facilitate growth, were among the chief causes identified by all donors. Support to economic reform to get the economy back on track were seen by all donors as the most important means to fight poverty.

Generally, their documents are pretty poor in terms of poverty analysis. Most donors seem to have a rather unclear picture of who are the poor, where they are located etc. On the other hand, donors could argue that if around 70% of the population lives on and below the poverty line, not much more poverty analysis is needed.

The poverty orientation of donor portfolios

Another note of caution should also be inserted. Policies and strategies are always undergoing change and development. Programmes and projects, however, tend to be less susceptible to change. Once they have started, it will require both time and effort to change their direction or even close them down. This often leads to a discrepancy between policy and practices which is common to all donors.

Establishing the poverty profile of a donor's total programme in a country can be approached from two perspectives: either by classifying each intervention according to its impact on poverty or by using the design of an intervention as the main classification criteria. The first approach is clearly to be preferred, since it is based on a measurement of what has actually happened. In practice, however, the method's usefulness is seriously limited by lack of data on poverty impact. Few, if any, of the donors have a clear idea about the poverty impact of their projects and programmes. Their evaluation systems are not set up to provide this kind of information. For a study such as ours, which relies on secondary sources, this is a serious restriction. The data problem is of course compounded by methodological problems relating to measuring the impact of aid as distinct from other forces affecting poverty. The issue of fungibility is always there and introduces serious distortions.

These restrictions which apply to the first approach effectively means that we are left using the second approach to establish the poverty profile of donor portfolio's. We shall have to look at the design of the projects and specifically the quality and type of benefits produced and to whom these benefits accrue. Using project design for classifying projects requires, however, some ideas about the properties of a project with a strong poverty orientation.

The first criterion of a strong poverty orientation is whether project objectives clearly focus on poverty reduction. The project should produce goods or services that are clearly of benefit to poor people. Second, we would require that the project identifies a target group which clearly consist of poor people.

We have used these criteria to identify three types of project.

First, there are those projects with a direct poverty focus. A clear identification of the target group is important; also it may just spread its benefits evenly across income groups, hence not really influencing the income distribution pattern. In other words, objectives have to be specific in terms of benefits to be produced and to whom these benefits are planned to accrue.

Second, there are projects with an indirect poverty focus. In this category we find projects where the planned benefit is concrete in terms of PR but is less specific in terms of who the beneficiaries are. Such a project would be expected to produce benefits which may certainly have an impact on poverty reduction, provided that the poor are able to take advantage of it, for example a feeder road or a small dam.

Third, there are projects where the objective has no particular poverty focus. Neither the benefits nor the beneficiaries are clearly specified in terms of PR. These are projects which rely on the perceived link with economic growth, preferably assisted by pro-poor government policies and poverty reduction.

Table 5.2. presents the result of applying these criteria to our sample of donor portfolios. It has not been possible for us to go through every project which a donor has been operating during the last 5 years. We have relied on information supplied to us by each donor about their programmes in the country. From these lists we excluded very small projects and regional projects which were not confined to Zambia. On the basis of this information we distributed the projects between our three basic categories. A weakness in this approach is that in the case of larger programmes, with a number of sub-components, we were not always able to distribute these parts among our three project types.

The quality of the information from donors varied considerably and it certainly introduces a bias into our analysis. The information from the British and the Dutch was particularly weak. In these cases we utilised the annual summary of aid interventions compiled by the UNDP in Zambia.

It is probably true that the UNDP compilation has a lot of weaknesses. It also has a limited usefulness since it does not provide much information about the projects. It basically classifies the projects in different sectors and reports the amounts involved. This immediately introduces difficulties when trying to classify projects into our three categories. In the absence of something better, we have used this source in our classification of the Dutch and the British portfolios.

Table 5.2 The Poverty Orientation of EU Members Aid Portfolio, 1996/97

Country	(1) Directly Targeted (%)	(2) Indirectly Targeted (%)	(3) No PR Focus (%)	(4) Weighted PR (%)	(5) Weighted PR relative to mean of donors
Finland	6	44	49	57	198
Denmark	3	27	70	34	117
UK	3	2	95	7	26
Sweden	3	11	86	17	60
EU	1	15	84	16	57
Germany	5	38	57	49	169
Netherlands	0	21	79	21	74
Mean	**3**	**23**	**74**	**29**	**100**

Notes:
1) Data for the UK and the Netherlands were taken from the UNDP (1996b).
2) In order to make UK and Netherlands data comparable with data for the other countries, projects started before 1990 were excluded.

Columns 1–3 show the percentage distribution of the value of the project portfolio among the three project categories. On average 74% of total project value fell into the no PR category. There was considerable variation among the donors.

In the category of no poverty orientation, one extreme was represented by the UK, with as many as 95% of their projects labelled as having *no poverty orientation*. Germany, represented by the GTZ, and Finland somehow stood out from the rest with a share of around 50%. The projects found in this category are, for example, those which aim at assisting in macro economic reform, strengthening various institutional capacities in the government and various research and training programmes. To the extent that these projects had any poverty reducing effect, it would be through the ‘trickling-down’ effect of economic growth.

The category of *indirectly targeted* – projects with clearly specified pro-poor benefits but with a less clear idea about the target group – contributed a donor average of 23% of the projects. A typical project in this category is Swedish support to ‘outlying areas,’ which aims at stimulating the development of small scale agriculture-based economic activities outside the line-of-rail. The key to the classification here is that the intended target group, small-scale farmers is comprised of poor as well as more well-off farmers. The project does not, as far as we have ascertained, target specifically the poorest small scale farmers. Again Finland and Germany were different from the others with shares of 44% and 38% respectively, which were well above the mean for this group.

Finally, the group of projects that *directly targeted* the poor had the smallest share. On average 3% of the projects fell into this category. Again, Finland and Germany came out as different from the others. Columns (4) and (5) elaborate further on data in the previous columns. Column (4) provides a PR score based on the weighting of the different interventions. *Directly targeted* interventions were given a weight of 2 and *indirectly targeted* a weight of 1. Projects in the *no PR* category were given a weight of 0. The weighted scores underline the strong PR orientation of the Finnish and German portfolios as compared to the others. Expressing the weighted results relative to the mean as shown at the bottom of Column (4) suggests that Finland, Germany and Denmark score above the mean, while the others fall significantly below the mean for both groups.

It was perhaps a bit unexpected to find a small donor such as Finland to come out with such a strong PR score. A more careful look at the programmes in the portfolio, as well as a look at the economy of Finland during the early 1990s is, however, helpful. The recession in the Finnish economy led to drastic cuts in existing aid programmes in Zambia and elsewhere. This provided an opportunity, although unintended, to terminate old programmes and redesign existing portfolios. The project portfolio as it existed in 1997 in Zambia is presented in Table 5.3 below.

Table 5.3 The Poverty Orientation of the Finnish Aid Portfolio in 1997

Project	DT	IDT	NOPR	Budget
LLFSP	10.32	24.08	0	34.4
NIPS	0	0	7.3	7.3
PFAP	0	15.5	0	15.5
ESSP II	0	0	0	0
SP1	0	0	11.3	11.3
SP2	0	0	2.2	2.2
SP3	0	0	2.2	2.2
SP4	0	0	0.8	0.8
SP5	0	18.9	0	18.9
SP6	0	0	1.3	1.3
FVS	0	12.2	0	12.2
NGO	0	0	0	0
Disabled	0	0	2.8	2.8

Table 5.3 The Poverty Orientation of the Finnish Aid Portfolio in 1997 (Contd.)

Project	DT	IDT	NOPR	Budget
Women	0	0	0	0
SSP	0	0.1	0	0.1
Culture	0	0	0.15	0.15
Democracy	0	0	7	7
Study fund	0	0	0.6	0.6
ENDOD	0	0	5	5
Gene bank	0	0	7.7	7.7
Tang.fish	0	0	30	30
Total	**10.32**	**70.78**	**78.35**	**159.45**

Abbreviations:
LLFSP = Luapula Livelihood & Food Security Programme
NIPS = Network Information % Planning System at ZESCO
PFAP = Provincial Forestry Action Programme
ESSP II = Education Sector Support Programme Phase II
SP1 = Educational materials
SP2 = Library Support
SP3 = Competence Based Modular Training
SP4 = Zambia Educational Research Network (ZERNET)
SP5 = Primary School Construction and Rehabilitation
SP6 = Teacher Education for teachers of Handicapped
FVS = Finnish Volunteer Service
NGO = Finnish Support to Zambian NGO’s
Disabled = Direct Partnership in Disability
Women = Women Projects
SSP = Small-Scale Projects
Culture = Culture in Zambia
Democracy = Good Governance, Democratisation and Human Rights.
Study fund = Study Fund, Social Recovery project
ENDOD = Prevention of Bilharzia by the ENDOD extract
Gene bank = SADC Gene Bank
Tang.fish = Tanganyika Fisheries

Source: Summary of the Finnish Development Co-operation programmes in Zambia. Embassy of Finland, August, 1997.

The total value of the country programme was around 160 million Finnish Mark. The Luapula Livelihood & Food Security Programme (LLFSP) partly explains why the Finnish country programme has a poverty profile which is a bit different from the rest. A look at the other Finnish projects show that there are two others with sizeable components of indirect targeting. These are the PFAP and one sub-component in the ESSP II programmes.

The LLFSP in itself is also interesting and we present it in more detail to explain our chosen classification. The programme is composed of five major components:

- participatory extension and adaptive research;
- soil fertility improvement;
- seed multiplication;
- livestock development; and

- a reserve fund.

The design of these components is such that they fall either into the category of directly targeting or indirect targeting. Roughly a third of the total programme budget has been classified as directly targeting the poor. The intended beneficiaries are explained in the following way:

> ‘While addressing the rural population as a whole, the primary target group is the small-scale farmer household which comprises 55% of the rural households. Other beneficiaries include: resource poor farmers (30%); small scale emergent farmers (12%); emergent and commercial farmer households.[1]

Summary

The picture that emerges is of European aid portfolios with a very weak poverty profile. Yet most donors would probably not agree with this judgement. They would argue that there is a substantial automatic ‘trickle-down’ effect from these interventions through growth and development. None of the donors felt a need to establish the specific links or mechanisms by which growth benefits the poor. It was simply stated that when growth occurs then development will follow. It is possible of course for growth to benefit the poor substantially if government policies and capacities are appropriate. However, as our previous analysis has shown, neither the GRZ policy nor its implementation has been impressive so far in this regard.

[1] Summary of the Finnish Development Co-operation Programmes in Zambia. Embassy of Finland, Lusaka. August 1997.

6. Case Studies

In the previous chapter we analysed the programme portfolios of the EU donors for their poverty orientation. In this chapter we shall turn to a sample of individual projects in the respective portfolios. The purpose is to shed some light on the process of formation of a project with a poverty orientation. We are interested in the process whereby a project idea was identified, how the idea became operationalised in a workable project design and, finally, how the project was implemented. We were particularly interested in the configuration of actors/stakeholders in this process. A key question was the extent to which the beneficiaries – the poor – were involved in these processes i.e. through direct participatory consultation, through representatives or not at all.

The sample of projects does not represent a fair picture of each donor's activities because we examined only one project from each donor. Each donor was asked to consider their portfolios and select a project which in their opinion represented a good case of poverty orientation not only in terms of objectives but also in terms of achieving the objectives. Following consultations with each donor, the projects finally selected were the following[1]:

Micro-projects programme (MPP)	The European Commission
Health sector support programme	Denmark
Lake Kariba small-scale fisheries project	Germany (GTZ)
Project urban self-help (PUSH)	United Kingdom
Soil conservation and agro-forestry extension programme	Sweden
Primary health care Western Province	The Netherlands
Luapula livelihood and food security programme	Finland

Information about each project was collected through secondary sources of data. We tried to collect three types of documents:

- project appraisal reports;
- a project document;
- reports from evaluations undertaken mid-term, at project completion or some years after project completion (*ex post*).

The idea was to follow the history of the project, from inception to final completion. Evaluation reports turned out to be our main source of information because they were almost always available.[2]

[1] An extensive presentation of all cases can be found in: Chibbamulilo, P. *Poverty Reduction in Zambia. Examination of projects by European Union Member Countries. August, 1997 (mimeo).*

[2] The appraisal reports are difficult to find, especially if the project was started a long time ago. In some cases there had not been an appraisal. Project documents should be available and generally contain a lot of useful information. But there were exceptions. In some cases there had been amendments to the original document. The amendments were available, but not always the original project document. Sometimes the project document was simply a contract between the Government and the donor with little information about objectives etc. In some cases it was not possible to find the project document – it had been filed away. The third source of documents were evaluation reports. These need not be an *ex post* evaluation, a monitoring review of a project completion report may be just as useful. The evaluation reports could also contain useful references to the original appraisal as well as an outline of objectives, outputs etc, of the project.

The poverty orientation of the projects

The basis for this analysis of individual projects is the same as the one used for classifying the donor portfolios in Chapter 5. Table 6.1 below classifies the objectives of each case according to the three classes of projects.

Table 6.1 The poverty orientation of programme objectives

Project	Direct Poverty Focus	Indirect Poverty Focus	No Poverty Focus
Microprojects Programme (European Commission)		Improve services that meet the community needs.	
Health Sector Support (Denmark)		Improve utilisation of health services including for low income and vulnerable. Improving community control over own health. More appropriate health behaviour among households.	
Soil Conservation Management Programme (SCAFE) (Sweden)			Develop and integrate soil and agroforestry conservation and extension. Research on land and conservation farming. Promote adoption of land management. Train extension workers and farmers on sustainable land management. Increase information between farmers and field staff.
Urban Self-Help (PUSH) (UK)	Improve skills and confidence of compound residents. Establish participatory planning techniques. Develop social and physical infrastructure. Strengthen capacity of city councils to provide basic services. Improve the poverty situation of women.		

Table 6.1 The poverty orientation of programme objectives (Contd.)

Project	Direct Poverty Focus	Indirect Poverty Focus	No Poverty Focus
Lake Kariba Small-Scale Fisheries (Germany)	Improve access to resource saving fisheries and processing techniques for poor people in Lake Kariba.		
Primary Health Care, Western Province (The Netherlands)		Promote community development according to their set priorities. Increase capacity of the district health system. Increase provincial support of districts.	
Luapula Livelihood and Food Security Programme (Finland)	Improve buffer capacity among rural households through income earning activities.	Sustainable use of natural resource base through diversification. Improve household and food security. Reduce labour constraints through animal draft power development. Empowerment of women producers.	

There are two projects in this sample that can be described as directly targeted at poverty reduction. The first is the British financed PUSH, which is implemented by the international NGO CARE. The project aims at reducing urban poverty in four compounds in Lusaka and Livingstone. The second is the support to small-scale fishermen around Lake Kariba supported by the German agency GTZ. It is instructive to see how these projects did identify their target population.

In PUSH, targeting passed through three stages. It was first established which urban district CARE was to operate in. Then it was to target poor locations within each district on the basis of the prevalence of poverty. With the help of the city councils in Lusaka and Livingstone, four shanty compounds were finally selected where most low income groups tended to reside. Finally, the project focused on the women of the compounds.

The Lake Kariba project aimed at improving fishing and fish-processing techniques among small-scale fishermen and petty women traders in three areas of the Gwembe Valley in the Southern Province. We chose to classify this as direct targeting for two reasons. First, the project specifically mentions small fishermen in communities where there are also large-scale fishermen, whose living conditions are quite different from that of the small fishermen. Furthermore, the communities in the Gwembe valley are among the poorest in Zambia.

Many project descriptions are often vague about the target group. The Swedish supported Soil Conservation and Agroforestry Extension Programme (SCAFE) is an example. The origins of the project can be traced back as far as 1984 when it started as a pilot project in Eastern Province. It was implemented through Sida's Integrated Rural Development Programme. Through various kinds of technological improvements, farmers production and productivity are intended to be increased. The interventions of the programme are to a large extent directed at smallholders, although other categories of farmers are also mentioned as part of the target group – emergent farmers, commercial farmers, female farmers and a special group called 'innovative farmers'. Thus, all kinds of farmers are part of its target group, whether they are poor or not. We have classified SCAFE as having no particular poverty orientation rather than being indirect in its focus. First, the project does not target poor farmers specifically. Second, it is known that technical changes in production systems are most readily picked up by the more well-to-do farmers rather than the poorer farming households. It is a matter of awareness, access to money etc.

Most of the projects in our sample fall short of identifying poor people as their target group. The identified group is often referred to as 'small-scale farmers' or 'women'. None of them are homogenous in terms of poverty, although the average level could be quite close to the poverty line. It will never be fully possible to isolate the poor from the non-poor, but it is better to be aware of the limitations than ignore them.

Local participation

In this section we shall look more closely at how local people and organisations, private and public, are involved in a project from the first launching of an initiative until the actual implementation of the project. A number of evaluations and various studies have shown that the more involved the beneficiaries of aid are in launching the initiative, working with the planning and implementation of a project, the more likely it is that the project will generate some sustainable effects.

The initiative

What do we mean by local participation? The first aspect is related to the initiative. Who came up with the idea that later materialised into a full-blown project? Did it start as an initiative in a local community or in a community based organisation? Was it an initiative that emerged out of the planning process of a line ministry? Perhaps it was a politically driven idea launched by a national political leader? Or maybe it was a donor driven project, developed within the donor agency and then proposed to local leaders?

After reviewing the history of these project cases, the immediate conclusion is that none of them had originated as a local community initiative. The explanation for this is simple: this was not the way the Zambian government or its donors preferred to work. The Zambian administration was built on a colonial model and is highly centralised. It is the central government which decides how and when to enter into a dialogue with the lower levels of the administrative hierarchy. For donors this was convenient. Discussions were first and foremost held with line ministries or other centrally placed organisations. To the extent that provincial and district levels needed to be involved it was a matter for the government. Today the situation is beginning to change. The state administration is slowly being decentralised, which will probably force donors to de-centralise their mode of operation as well. The origins of the projects, as far as we have been able to trace them are summarised in Table 6.2

Table 6.2 Project origins

Programme	Central GRZ		Donor
Micro-projects programme			✓
Health sector support programme	✓		
Lake Kariba small-scale fisheries project			✓
Project urban self-help (PUSH)		✓	
Soil Conservation and agro-forestry extension programme			✓
Primary health care West Province		✓	
Luapula Livelihood and food security Programme		✓	

On the basis of the various project documents, feasibility studies, evaluations etc. it appears that a majority of the projects emerged as donor initiative. Or more correctly, during the ongoing discussions with the GRZ, ideas crop up, which are examined and discussed and sometimes they materialise into a concrete project. The point here is that the normal procedure is that new ideas originate from the donors side.

The SCAFE, for example, had a forerunner as early as in 1984, when limited soil conservation and tree planting activities were carried out in Kagoro. This was done within the framework of Sida’s Integrated Rural Development Programme (IRDP) in order to test some ideas and help in developing a strategy. The government was not a key participant in these early stages. There was not much participation of poor farmers in generating the project idea. It was largely a matter for the agricultural experts to develop the idea into something that could be practically carried out.

Some of these projects follow an international model and are applied in basically the same way in different countries. The best example is perhaps the EC’s micro projects programme. It came up for the first time during the ACP-Lomé Convention discussions in 1975. The Convention identified the MPP as one useful instrument of co-operation between the EU and the ACP. The MPP has since been implemented in many countries. The programme in Zambia started in 1985 and was developed largely along the lines of the generic international model.

The PUSH project has a history which illustrates how difficult it can be to assign the initiative to one party or other. It is often the case that origins can be traced back to 1991 when Zambia experienced a drought. It was also around this time that the social consequences of adjustment began to be felt among the poorer groups of the people. The PUSH emerged as an attempt to mitigate these effects. It was a response from the GRZ and from international NGO’s. For some time there were two PUSH projects. One run by CARE International and another run by a local NGO, financed by the GRZ. Both projects had the same focus – food in exchange for work. CARE had experience from similar projects elsewhere in the world. In particular, CARE had accumulated experience of how to develop the projects emergency focus to a more development oriented project approach: ‘…..to build on the foundation of PUSH I to broaden the basis of community participation and effect more sustainable infrastructural improvement, and to assist the food-for-work participants to establish the basis for an independent livelihood’ (CARE, 1994). The PUSH project run by the local NGO has, however, continued with the original approach. The CARE-PUSH may appear as a typically donor driven project but through its history it is clear that local actors, including the GRZ, have been involved in similar activities. An interaction between them has certainly taken place.

Implementation

Local participation during implementation of a project presents a more varied picture. There are two aspects to the issue of local participation that needs to be emphasised. The first concerns the project organisation itself and how it is integrated with the government administrative structure and/or local community-based organisations. The second involves the participation of the 'beneficiaries' in project implementation.

The MPP forms an interesting example of how the issue of participation can be handled. The project has its own management and organisation – the Micro Projects Unit (MPU). It also has its own field representation – a regional officer – in each of the nine provinces. The unit is rather de-linked from the state administration in terms of operation and basically reports to the representative of the European Commission in Lusaka. The way the work is organised, however, opens up participation from below. A community, a social group or an NGO can apply to a MPU regional officer for funding. This is subjected to a District Desk Appraisal, which is held every quarter. Various line ministries and district council representatives participate in the appraisal. If approved at this level, a Field Appraisal is made to ascertain the capacity of the community to participate in the project. This means a site visit by the regional officer and a representative from the office of the provincial permanent secretary. As a monitoring tool the MPU conducts Beneficiary Assessment exercises to check whether the financed projects are in line with community priorities. The participatory pattern found in the MPP case can be summarised as follows. It has set up its own organisation and effectively bypasses the state administrative structure. It has an elaborate mode of operation to mobilise local communities, where representatives of government are involved as advisors, but not implementers.

The German support to fishery development in Lake Kariba is a classic example of a technical assistance project. The project was carried out within the framework of the Department of Fisheries and a German long term advisor was attached to the Department. The provincial Fisheries Development Officer for Southern Province was responsible for the operations of the project. Most extension activities were carried out by the staff of the Department. Through Fisheries Village Management Committees the project had contact with the fishermen. The weaknesses of this set up are well-known: lack of capacities in the government, particularly at district level, made implementation difficult. The participation of the beneficiaries followed a different model than that found in, for example, the MPP and the PUSH. Rather than building on the initiatives of the fishermen, the project and its experts had identified a set of measures that should be implemented in order to improve the situation of the fishermen. The task of the project was to convince the fishermen that they should adopt the new practices. A similar approach was also used by the SCAFE, when trying to improve soil conservation and management practices among small farmers.

The Danish support to the health sector offers an example of a more 'modern' approach to aid delivery. Sector programme support – sector wide approach – is a collaborative work programme between donors and recipient country government. As a donor you will have to pool your resources with other donors and accept giving up some of its procedures. There is no room for conditionalities and ear-marking of monies for pet projects. Resources are to be co-ordinated within the framework of a sector policy agreed upon between donors and the government. This policy dialogue is one of the key aspects of sector programmes. Implementation of the various activities agreed under the sector framework is the responsibility of the government.

The modes of implementation found among these project cases were quite traditional. Most donors preferred to build a separate project organisation and not operate through the government bureaucracy. Examples are the PUSH, the Finnish integrated rural programme in Luapula and the Sida supported SCAFE. This did not mean that they entirely by-passed the government. At the operational level, many projects depended on, for example, district agricultural extension officers for carrying out the work. The important point is that government agencies were not involved in the management of the project and the decision-making process. There were two primary reasons for this. The first relates to the donors need for control over the use of resources. Second, in terms of financial and human resources, relying on weak government agencies would mean risking the whole project. Better then to do it yourself and at regular intervals keep the government informed about what has happened.

Conditionality

The issue of conditionality was included among one of the questions to be investigated in the research programme of which this study is a part. It reflects the fact that the use of conditionality by donors has been on the rise during the last 15 years. Concerns about dwindling aid effectiveness have led donors to try to tighten the leash and in this way ensure that recipient governments perform as they are expected to do. The debate on conditionality has been primarily associated with the various structural adjustment programmes that the IMF and the World Bank, backed by most bilateral donors, have been negotiating with recipient countries. Aid has then been linked to economic policy reform – policy conditionality. But most donors have, from time to time, try to enforce a stronger financial accountability from their partners. This is also a kind of conditionality but perhaps more easy to digest than conditions linked to domestic policy changes. An even more far-reaching policy conditionality has developed out of donors concerns for democracy and the respect of human rights. Donors have then questioned existing political systems and pressed hard for replacing one-party state structures with the Western concept of multi-party system.

In this study we shall confine ourselves to conditionalities at the project level. We are particularly interested to see if donors operate with policy conditions at this level, for example, ensuring that poverty reduction stays in the focus of the project.

A review of the projects shows that this is not the case. Policy conditions are not used at all. Presumably, it is felt that this is covered by the general agreements on the country programme or the sector programme, between the donor and the recipient government. Quite common, however, were conditions concerning financial accountability. In the project agreements, it was stated that the government should be contributing a certain percentage of total project costs. In our sample it varied between 8–25%. The government could contribute in cash, salaries to staff who worked with the project, transportation and office accommodation. Another common condition was that the government should pay part of the costs for technical assistance personnel, either in the form of subsistence allowance or accommodation.

The application of the conditions was not, however, very strict. As could have been expected the GRZ had great difficulties in complying with the conditions it had agreed to. The situation seem to have grown worse during the 1990s. The GRZ, partly because of policy conditions laid down in the economic policy agreement with the donors, saw its budget situation deteriorate very quickly. There was simply no money available for covering anything but staff salaries. Donors seem to have realised this fact and hardly enforced their conditions. If they did, there would be a great risk that the project would be jeopardised.

In the projects working close to the communities – PUSH, the MPP and the SCAFE for example – donors demanded some sort of contribution from community members. Contributions would usually been in the form of provision of materials and labour. The purpose is to instil a sense of ownership in the community. It is unclear to us to what extent these conditions were strictly enforced. We suspect, however, that donors, as in the case with the conditions directed to government, were prepared to be quite 'lenient' and avoid anything that could turn community members away from the project.

Poverty reduction?

Did something happen in terms of poverty reduction as a result of these projects? One could certainly expect evaluations to focus on these issues, since almost all donor evaluation guidelines are quite clear about the need to highlight impact, in addition to more short-term operational issues. The reality is, unfortunately, far removed from the declared evaluation standards. Research on evaluation has consistently showed that aid evaluations only rarely analyse issues of impact and sustainability. Their focus is normally much more narrow and designed to serve donors more operational needs.

Impact evaluations do exist, however, but then they suffer from shortcomings in terms of design and approach, which makes their results unreliable and basically impressionistic. A simple example might suffice to illustrate the point. A pre-condition for analysing the impact of aid on poverty reduction is basic knowledge about the situation as it existed before the intervention took place. This in turn pre-supposes that there is a clear idea about whose poverty is going to be reduced. In very few cases does the preparatory phase of a project include such a baseline study. This was, for example, the case in the Luapula project. In the mid-term review report (1996, p.49) it was pointed out that: '…due to the deficiencies observed earlier regarding the preparation of the programme document with its lack of focus on beneficiaries' needs and concentration on the delivery approach, a blueprint implementation would not lead to the intended impact'. The review goes on to note a range of other shortcomings. There is a general lack of clear purpose as regards livelihood. Data from PRAs are not properly documented and there are no detailed data on the socio-economic characteristics of the beneficiaries. Further, the project does not have enough knowledge of the effects of its various interventions on the nutrition standards and economic well-being of the beneficiaries.

Insufficient knowledge about the situation that aid was intended to improve, does not provide a good opening for high-quality impact evaluations. The country study of European aid and poverty reduction in Zimbabwe, (Killick, et.al. 1998,p.65) summarise the situation in the following way:

> 'Issues of impact and sustainability therefore remain unresolved. The donors and their evaluations are quite silent on these vital issues. This situation is unsatisfactory and raises questions as to how development aid is managed. It would seem that money is being spent without much knowledge about how well and for what purpose.'

The evaluations made in each of our cases are typical of the average aid evaluation. They provide, at best, impressionistic information about the poverty reduction impact of the projects. It was the intention of this research project to have a classification along four dimensions: livelihood, resources, knowledge and rights. We feel, unfortunately, that we are not in a position to make a serious assessment of the project's contributions to each of these dimensions. What we can do, however, are two things. First, provide highlights from some of the projects, indicating the possibilities for a positive contribution to poverty reduction. Second, we can also provide illustration of how poor people perceive an aid project and the benefits that accrue to them from the project activities. As part of our research, we did conduct two studies of the Luapula and PUSH projects, where we asked a sample of households, forming part of the project's target group, to assess how they felt the project had impacted on their situation. This is a more narrative approach to impact analysis, which we believe gives an idea not only of how well the project did perform but also the complex socio-economic situation of poor people and the difficulty of designing PR interventions.

The impact of the MPP on the livelihood of community members seems to have been less than expected because most activities are not income-generating; less than 5% of the finances have been directed towards ventures such as micro enterprise credit, market developments and food security. The focus has instead been on infrastructural facilities of different kinds, such as schools, health centres, roads and water points. They are all facilities that are useful to all community members, rich and poor alike and the poverty reduction effect remains unclear. The PR impact of the SCAFE is basically not known. One evaluation reported that women in the Southern Province had showed enthusiasm in raising nurseries (Ziwa, S. & Savfors, E.,1995). Apart from sporadic information of this kind, the SCAFE never followed up in a consistent manner what happened to, for example, farmers that had adopted the new techniques proposed by the programme.

The Lake Kariba Fisheries project provides a good example of how PR impact is being assessed. Incomes are reported to have improved for farmers who adopted fish-smoking techniques promoted by the project. The high quality fish meant higher prices and there was also a gain in that less wood was consumed in the new fish smoking kilns. Both the SCAFE and the fisheries project fail to answer questions such as: Who were the farmers and the fishers? What had been their situation before the SCAFE started? Did their living standards improve?

Let us try to shed some more light on the poverty reduction impact by a closer look at the Luapula and the PUSH projects. What has been the role of development aid in the changes experienced by the households in Luapula and Lusaka? Have the projects addressed the most urgent problems defined by the households? Have they succeeded in making a difference?

Luapula: Group participation and an agricultural bias

In Luapula, the LLFSP focus on agriculture corresponds to what the household respondents defined as important for a good life. Being able to eat more than once a day was an important indicator of a good life. However, in the ranking of the most urgent problems, bad roads, long distances to schools and health care and unbearable user fees were brought up as more pressing than agriculture related problems. Among the directly agriculture related problem that the villagers ranked highest were lack of fertilisers and seeds. Low production of crops, infertile soils and poor storage facilities were problems prioritised by the LLFSP, which were more seldom mentioned by the community. There was an apparent discrepancy between the priorities of the villagers and of the LLFSP.

This is an LLFSP dilemma. The programme is run under the Ministry of Agriculture, Food and Fisheries (MAFF) and institutionally the LLFSP belongs to the area of agriculture. At the village level the MAFF structures and the camp officers, are the only governmental representatives. For the villagers they are often the only instance to turn to in the quest for assistance and development. The community groups initiated by the agricultural camp officers often expressed needs and priorities that fell outside of the domain of agriculture. The community group could prioritise improved education, health care and transportation rather than any agricultural assistance. But in order to get support from the programme, the villagers' projects have to be somehow linked to agriculture. However, over time LLFSP tried to broaden its perspective and adopt a less narrow view of the situation of the communities. It recognised the difficulty of reaching markets and other services and, by giving grants for the construction of wells, embankments, and road improvements, the programme tried to meet the most urgent needs of the rural population.[3]

[3]In this type of study, we must also reflect on who is best suited to define the problems of the poor. We have taken the point of view of the small-scale farmers themselves, and let them outline the picture of their every day struggle against poverty, and of their most

The ideas of participatory methods in the extension service and the forming of community groups had given the people a new way of organising and relating to development aid. Many saw the benefits of working together and sharing ideas and experiences and the active group members felt the support of the agricultural extension service. People in the LLFSP villages had learnt that they could receive assistance if they formed groups and defined their problems. Although most villagers knew about the community groups, some hesitated to get involved in them. Female heads of households, for instance, often could not join as they had a too heavy workload already. Negative rumours about the groups kept others away, while some expected assistance to come without their active involvement. But the creation of participatory groups also gave rise to expectations that were not always met. A particular problematic situation arose when LLFSP stopped its support to new groups because there was then nobody to take over the support function. The MAFF had no resources, apart from salaries to extension officers, which could be used. The more long term result was therefore disappointment and mistrust towards participatory methods and the programme as a whole.

The LLFSP had worked deliberately with gender issues, focusing on involving women in the community groups and sensitising both men and women about the unequal gender division of labour. The participation of women in LLFSP activities was high in the villages studied, especially as specific women's groups had been formed. The community group leadership consisted of 30 to 50% women. The female work burden had become an important issue of discussion among those who had taken part in gender sensitisation training. Most men and women agreed that the work burden should be more evenly shared. However, in reality traditions changed slowly and the work load of women was still bigger than that of the men. This was especially the case in single women headed household.

Regarding agricultural impact from the LLFSP, some of the community group members stated that they had been able to increase production and yields using new methods and new varieties. The seed multiplication programme was probably the LLFSP component which had reached and benefited most farmers. The seeds multiplied were often spread also to villagers not involved in the groups and had helped solve the problem of lack of seeds. A problem that had come up after the GRZ had stopped its subsidised distribution of seeds as part of the economic reform programme. Of the 24 households interviewed by us that were involved in the LLFSP activities, 11 experienced that food security had improved over the five years, while 13 had seen a decline. There are better figures than for the sample as a whole, although it clearly shows that far from all LLFSP group members had undergone a positive development.

The LLFSP livestock component did not seem to have had a large effect on the livelihood in the villages studied. Although small livestock training had been held in three of the villages, it had reached only very few villagers. The development fund was the LLFSP activity which had brought the most visible changes in the lives of the respondents, changes that were often brought up in the interviews. The market place under construction in Mwewa, which was going to protect the traders from rain, was appreciated by many and the grants for the communal effort to dig wells had considerably improved the water situation in Maloba.

In Muyembe, the hammer-mill granted by LLFSP and run by a women's club was said to have increased food security in the community, by offering a nearby place to process maize. The credit scheme under LLFSP had given extra incomes for women in Mwewa. However, their business

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pressing problems. But although they of course are the most pertinent persons to ask, there are some problems that they might not recognise. For instance, local farmers might not experience that their soils are infertile, and their production low, as recognised by LLFSP, as they cannot make comparisons with the situation in other places, or with other techniques and inputs.

activities were not sustainable, as the low profits were consumed by down-payments and everyday expenses.

The improvement of the Kapulo road, including the building of a small bridge, with communal labour, was mentioned by many villagers as one of the most considerable changes over the five years. However, the road was still in a too poor condition to attract traders or other travellers.

Although macro economic developments had a major impact on life in the villages, it was clear that the Luapula Livelihood and Food Security Programme had made a difference for many communities. Infrastructural improvements such as repairing of roads and building of wells and market places benefited the whole communities under study. But apart from that, the impact of the LLFSP was restricted to a minority of the villagers. We estimate that roughly 10 to 35 percent of the village households in the surveyed areas had in one way or another benefited from the programme. The really critical issue that emerged, however, concerns the long term sustainability of the programme. Who will take over and continue the community based work? Who will ensure that seeds are continuously being distributed? Under normal circumstances it would have been the MAFF, but like all GRZ authorities it is completely starved of resources and cannot be expected to pick up the activities on any significant scale.

Lusaka: Water and income generation

The most urgent difficulties defined by the people in George and Chipata compounds were lack of incomes and lack of money to pay for adequate food, health care, and schooling. The CARE project had addressed these problems mainly in an indirect way. The most evident change in the compounds brought about by CARE was the provision of water. This was however not defined as a main problem, something which can be explained by the fact that most people in the sample already had access to the water. Water had been an urgent problem in the past, but was now provided, at least to the majority that could afford the relatively low monthly fees. The CARE water project in Chipata also had provided employment to water attendants, but some persons who had contributed labour when the water was installed complained that they did not get economic compensation for their efforts.

Furthermore, CARE provided credit for income generating ventures. However, it was difficult for the poorest to raise the money that needed to be saved before the credits were given out and there were also complaints about the group savings: if one group member failed to contribute money, the whole group was affected. The business training that went along with the credits was assessed by the participants as helpful. But when taking a random sample of the community, it was clear that very few of the inhabitants in the compounds had been able to participate in the credit schemes and training. The food-for-work programmes carried out by CARE before 1994, on the other hand, were still remembered by large parts of the community, as beneficial. But their lack of sustainability was apparent, as most participants were without incomes when the projects ended. The community did not keep up the work done. The garbage collection projects introduced in George during the time of study were not recognised by many respondents.

The work carried out by CARE in the late 1990s is not as visible as that of the beginning of the decade. The training in livelihood matters, such as gender and empowerment training, was often not mentioned by the respondents or only mentioned after probing questions. It appeared not to be perceived as very important, although some positive comments such as ‘Now I know how to organise people’ and ‘Now I know my neighbours’, made by a woman in Chipata and a man in George respectively, revealed some positive views of the training.

When comparing the assessment of the changes over the years of those who had been involved in CARE activities and those who had not, the involved households gave a somewhat more positive picture of their income development. When it came to food, the situation had deteriorated for both groups. This is a somewhat conflicting message, which we were not able to sort out. One can conclude, however, that it is not possible to see a clear impact on income from the CARE project.

CARE was not able to directly address problems such as the costs of schooling and health care services nor the problems of rising costs of living. Structural adjustment programmes and governmental health care and educational reforms, as well as the disbanded services of the City Council, brought more significant changes to the lives of the poor than the CARE projects. The long term strategy of CARE was, however, to counter the negative developments by organising people in the compounds to be able to help themselves to a better life. By forming and strengthening community based organisations, such as the Resident Development Committees, CARE hoped to enable the community itself to take care of urgent needs such as road improvement, water provision, and garbage collection. Personal empowerment training would similarly enable individuals to save and to create their own income generation projects. The impact of this work was, in most cases, not very pronounced.

Nevertheless, the water provision in Chipata, managed by the Resident Development Committee, was one example of a successful development of a resident-run, sustainable project. Although well functioning, the water project still suffered from problems. Many people did not understand the need to pay the monthly fees to run the water and instead believed that CARE made huge profits from them. The marginalisation of the poorest of the poor, who could not afford the monthly fees, was also an urgent problem.

Summary

Have the projects examined here made a positive contribution to poverty reduction? Our answer must be that we do not know. There is a serious lack of poverty impact analysis which could have helped us to form an opinion on this matter. It is surprising that few donors seem interested in finding out whether their contributions actually meet the expected objectives.

We can, however, offer some speculations regarding the poverty impact on the basis of what we have seen in the case studies. The picture that emerges from the case studies is that of a limited impact on poverty reduction. There are several reasons for this depressing conclusion.

Many projects produce outputs that have a potential to be poverty reducing. Few of the projects have developed any mechanisms for ensuring that they actually benefit the poor. What seems to have worked best are infrastructural improvements such as school houses, clinics, roads and market places. They are also improvements that benefit all members of a community and not only the poor. If anything these investments have a positive welfare effect but they are not necessarily poverty reducing.

Some, but not all, farmers, fishers, women etc. have seen development aid make a difference in their lives and addressing some of the needs they define as most pressing. But in a broader economic context, the improvements brought by aid projects are overtaken by problems that emanate from the current political and economic situation of Zambia.

A very critical issue is the lack of sustainability which we can see in every project. The sustainability of the gains made through, for example, the LLFSP, are very much dependent on how they are maintained by the governmental structures of which they are a part. As long as sustainability is linked to GRZ capacity to keep up the momentum, there is a strong likelihood that what has been built-up by the project will virtually collapse once the project closes down. Thus, the institutional capacity of GRZ comes out as a critical determinant of any long term impact on poverty reduction.

7. Conclusions

Our point of departure was the downslide of the Zambian economy and the fact that today almost third quarters of the Zambian people live on or below the poverty line. Since foreign aid is one of the key resources available to the GRZ, it was relevant to ask whether aid was geared towards addressing this situation and contributing towards poverty reduction. Our focus was on aid from some of the members of the European Union, Denmark, Sweden, the Netherlands, the United Kingdom, Germany and the European Commission. We specifically asked three questions:

- Is poverty reduction a major objective for European aid?
- If so, how is this reflected in their respective aid programmes?
- Has European aid contributed to poverty reduction?

Our analysis of European aid was set in the framework of the political economy of Zambia. The story of Zambia's political and economic misfortunes since independence has been told many times and we will only summarise the main features of the current situation. Structurally, Zambia retains the features of the classic raw material based colonial economy. The post-independence development strategy perpetuated this structure through an intensive exploitation of the copper resources, rather than attempting to transform it. The resources from the mines were the mainstay of a growing state which controlled virtually all economic activities in the country. When the dynamism of the export sector began to dwindle from the mid 1970s, this development model lost its momentum. The 1990s saw a change in political regime and in economic policies along typical structural adjustment lines. The result has been a much needed reduction in different various macro economic indicators but at the expense of a general depression in the economy. Parallel attempts to transform the state-dominated economic structure have not yielded much in terms of growth; partly because Zambia remains dependent on copper and no other economic sectors have been able to compensate for the crisis in the copper mines. This has, for example, affected the people being retrenched from former parastatals. Retrenchment for most of them has meant unemployment. Add to this that the GRZ has mismanaged the process of privatisation, particularly of the mining giant ZCCM, which has meant unnecessary delays and continued stagnation.

The result has been a state which is basically without resources to do anything. The public sector, or what remains of it, is starved of resources to the extent that basic salaries can be paid and not much more. Still, the responsibility for a good number of social services remains with the public sector. The outcome has been a deterioration in social service delivery to such an extent that it has significant poverty consequences.

It is in this social and economic context that foreign aid has developed into becoming a major resource available to government. In response to the growing aid dependency, the role of donors has changed. They have now taken on a much more active interest in shaping the future development strategy of Zambia. For a long time it was the Bretton Woods institutions who conducted the political dialogue, such as it was, with the GRZ. Today the bilateral donors have followed suit and they have also brought up other issues than economic reform, which tended to dominate the agenda during the 1970s and 80s. The donors increasingly broadened agenda in Zambia made it especially necessary for them to examine their own policies regarding development in general and poverty reduction in particular.

Apart from Germany, all donors had as their overall objective some sort poverty reduction objective. It could be formulated in different ways but the focus was generally on improving the situation of poor people. A closer look at the policies that these objectives formed a part, unfortunately yielded rather discouraging results.

When we examined donor policies in terms of their PR orientation we used a set of criteria that were the same as those applied in the study of aid and poverty reduction in Zimbabwe (Killick, et al., 1998, p.72). Policies should:

a) be based on a demand-driven approach or at least wide consultation;

b) include an analysis of the nature and causes of poverty;

c) translate the PR goal into reasonably precise operational objectives;

d) use modes of intervention that reach and, preferably involve, the target group; and

e) have monitoring and evaluation systems focusing on evaluating the effectiveness of PR.

Few, if any, donors came close to matching these best practice criteria. The closest match was found in respect of criterion (a), although it was not very impressive. Donors did consult with GRZ particularly when it came to sector strategies but less frequently did donors involve the GRZ in the process of formulating a country strategy. There were some signs of demand-driven interventions in the limited sense of the GRZ taking an initiative. It appeared to be much less common to find initiatives from various public and/or private organisations, developing into concrete projects. The major impression was that of the GRZ responding to various proposals by the donors.

In terms of poverty analysis, the material provided to us was not wholly satisfactory. There was not much systematic analysis of the causes to poverty nor any in-depth discussion/identification of poor groups. The various documents basically noted the extent and depth of poverty and referred to the poor in very general terms such as ‘rural people’, ‘women and children’, etc. We should acknowledge, however, that we were limited to policy material and this does not exclude the possibility that donors may have conducted more extensive poverty analysis elsewhere which was available. Still, the results of any such analysis were not reflected in the policy material.

What emerged was a very general view among donors of what poverty in Zambia is all about. Consequently, it was not all that surprising to find that donors generally had failed to operationalise their poverty policy in terms of concrete things to be achieved. Neither had they any clear conception of whom should benefit from their interventions. The identification of a specific target group was generally unsatisfactory and revealed a rather diffuse notion of who were the poor.

Although the official rhetoric among donors stresses the need for ‘ownership’ and participatory work methods, the practice of our case studies revealed very little of that thinking. Projects were designed on the basis of working for the target group, whoever they were, rather than working with them. Ensuring ‘ownership’ by involving the target group in the design and organisation of the project remained an absent practice.

Did the projects examined in our case studies make a positive contribution to poverty reduction? Our answer was that we do not know. This lack of knowledge reflects a serious flaw in the way donors and, we would like to add, the GRZ’s approach to what is relevant knowledge. The dominant focus in aid evaluations are that of operational efficiency, focussing on short-term aid delivery. Admittedly there are many problems of a methodological nature to solve before poverty impact can be properly analysed. Still, we do not believe that this should prevent more serious attention to establishing whether aid interventions work or not.

The picture that emerges here is that of a poverty focus which is not very clear. Most of the donors would probably disagree with this statement. They would argue that their policies are based on the belief that only by achieving economic growth can Zambian poverty eventually be reduced. The assumption is that the benefits of economic growth will eventually trickle-down in society and improve the living conditions of the people. Evidence from economic history shows that economic growth is a necessary pre-condition for poverty reduction. But the process is by no means an automatic one. The relevance of donor policies for poverty reduction rests on two assumptions that in the political economy of Zambia are not valid.

First, that the government of Zambia is pursuing a development strategy with strong redistributive elements in it and, second, that the GRZ actually has a capacity, financially and technically, to carry on much of the work initiated by aid.

These assumptions may appear as insurmountable obstacles for any donor activities in Zambia until the basic structural problem of growth has been resolved. Redistributive policies, for example, are of little value until there is something to distribute. Further, if the GRZ is not able to maintain the required social services, donors will have to forego any hopes of sustainable aid. However, we do think that this is an overly pessimistic view on the possibilities of effective aid in Zambia. Donors can do a lot even in a situation where the political and economic conditions are not ideal.

We would like to end this report by pointing at a few strategic measures that could be useful to make European aid more relevant for the poor in Zambia:

- There is a distressing lack of knowledge about what aid does in Zambia, particularly in terms of its poverty reduction effect. A more serious effort to strengthen the value and usefulness of evaluations for strategy formulation is urgently needed.

- Donors should intensify their policy dialogue with the GRZ and more forcefully bring up poverty issues. This is particularly important in times when sector programming is becoming increasingly popular.

- Decentralisation of the state administrative structure need to be matched by changing the donors mode of operation, requiring a new emphasis on interacting with the provincial and district administrative levels.

- Donors should stop paying lip service to different participatory approaches and instead integrate them fully in their way of planning, implementing and evaluating their activities.

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