

**ZAMBIA**

**COMPREHENSIVE AGRICULTURE TRANSFORMATION  
SUPPORT PROGRAMME**

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## FOREWORD

1. Agriculture plays a pivotal role in fostering Zambia's socio-economic development. The sector guarantees household and national food and nutrition security, is a major source of income for both rural and urban households and provides employment and wealth creation opportunities. The sector accounts for more than 20 percent of Zambia's formal labour force and is a source of livelihood for over 50 percent of the Zambian population. The sector is also the main source of raw materials for the manufacturing and food processing sectors, hence offering additional job opportunities, especially for women and youths, through downstream industries. Agriculture also plays a, and can play an increased, vital role in Zambia's Balance of Trade contributing seven percent to Zambia's export earnings. Due to its significant socio-economic importance, the sector offers a robust pathway for fostering Zambia's rural development and the envisioned diversified and inclusive national socio-economic transformation.

2. Despite its importance, the growth of the sector and its resultant impact on the growth of the economy is constrained by a number of factors that include over-dependence on rain-fed smallholder production systems, low levels of mechanization, low and slow uptake of technologies, limited capacity for value addition, low private sector investment, animal diseases, poor crop and animal husbandry practices, limited access to finance and financial services, inefficient input and output marketing systems, poor infrastructure, and policies that are either less enabling or discourage increased private sector participation in the sector. To address all these challenges and ensure enhanced performance of the agricultural sector and agri-food systems, requires urgent and comprehensive transformation. Hence the desire of the Government of the Republic of Zambia to implement a comprehensive agriculture transformation programme as announced in September 2021, and the formulation of the Comprehensive Agricultural Transformation Support Programme (CATSP).

3. The CATSP is Zambia's Second National Agriculture Investment Plan (NAIP II). It succeeds the First National Agriculture Investment Plan (NAIP I) which was implemented from 2014 to 2018. The CATSP has been designed in response to both national, continental and international aspirations for the agricultural and agribusiness sectors in general and the agri-food system in particular. From the national perspective, the CATSP is fully aligned to the Eighth National Development Plan (8NDP) and the Republic of Zambia Vision 2030. In this regard, the Programme seeks to achieve, through increased production and productivity, the following: (1) increased food security; and (2) improved nutrition; (3) increased job opportunities; (4) increased agricultural exports; (5) reduction in food imports; and (6) increased incomes and wealth creation opportunities. This will only be possible through increased private investment in the sector, which in turn will depend on the deployment, by the Government, of appropriate and sufficient policy measures.

4. The CATSP design is also aligned to, and provides a pathway to domestication of, continental aspirations, principles and values of the Comprehensive Africa Agriculture Development Programme (CAADP) reaffirmed by African Heads of State and Government through the June 2014 Malabo Declaration on Accelerated

Agricultural Growth and Transformation. Some of the commitments enshrined in the Malabo Declaration include enhancement of investment finance in agriculture through, inter alia, (1) upholding the earlier commitment to allocate at least 10 percent of public expenditure to agriculture, and to ensuring its efficiency and effectiveness; and (2) creation and enhancement of necessary appropriate policy and institutional conditions and support systems for facilitation of private investment in agriculture, agri-business and agro-industries. Further, the CATSP speaks to the aspirations of Agenda 2063 (*The Africa We Want*) which include a realization of a modern agriculture for increased productivity and production. These are the fundamental principles of the CATSP as it seeks to ensure quality public expenditure in agriculture and provide a policy environment that will motivate farmers and firms in agriculture and agribusiness to increase their investment in production, processing, and marketing, and thereby increase agricultural productivity and production, increased job opportunities, increased food security and improved nutrition.

5. The CATSP will accelerate, and contribute to, Zambia's achievement of some of the Sustainable Development Goals (SDGs), which include SDG 1 - Ending Hunger in all its forms; SDG 2 - End hunger, achieve food security and improved nutrition and promote sustainable agriculture; SDG 8 - Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all, among other SDGs. The CATSP further provides opportunities for implementing the Food Systems Pathways developed and agreed upon as part of the 2021 UN Food Systems Summit.

6. With its interventions focusing on institutional and regulatory reforms, provision of risk sharing financial and non-financial services, marketing, trade and industry, agricultural research and production, infrastructure, strengthening disaster prevention and response mechanisms, and sustainable management of natural resources, the CATSP provides critical pillars for transforming Zambia's agricultural and agri-food systems sectors. I am, therefore, optimistic that the implementation of the Programme will result in fundamental changes and desirable outcomes not only for the sector but for the economy as a whole. I see the CATSP as the strategy for achieving my Government's vision of a viable commercial agricultural development undertaking that will end hunger and improve nutrition, while accelerating economic growth, and making the nation food secure and a food basket of the region.

7. Finally, I wish to underscore that the effective implementation of the Programme will, however, call for various reforms including budget, institutional and structural reforms. I wish, in this regard, to underscore my government's commitment to all reforms that will ensure the effective implementation of the Programme. In this vein, I wish to call upon all stakeholders including the private sector, farmer organizations and industry associations, Cooperating Partners, Civil Society Organizations, Faith-Based Organizations, Financial Institutions, Government Ministries and other public sector agencies to support and take advantage of the reforms and play their respective roles in the implementation of the Programme. I am aware, and my government is pleased and grateful that the design of the CATSP was participatory and benefitted from the contributions and insights of all categories of stakeholders. I further wish to implore stakeholders to ensure that the implementation and effectiveness of the Programme are jointly assessed at least

annually to ensure that implementation remains on track and the policy measures deployed by the government are effective.

Hakainde Hichilema  
**PRESIDENT OF THE REPUBLIC OF ZAMBIA**

## AKNOWLEDGEMENTS

To be developed



## LIST OF ABBREVIATIONS

3As	Agriculture, Aggregation Alliances
8NDP	Eighth National Development Plan
ACGS	Agriculture Credit Guarantee Scheme
ACLTAB	Agriculture Concessional Loans Through Anchor Borrower
AFC	Agricultural Finance Corporation
AfCTA	African Continental Free Trade Area
AfDB	African Development Bank
AHPZ	Aquaculture High Potential Zones
AMIC	Agriculture Market Information Centre
APEPF	Agro-processing and Export Promotion Facility
ASMEL	Agriculture Small and Medium Enterprises
AWPBs	Annual Work Plan and Budgets
CAADP	Comprehensive Africa Agriculture Development Program
CAS	CATSP Accountability System
CATSP	Comprehensive Agriculture Transformation Support Program
CDF	Constituency Development Fund
CLA	Cluster Lead Agency
COMESA	Common Market for Eastern and Southern Africa
CPI	Consumer Price Index
CSA	Climate Smart Agriculture
CSC	CATSP Steering Committee
CSO	Central Statistics Office
DDCC	District Development Coordinating Committee
DMMU	Disaster Management and Mitigation Unit
DOF	Department of Fisheries
EBA	Enabling the Business of Agriculture
FAO	Food and Agriculture Organization of the United Nations
FBDP	Farm Block Development Programme
FDI	Foreign Direct Investment
FMF	Farm Mechanization Facility
FRA	Food Reserve Agency
GHG	Green House Gases
GRZ	Government of the Republic of Zambia
HCAT	High Counsel for Agriculture Transformation
IAPRI	Indaba Agricultural Policy Research Institute
IAS	Investment Areas
IBIF	Index-Based Insurance Facility
ICT	Information, Communication and Technology
IDF	Interest Drawback Facility
IFAD	International Fund for Agriculture
IFMIS	Integrated Financial Management and Information System
ILDF	Irrigation and Land Development Fund
ISCU	Interim Strategic Coordination Unit
IUU	Illegal, Unregulated and Unreported
LIMS	Livestock Information Management System
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments and Agencies
MDD	Management Development Division
MOA	Ministry of Agriculture

MFL	Ministry of Fisheries and Livestock
MCDSS	Ministry of Community Development and Social Services
MCTI	Ministry of Commerce Trade and Industry
MoFNP	Ministry of Finance and National Planning
MGEE	Ministry of Green Economy and Environment
MoH	Ministry of Health
MIHUD	Ministry of Infrastructure, Housing and Urban Development
MLNR	Ministry of Lands and Natural Resources
MSMEs	Micro, Small and Medium Enterprises
MT	Metric Tons
NAIP I	First National Agriculture Investment Plan
NAIP II	Second National Agriculture Investment Plan
NAPPO	National Plant Protection Organisation
NDP	National Development Plan
NFNC	National Food and Nutrition Commission
NRFA	National Road Fund Agency
NGO	Non-Governmental Organization
NPC	Not-for-Profit Companies
NTEs	Non-traditional Exports
PDCC	Provincial Development Coordinating Committee
PIIs	Policy Implementation Instruments
PPP	Public Private Partnership
PQPS	Plant Quarantine and Phytosanitary Services
PS	Permanent Secretary
RDA	Road Development Agency
SADC	Southern African Development Community
SAP	Structural Adjustment Programme
SDIs	Spatial Development Initiatives
SMS	Short Message Service
SP	Sub-Programs
SPS	Sanitary and Phytosanitary
SZI	Smart Zambia Institute
TAF	Technical Assistance Facility
ToR	Terms of Reference
UPOV	Union for the Protection of New Varieties
US Dollars	United States Dollars
VCDPAs	Value Chain Development Plan Agreements
WARMA	Water Resources Management Authority
WIFF	Warehousing and Infrastructure Financing Facility
YALF	Youth Agriculture Loans Facility
ZARETA	Zambia Agriculture and Rural Economy Transformation Agency
ZATTF	Zambia Agriculture Transformation Trust Fund
ZARI	Zambia Agricultural Research Institute
ZAVI	Zambia Animal Vaccine Institute
ZDA	Zambia Development Agency
ZDHS	Zambia Demographic and Health Survey
ZEMA	Zambia Environmental Management Agency
ZIAMIS	Zambia Integrated Agriculture Management and Information System
ZIFSAT	Zambia Innovative Financial Services for Agriculture Transformation
ZINSAT	Zambia Innovative Non-Financial Services for Agriculture Transformation
ZIRSAT	Zambia Innovative Risk Sharing for Agriculture Transformation

ZMW      Zambian Kwacha  
ZSA      Zambia Statistics Agency

## **EXECUTIVE SUMMARY**

## INTRODUCTION

1. **The Comprehensive Agriculture Transformation Program (CATSP)** is designed to translate into action the will and commitment of the Government of the Republic of Zambia (GRZ) to implement an agriculture transformation policy. The implementation of this agriculture transformation policy is based on the deployment of a compendium of policy instruments inspired by the lessons learned from experiences on a global scale, but also in Africa and Zambia.
2. **This report is structured in 5 main chapters.** Chapter 1 is devoted to analyzing the context. It deals with topics such as the population and poverty levels, the overall economic trends, the agriculture sector's contribution to the economy, and opportunities, constraints and issues, and lessons learnt. In Chapter 2, the CATSP strategic framework is presented: the vision, the scope of the sector and CATSP, the strategic approach, the commodity focus, and smallholders' aggregation; the Theory of Change, and the results framework. Chapter 3 outlines the description of the seven sub-programs, which consist of 26 investment areas and 90 policy implementation instruments. Chapter 4 deals with the institutional arrangements for the implementation: the steering; the coordination arrangements (planning, monitoring and evaluation, fiduciary management...); and policy dialogue. Finally, chapter 5 presents the budget structure, a key feature of the quality of the policy.
3. **A series of 8 annexes complement the report.** This includes: the results framework, the compendium of policy implementation instruments; proposal for Value Chain Development Plan Agreements and Agricultural Aggregation Alliances (VCDPAs – 3As), the proposal for establishing the Zambia Agriculture Transformation Trust Fund (ZATTF), the resource mobilization strategy for the fund, the detailed budget, the Action Plan for the launching year 2023, and the CATSP and ZATTF legislative framework.

### 1 CONTEXT ANALYSIS

#### 1.1 POPULATION AND POVERTY LEVELS

##### 1.1.1 Population by gender and age

4. **Population.** Preliminary results of the 2022 Census of Population and Housing, Zambia's population stood at 19.6 million as of 8th September 2022. Of the total population, 9.6 million or 49 percent are male while 10 million or 51 percent are female. Rural and urban population stood at 11.8 or 60 percent and 7.9 million or 40 percent respectively. The Zambian youth population is estimated at 80 percent (8NDP). The high youth population has been attributed to the high annual population growth, which over the period 2010 to 2022 averaged 3.4 percent.

##### 1.1.2 Poverty levels and income inequalities

5. **Poverty Levels.** According to the 8NDP, Zambia still ranks among the countries with high incidences of poverty and inequality in Africa and globally. This is despite several interventions made in education and skills development, health, water and sanitation, job creation and empowerment of citizens. However, some reduction in poverty levels was recorded during the previous national development plan periods. Poverty levels in the period 2006-2015 reduced by 8.4 percentage points to 54.4 percent from 62.8 percent. This, notwithstanding, extreme poverty or individuals whose consumption was less than the cost of the food basket only marginally improved to 41 percent from 43 percent of the total population. Analysis by rural-urban residence indicates that poverty in rural areas remained higher at 76.6 percent compared to 23.4

percent in urban areas as of 2015. Extreme poverty was also higher in the rural areas at 60.8 percent. These persistently high poverty levels in rural areas were mostly attributed to inadequate nutrition, households' inability to afford agricultural inputs, low wages or salaries and lack of capital to start or expand own business. Therefore, agricultural development has the potential to impact on extreme poverty and hunger, which mostly affects the rural population.

6. **Income Inequality:** Income inequalities are higher in rural areas than in urban areas. According to the 2015 Living Conditions Monitoring Survey Report, the overall income inequality as measured by the Gini Coefficient increased from 0.65 in 2010 to 0.69 in 2015. In the rural areas, the level of income inequality remained relatively the same at 0.60 while in urban areas there was a minimal increase in income inequality from 0.60 in 2010 to 0.61 in 2015. While the poorest 50% of households accounted for only 7.3% of total income, the richest 10% of the households accounted for 56% of total income in 2015. The average per capita income for rural areas was ZMW 185.90 while that of urban areas was ZMW 796.40. Male headed households earned mean monthly income of ZMW 1, 928, while female headed households earned mean monthly income of ZMW 1, 377.60.

## 1.2 OVERALL ECONOMIC TRENDS

7. This section summarises the economic trends over the ten-year period 2012 to 2021 focusing on selected macroeconomic and financial indicators: GDP growth rate, average Inflation, average exchange rate, total public debt as percentage of GDP and Commercial Bank Lending Rates. Data obtained from the Bank of Zambia shows that over the review period, Zambia's GDP grew at an average rate of 3.37 percent and assumed a downward trend with the highest rate of 7.6 percent registered in 2012 and the lowest rate of negative 2.8 percent recorded in 2020. Over the same period, inflation assumed an upward trend increasing from 6.6 percent in 2012 to 22.1 percent in 2021. The average exchange rate also rose K5.14 per US Dollar in 2012 to K20.05 per US Dollar in 2021. Further, over the period under review, total public debt as a percentage of GDP rose from 23.3 percent of GDP in 2012 to 61.2 percent in 2021. Commercial Bank Lending Rates also rose from 19.1 percent in 2012 to 28.1 percent in 2016 before coming down to 25.7 percent in 2021.

8. The macroeconomic and financial trends recorded over the review period could have affected investment and performance of the agricultural sector in different ways and vice versa. For example, the increasing commercial bank lending rates might have entailed a reduction in investment in agriculture necessitated by the reduction in agricultural loans owing to the high cost of borrowing. The increase in the average exchange rate could have motivated an increase in agricultural exports and a reduction in food imports as exports became cheaper while imports became more expensive. The increase in the average exchange rate could also have resulted in a reduction in importation of agricultural machinery and equipment.

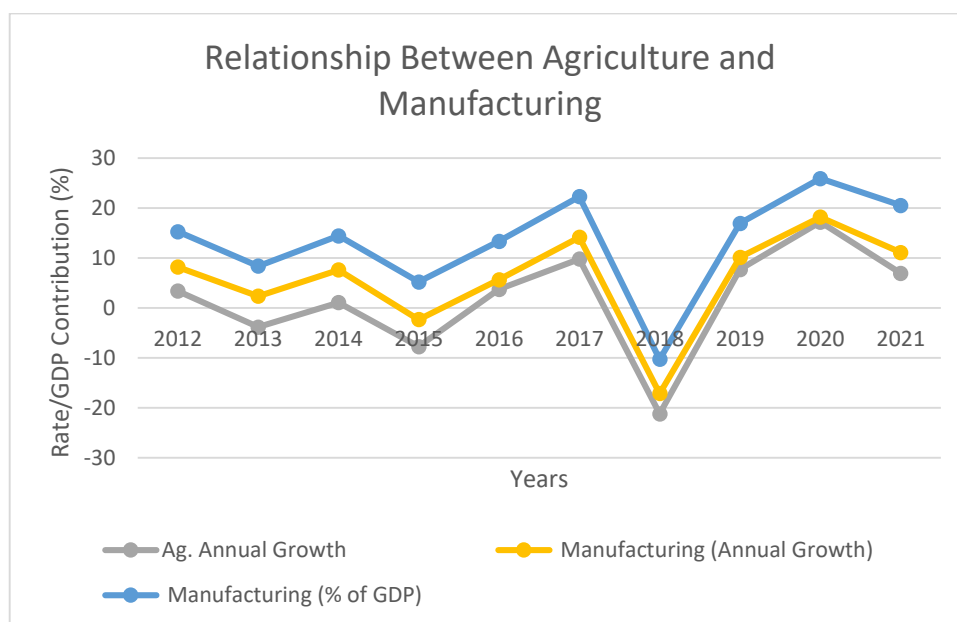
## 1.3 SECTOR'S CONTRIBUTION TO THE ECONOMY

### 1.3.1 Zambia's manufacturing sector is predominantly agro based.

9. Agriculture plays a pivotal role in fostering Zambia's socio-economic development. The sector guarantees household and national food and nutrition security, is a major source of income for both rural and urban households and provides employment and wealth creation opportunities. The sector accounts for 51% of Zambia's labour force. Over 50% of the Zambian population depends on agriculture for their food, primarily through smallholder production.

Agriculture is also the main source of raw materials for the manufacturing and food processing sectors, hence offering additional job opportunities, especially for women and youth, through downstream industries. The analysis of data on agricultural and manufacturing annual growth, and the contribution of manufacturing to GDP shows a high correlation between agricultural and manufacturing performance (Figure 1). This is because the Zambian manufacturing sector is predominantly agro based. Thus, improvements in the performance of agriculture will result in the enhanced performance of manufacturing sector and the latter's contribution to GDP.

Figure 1: Relationship between Performance of Agriculture and Manufacturing Sectors



Source – Compiled from data obtained from MoFNP Annual Economic Reports, Bank of Zambia and World Bank

### 1.3.2 Commodities, produced, consumed and exported.

10. **Crops Sub-sector Commodities:** The commodities produced in the Crops Sub-sector include: maize (for grain, seed, silage, and green maize), wheat, sorghum, rice, millet, sunflower, groundnuts, soyabeans, seed cotton, irish potatoes, virginia tobacco, burley tobacco, mixed beans, bambara nuts, cowpeas, velvet beans, sweet potatoes, cassava, cashew nut, paprika, chilies, etc. Varieties of fruit trees grown are either exotic or indigenous; they include mango, papaya, bananas, guava, passion fruit, loquat, pineapple, avocado, macadamia, citrus, apple, pear, peach, pomegranate, apricot, plum, grapes, palm trees, etc. In terms of vegetables, more than 175 different species have been documented as local vegetables in Zambia (Johansson 1989; Ogle et al. 1990). Among the more prominent species are *Amaranthus* spp. (Ibondwe), *Cleome* spp. (Lengalenga), *Corchorus* spp. (Kalembwe katali), *Disa satiria*, *Solanum aethiopicum/macrocarpon* (Impwa), *Ipomoea* spp. (Kalembula or sweet potatoes leaves), cassava leaves (Katapa), *Zanthoxylum chalybeum*, various cucurbits (Chibwabwa) and *Ceratotheca sesamoides*(Umulembwe) .

11. **Livestock and Fisheries Sub-sector commodities.** Livestock and livestock products include: cattle, goats, pigs, dairy, village chickens, broiler chickens (table birds), and egg producing chickens (layers). Fisheries Sub-sector commodities include Tilapia, Kapenta, Chisense, Catfishes, Buka buka fish, Nchengas, Tigerfish and Aqua-fish feed.

12. **Crops Production:** Production of sampled commodities is provided in Table 1 below.

Table 1: Production Trends of Commodities used in the determination of the Food Balance Sheet

CROPS	PRODUCTION OF COMMODITIES THAT ARE USED IN THE FOOD BALANCE SHEET											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Maize	2,795,483.00	3,020,379.89	852,687.22	2,532,800.24	3,350,671.37	2,618,221.15	2,873,052.00	3,606,549.00	2,394,904.00	2,004,389.00	3,387,469.57	3,620,243.90
Paddy Rice	51,655.88	49,410.25	45,320.89	44,747.17	49,639.63	25,513.75	26,675.00	38,423.00	43,063.00	29,584.00	34,629.66	65,875.83
Wheat	171,274.00	237,332.39	253,522.15	273,583.67	201,504.13	214,229.49	159,534.00	193,713.00	114,436.00	151,244.00	191,619.80	191,619.80
Sorghum	27,732.00	18,457.50	15,379.28	14,971.21	11,557.42	8,123.24	14,107.00	13,130.00	13,130.00	23,456.00	20,011.04	20,011.04
Millet	47,994.00	41,601.76	28,445.55	23,942.47	30,504.46	31,966.63	29,973.00	32,566.00	32,278.00	24,843.00	45,004.63	45,004.63
Sweet Potatoes	252,869.00	146,614.25	163,484.45	188,354.75	150,157.97	118,330.23	231,882.00	206,676.00	183,280.00	113,185.00	144,706.31	144,706.31
Irish Potatoes	22,940.47	27,562.72	32,066.35	22,037.70	33,832.60	45,901.83	24,428.08	31,750.00	13,546.00	52,553.00	79,979.75	79,979.75
Cassava	1,179,657.19	1,132,156.09	1,107,954.28	1,114,583.24	919,496.70	952,846.86	854,392.95	923,795.40	1,025,575.39	1,009,146.00	1,028,656.38	1,028,656.38

Source: Ministry of Agriculture, Food Balance Sheet Reports

13. **Livestock production:** Livestock population as of 30<sup>th</sup> April 2022 is provided in the table below.

Table 2: Number of Households Raising Livestock and Livestock Population as at 30<sup>th</sup> April 2022

Type of livestock	Livestock/Poultry Households and Population	
	No of Households	Livestock Population
Cattle	438,423	4,698,972
Goats	593,870	4,455,860
Pigs	226,856	1,160,842
Village chickens	1,597,215	21,232,447
Broiler Chickens	35,773	5,486,509
Egg production (layers)	15,354	2,244,434

Source: 2022 Livestock Survey Report

14. Livestock Product trends are provided in the table below.

Table 3: Livestock Products, First Half of 2020 – First Half 2021

Type of Product	Jan-June 2020	Jan-June 2021	Percentage Change
Milk (MT)	821,558	1,075,115	30.9
Eggs (000)	1,091,965	1,002,997	(8.1)
Hides (MT)	178,331	155,441	(12.8)
Beef (MT)	2,980,114	2,784,669	(6.6)
Pork (Kg)	371,312,008	63,884,312	(82.8)
Poultry (MT)	2,614,261	2,314,452	(11.5)

Source: Ministry of Fisheries and Livestock

15. **Fish Production Trends:** Aquaculture production increased from 10.291 metric tons in 2010 to 63,418 metric tons in 2021. Fish production from capture fisheries increased from 76,396 metric tons in 2010 to 95,625 metric tons in 2021<sup>1</sup>

16. **Consumption:** Zambia's domestic human consumption of foods in the balance sheet increased from 2,729,142 MT in 2013 to 3,524,258.50 MT in 2022<sup>2</sup>. Total fish consumption increased from 91,000 tons in 2010 to 203,000 tons in 2017. Poultry constitutes 50% while beef constitutes 28% of all meats consumed in Zambia. FAO (2016)<sup>3</sup> estimates that meat and fish consumption in Sub-Saharan Africa will increase by approximately 28% exclusively due to population growth.

17. **Exports:** The Crops Sub-sector exports decreased from US\$ 390,416,735.00 in 2013 to US\$ 292,532,537.00 in 2022. For the Livestock Subsector, exports increased from US\$ 68,260,605.00 in 2013 to US\$ 86,194,702.00 in 2022 while for the Fisheries Sub-sector, exports increased from US\$2,131,923.00 in 2013 to US\$ 7,142,046.00 in 2022<sup>4</sup>.

18. **Imports:** The Crops Sub-sector imports increased from US\$ 151,990,316 in 2013 to US\$ 212,491,881 in 2021 but decreased to US\$172,622,877 in 2022. For the Livestock Subsector, imports increased from US\$ 55,564,461 in 2013 to US\$ 81,283,481 in 2021 but decreased to

<sup>1</sup> DOF Annual Report 2021

<sup>2</sup> Ministry of Agriculture Food Balance Sheets from 2013 to 2022

<sup>3</sup> <https://www.fao.org/3/i4455e/i4455e.pdf>

<sup>4</sup> ZAMSTATS



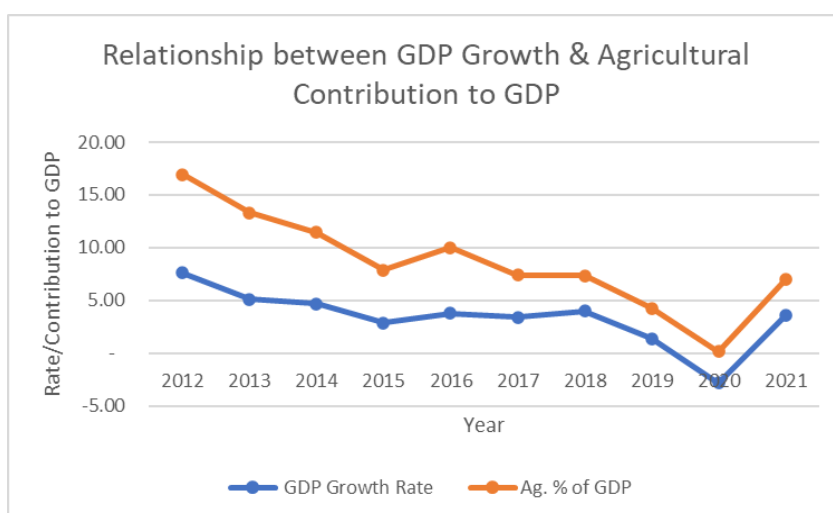
US\$80,941,510.68 in 2022. while for the Fisheries Sub-sector, imports increased from US\$51,488,424 in 2013 to US\$ 292,532,537 in 2022<sup>5</sup>.

### 1.3.3 Contribution to GDP and employment

19. The contribution of agriculture to GDP growth has shrunk over the years decreasing from 9.3 percent in 2012 to 3.4 percent in 2021. Annual GDP growth has assumed a similar pattern to that of sector’s contribution to GDP as shown in Figure 2 below. This is indicative of the dependency of the Zambian economy on the agricultural sector.

20. Combined, the Crops and Livestock sub-sectors’ percentage contribution to national GDP decreased from 7.3% in 2013 to 1.9% in 2021 while that of the Fisheries sub-sector increased from 0.29% in 2013 to 0.61% in 2021<sup>6</sup>. The trends in the percentage contribution of each sub-sector to the Agricultural Sector’s GDP are provided in the figure below. The declining trends are mostly due to climatic changes. (IAPRI, 2021, pp. 11-12).

Figure 2: Relationship Between GDP Annual Growth Ag Contribution to GDP



Source: Compiled from data obtained from MoFNP Annual Economic Reports, Bank of Zambia and World Bank

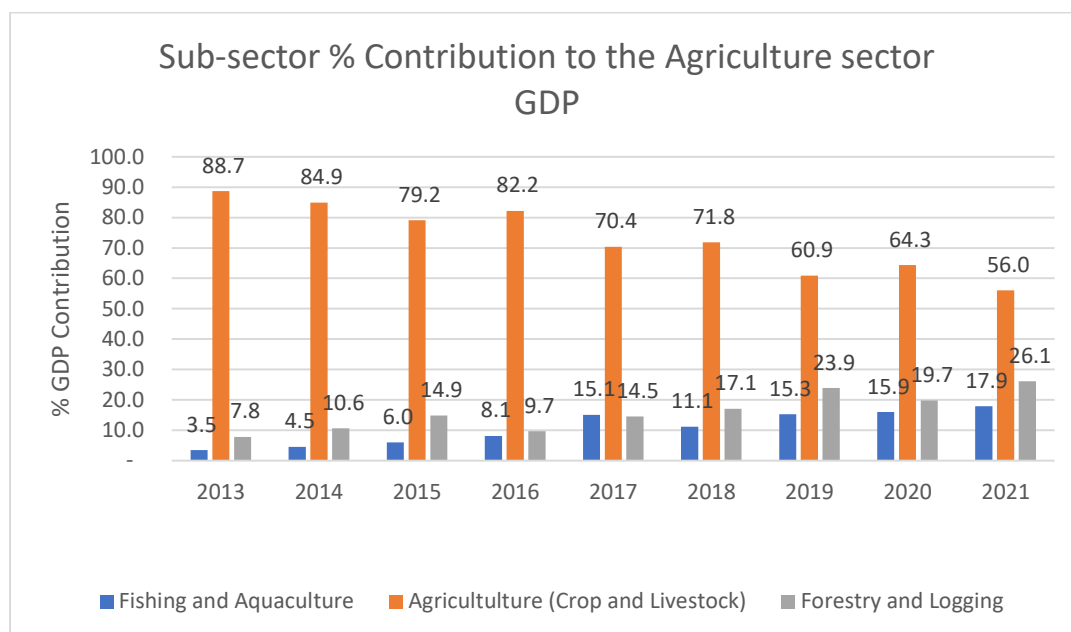
21. Almost 72% of the Zambian population are engaged in agricultural activities, yet in 2021, the formal labor force in the sector was only 747,036 (23.6%) of national employed population of 3,164,748<sup>7</sup>. Of those, 559,430 (74.87%) were employed in rural areas, comprised of 66.0% males and 34.0% females, while 187,606 (25.13%) of them were employed in urban areas, comprised of 63.8% males and 36.2% females.

<sup>5</sup> ZAMSTATS

<sup>6</sup> ZAMSTATS

<sup>7</sup> 2021 Labour Force Survey Report.

Figure 3: Sub-Sector Percentage Contribution to the Agricultural Sector GDP



Source: ZAMSTATS

### 1.3.4 Contribution to trade balance

22. The sector also contributes to Zambia’s export earnings. Currently, agriculture accounts for approximately 29% of non-traditional exports (NTEs) and 7% of total national exports. Due to its significant socio-economic importance, the sector offers a robust pathway for fostering Zambia’s envisioned diversified and inclusive national socio-economic transformation.

23. Food imports as a share of merchandise imports increased from 4.7% in 2010 to 9% in 2021<sup>8</sup>. The Crops subsector trade balance has been positive from 2013 to 2022. However, it decreased from US\$238,426,419 in 2013 to US\$76,130,301 in 2021 and reached its peak of US\$266,116,469 in 2015. The Livestock Sub sector trade balance was only positive in 2013 at US\$12,696,144, in 2014 at US\$10,404,456 in 2014 and in 2022 at US\$5,253,192. The worst sub-sector trade balance was in 2015 at (US\$32,040,445) which improved to (US\$3,638,019) in 2021. The Fisheries Subsector trade balance has been negative, from 2013 to 2022 having worsened from (US\$49,356,501) in 2013 to (US\$116,405,247) in 2022 with the worst scenario of (US\$125,259,423) in 2017<sup>9</sup>. The table below outlines the value of total exports and imports in USD, by commodity for the baseline year 2021 as recorded by the Zambia Statistical Agency (ZSA). The export to import ratio is also shown by commodity with those exhibiting a positive balance highlighted in red.

<sup>8</sup> <https://knoema.com/atlas/Zambia/Food-imports?mode=amp>

<sup>9</sup> ZAMSTATS

Table 4: Agriculture sector's trade balance

<b>LIVESTOCK</b>	<b>Exports (USD)</b>	<b>Imports (USD)</b>	<b>Exp:Imp Ratio</b>
Broiler Production (Table Birds)	\$24,244,619.25	\$29,288,662.00	0.83
<b>Beef</b>	<b>\$1,798,116.53</b>	<b>\$1,608,214.00</b>	<b>1.12</b>
<b>Dairy</b>	<b>\$37,549,459.09</b>	<b>\$23,402,275.00</b>	<b>1.60</b>
<b>Egg Production (Layer)</b>	<b>\$3,706,273.23</b>	<b>\$1,158,557.00</b>	<b>3.20</b>
Livestock Feed Manufacturing	\$4,629,897.14	\$19,535,989.00	0.24
<b>Skins and Hides, Leather, feathers</b>	<b>\$4,384,188.33</b>	<b>\$1,150,082.00</b>	<b>3.81</b>
Goats	-	\$64,334.00	-
Pigs	\$1,226,015.89	\$4,041,360.00	0.30
Village Chicken	-	-	-
<b>Total</b>	<b>\$77,538,569.47</b>	<b>\$80,249,473.00</b>	<b>0.97</b>
<b>FISHERIES</b>			
Tilapia	\$3,939,066.67	\$5,649,213.00	0.70
Kapenta	\$993,160.09	\$2,572,993.00	0.39
Aquafeed	\$198,037.91	\$614,323.00	0.32
<b>Catfish</b>	<b>\$560,887.13</b>	<b>\$549,484.00</b>	<b>1.02</b>
Buka Buka	\$549.00	\$2,944.00	0.19
Tiger Fish	-	-	-
<b>Nchengas</b>	<b>\$61,686.26</b>	<b>\$26,356.00</b>	<b>2.34</b>
Chisense	\$9,395.29	\$142,575.00	0.07
<b>Total</b>	<b>\$5,762,782.34</b>	<b>\$9,557,888.00</b>	<b>0.60</b>
<b>CROPS</b>			
<b>Soya Beans</b>	<b>\$108,921,813.35</b>	<b>\$42,124,782.00</b>	<b>2.59</b>
<b>Maize</b>	<b>\$48,757,842.75</b>	<b>\$4,181,682.00</b>	<b>11.66</b>
Wheat	-	-	-
Cassava	\$13,345.48	-	-
Cotton	-	-	-
Rice	-	-	-
Tomatoes	\$33,576.12	\$317,836.00	0.11
<b>Beans</b>	<b>\$5,743,941.56</b>	<b>\$799,505.00</b>	<b>7.18</b>
Vegetables	\$8,089,541.54	\$26,465,653.00	0.31
<b>Sugar Cane</b>	<b>\$104,922,687.90</b>	<b>\$1,770,115.00</b>	<b>59.27</b>
Industrial Hemp	-	-	-
<b>Sunflower</b>	<b>\$4,727,764.54</b>	<b>\$2,414,915.00</b>	<b>1.96</b>
Oil Palm	\$1,450,748.06	\$122,436,737.00	0.01
Bananas	\$6,214.44	\$849,311.00	0.01
Irish Potatoes	\$2,896,847.80	\$7,534,757.00	0.38
<b>Groundnuts</b>	<b>\$2,218,396.58</b>	<b>\$1,340,691.00</b>	<b>1.65</b>
Citrus Fruits	-	-	-
Sweet Potatoes	\$3,991.64	\$548,464.00	0.01
Pineapples	-	-	-
Mangoes	-	-	-
Onions	\$16,731.78	\$1,125,314.00	0.01
Sorghum	-	-	-
<b>Cowpeas</b>	<b>\$54,588.00</b>	<b>\$497.00</b>	<b>109.84</b>
Virginia Tobacco	-	-	-
Cashew nuts	-	-	-
<b>Avocado Peas</b>	<b>\$608,842.00</b>	<b>\$106,249.00</b>	<b>5.73</b>
Guava	-	-	-
<b>Total</b>	<b>\$288,466,873.53</b>	<b>\$212,016,508.00</b>	<b>1.36</b>
<b>Grand Total/Average Ratio</b>	<b>\$371,768,225.34</b>	<b>\$301,823,869.00</b>	<b>1.23</b>

Source: ZAMSTATS

### 1.3.5 Food and Nutrition Security

24. **Food Security.** The production trends for the commodities which are used in the determination of the national food balance sheet<sup>10</sup> (maize, paddy rice, wheat, sorghum, millet, Irish potatoes, sweet potatoes, and cassava) are provided in the table below. For maize and Irish and sweet potatoes, production exceeded human consumption in the all the years under review. Sorghum and millet production exceeded human consumption in all the years except in 2013 and 2015 while cassava production exceeded human consumption in all the years except in 2021 and 2022. Zambia has been food insecure where rice and wheat are concerned in that human consumption has always exceeded production throughout the period under review, an indication of dependence on imports. Unfortunately, the national food balance sheet does include livestock and fisheries commodities.

25. **Incidence of malnutrition as a measure of nutrition security.** The 2018 Zambia Demographic and Health Survey (ZDHS) report indicates that 35% of children under age 5 were stunted<sup>11</sup> (too short for their age) out of 9,610 sampled, 4% were wasted (too thin for their height) out of 9,593 sampled, while 12% were underweight (they weighed less than would be expected for their age) out of 9,690 sampled, and 5% were overweight (they weighed more than would be expected for their height). Stunting and underweight among children under age 5 decreased considerably between 1992 and 2018, from 46% to 35% and from 21% to 12%, respectively.

26. Over the same period, changes in wasting and overweight were minimal from 6% to 5% and from 5% to 4% respectively. The prevalence of stunting was higher among children in rural areas (36%) than among children in urban areas (32%). Stunting was higher in boys (38%) than in girls (31%).

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<sup>10</sup> <https://agra.org/wp-content/uploads/2020/10/Food-Balance-Sheet-Case-of-Zambia.pdf>

<sup>11</sup> Stunting, assessed via height to age, is a sign of chronic undernutrition that reflects failure to receive adequate nutrition over a long period of time. Wasting, assessed via weight for height, describes acute nutritional status. Underweight, assessed via weight-for-age, is a composite index of height-for-age and weight-for-height which takes into account both acute and chronic undernutrition.

Table 5: Production Trends of Commodities used in the determination of the Food Balance Sheet

CROPS	PRODUCTION OF COMMODITIES THAT ARE USED IN THE FOOD BALANCE SHEET											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Maize	2,795,483.00	3,020,379.89	852,687.22	2,532,800.24	3,350,671.37	2,618,221.15	2,873,052.00	3,606,549.00	2,394,904.00	2,004,389.00	3,387,469.57	3,620,243.90
Paddy Rice	51,655.88	49,410.25	45,320.89	44,747.17	49,639.63	25,513.75	26,675.00	38,423.00	43,063.00	29,584.00	34,629.66	65,875.83
Wheat	171,274.00	237,332.39	253,522.15	273,583.67	201,504.13	214,229.49	159,534.00	193,713.00	114,436.00	151,244.00	191,619.80	191,619.80
Sorghum	27,732.00	18,457.50	15,379.28	14,971.21	11,557.42	8,123.24	14,107.00	13,130.00	13,130.00	23,456.00	20,011.04	20,011.04
Millet	47,994.00	41,601.76	28,445.55	23,942.47	30,504.46	31,966.63	29,973.00	32,566.00	32,278.00	24,843.00	45,004.63	45,004.63
Sweet Potatoes	252,869.00	146,614.25	163,484.45	188,354.75	150,157.97	118,330.23	231,882.00	206,676.00	183,280.00	113,185.00	144,706.31	144,706.31
Irish Potatoes	22,940.47	27,562.72	32,066.35	22,037.70	33,832.60	45,901.83	24,428.08	31,750.00	13,546.00	52,553.00	79,979.75	79,979.75
Cassava	1,179,657.19	1,132,156.09	1,107,954.28	1,114,583.24	919,496.70	952,846.86	854,392.95	923,795.40	1,025,575.39	1,009,146.00	1,028,656.38	1,028,656.38

Source: Ministry of Agriculture, Food Balance Sheet Reports

## 1.4 OPPORTUNITIES, CONSTRAINTS AND ISSUES

### 1.4.1 Sector opportunities.

27. Zambia enjoys a huge agriculture potential and a favorable demographic dynamic. It can also turn **some** of its weaknesses into opportunities.

28. **A huge agricultural potential, still little exploited.** Zambia has 75 million hectares (752,000 km<sup>2</sup>) of land, of which 58% (42 million hectares) is arable but only 10 – 15% under cultivation. Moreover, the country only utilizes about 200,000 hectares<sup>12</sup>, out of the potential 2.75 million hectares<sup>13</sup> available for irrigation. Zambia receives about 160 billion cubic meters of rainfall water annually but only utilizes 60 billion cubic meters.

29. **Favorable demographic dynamic.** Youth and women have an opportunity to be involved in the entire agricultural value chain: primary production, agro processing; trading, and retailing in agro products; and tertiary segments - these include training and engagement in private agriculture extension services. Rapid population growth creates increased demand for food, need for growth in the agricultural sector, and creates an opportunity & need to promote climate-smart agricultural initiatives. The youthful population creates opportunities for a growing workforce, and access to, and availability of work, in a time of increasing mechanization and volatility of the sector due to climate impacts. Urbanization creates a potential for improved rural-urban linkages within and between countries. Increased access to primary and secondary education creates opportunities for improved capacity to adopt new agricultural technology and financial lending services, and potential increase in agricultural productivity. Increased consumption of animal products and refined foods creates opportunities for a larger market for meat production and processed foods, growth in the livestock and fisheries subsectors, and growth in the secondary and tertiary agricultural industries. That women are responsible for food processing such as milling and grinding of cereals and drying of fish, creates high potential livelihood impact of improved food processing technology.

30. **The good level of Information and communications technology (ICT) infrastructure** creates an opportunity for producers to have improved access to climate, financial, market and agricultural information allowing for informed decision making.

31. **Turning low access to energy into opportunity for renewable energy promotion.** Low access to energy, particularly in rural areas (31.4% of households at national level, have access to electricity of which 67.3% are in urban areas and about 4.4% are in rural areas<sup>14</sup>) has potential for promoting the availability and affordability of renewable energy options for farmers.

32. **Opportunities to provide employment to the burgeoning youth population.** Firstly, the high food prices (the Consumer Price Index - CPI): food and non-alcoholic beverages more than doubled for Zambia from 115.48 points in January 2012 to 296.10 points in December 2020) create high potential for reducing food price volatility through intraregional trade. Secondly, dependence on food imports implies a need for growth in the agricultural sector,

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<sup>12</sup> GRZ, Ministry of Agriculture, Second National Agricultural Policy 2016

<sup>13</sup> Indaba Agricultural Policy Research Institute (IAPRI), Youth Employment in Zambia: What Opportunities Does Agriculture Offer? Working Paper No. 138, June 2018

<sup>14</sup> 2019 Zambia National Energy Policy

and an opportunity and need to promote climate-smart agricultural initiatives. Thirdly, Zambia's political stability makes her attractive to Foreign Direct Investment (FDI) and regional policy focus on other sectors such as industrialization. Fourthly, Zambia has access to AfCFTA<sup>15</sup>, SADC<sup>16</sup> and COMESA<sup>17</sup> markets. And, Fifthly, poor infrastructure development and coordination create an opportunity for the successful coordination in managing roads, water and energy which is essential to achieving Zambia's agricultural development goals.

#### 1.4.2 Critical sector constraints

33. **Low production and productivity** result from a number of factors, including: (1) high cost of key agricultural inputs for crop, livestock and fisheries production. Such high costs lead to low application and adulteration of inputs; (2) limited access to and availability of agricultural finance and credit facilities to finance inputs and capital investments; (3) labor constraints for cultivation, planting, weeding and harvesting coupled with low levels of mechanization which results in inadequate land under cultivation; (4) stagnated cultivated land by majority small-scale farmers, coupled with labor constraints and input constraints; (5) poor land husbandry practices (employ unsustainable farming methods) which lead to depletion of natural resources and soil degradation; (6) land subdivision into small holdings which are not economical, as a result of rising population, which impede mechanization and result in reduction of fallow periods and continuous cultivation; this leads to rapid depletion of soil nutrients, declining yields and environmental degradation; (7) erosion of indigenous and plant genetic resources.

34. **Other production related factors responsible for low agricultural productivity and hence low production are:** (8) high dependence on rain-fed agriculture coupled with low levels of irrigation; (9) inadequate veterinary services and extension services; (10) inadequate in-service training for front line staff; (11) low investment in agricultural research and development (R&D) in areas of breeding, nutrition and genetics, and uptake of research results; (12) research themes are not determined by value chain role players' needs; (13) limited technological development and utilization of technology in information management system for improved extension service delivery to farmers, climate change adaptation and resilience, monitoring and evaluation (M&E), financial management, and early warning systems; (14) low resilience to climate changes and disaster risk reduction; and (15) inadequate and/or dilapidated agriculture training institutions infrastructure.

35. **Inefficiencies in input and commodity marketing** caused by the following: (1) inadequate road infrastructure to support agriculture growth; (2) inadequate markets and marketing infrastructure to take advantage of the regional and international markets; (3) inadequate Information Management System for all sub-sectors for a desired M&E system for improved decision making by stakeholders, improved coordination and accountability; (4) inadequate storage facilities and post-harvest technologies, especially for perishable commodities; such as fish, dairy products, beef and vegetables; (5) Inadequate regulatory framework to meet sanitary and phytosanitary (SPS) standards required to access local and export markets; (6) poorly organized and managed marketing systems which do not enable collective marketing mechanisms for enhanced bargaining power (economies of scale); (7) inadequate access to financial services for infrastructure development and procurement of

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<sup>15</sup> AfCFTA: Africa Continental Free Trade Area

<sup>16</sup> SADC: Southern Africa Development Community

<sup>17</sup> COMESA: Common Market for Eastern and Southern Africa

equipment; (8) unstable trade policies which become a barrier for some politically sensitive commodities like maize, the main staple food; (9) high pre and post-harvest losses; (10) low participation of women, youth and persons with disabilities.

36. **Limited value addition and processing** due to: (1) inadequate access to capital incentives such as loans, guarantees and other facilities, for investment in process and value addition mechanization/machinery/equipment; (2) limited technological and business management/marketing skills; (3) inadequate processing and value addition facilities; and (4) the involvement of the Food Reserve Agency (FRA) in marketing which distorts market of key selected commodities.

37. **Limited agriculture growth support systems.** These include: (1) inadequate and skewed budgetary allocation<sup>18</sup>; (2) misaligned and inadequate enforcement of some legal and regulatory frameworks; (3) inappropriate policy implementation instruments (PIIs) which hinder private sector investment and participation at different levels in the commodity value chains; (4) high-risk exposure for various players in the value chains (especially producers) resulting from inadequate and inappropriate insurance services; (5) inadequate surveillance and early warning systems for disease outbreaks; (6) low access to energy: Inadequate rural electrification leads to reduced investment especially in cold storage facilities, irrigation and processing of farm produce; (7) poor coordination between the two ministries (MoA and MFL) and between these two ministries and other stakeholders (including other ministries) in the agricultural sector; and (8) inadequate systems to ensure mutual accountability: joint monitoring has not been taking place according to scheduled reviews of achievement of results in the sector.

#### 1.4.3 Enabling environment issues

38. **Ineffective Laws under the Crops Sub-sector.** Issues are that most of the laws were enacted during the one-party state period when there was nationalization. Although some were amended after the structural adjustment program (SAP), they still need to be amended or repealed and replaced to align them with market dynamics that have taken place over the years. Those which have been prioritized by the Crops Sub-sector for replacement include: (1) The Plant, Pest and Diseases Act to align it to the international standards; (2) the Plant Breeders' Act so that breeders can be allowed to breed and commercialize their results and align it to the international UPOV<sup>19</sup> standards; (3) the Fertilizer and Feed Act where there is need to separate the two commodities and put them under individual acts, and also to allow for inclusion of other fertilizers and other fertilizer companies (especially bio and eco-friendly fertilizer) which have come on the market; (4) the Cotton Act is an old law which has resulted in the commodity value chain not performing well since there is no guaranteed market for the commodity; most farmers have abandoned it; stakeholders have made recommendations for realignment of the Act which have been submitted to cabinet for approval to replace it with a new one; (5) the Tobacco Act to accommodate new measures which have been put in place since it is a controlled commodity with regards to production (to allow for contract farming) and marketing; the new law was passed last year, now regulations are being developed; (6) the Coffee Act needs to be brought to speed with new developments in the market; it is so old that it has led to all coffee growers abandoning the commodity; (7) the Agricultural Credit Act needs to be reviewed to enable stakeholders to access affordable loans; (8) the

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<sup>18</sup> A detailed trend analysis of both the allocation and expenditure is provided in Section 5

<sup>19</sup> UPOV: Union for the Protection of New Varieties



Agricultural Land Act No. 12 of 1995 needs to include farming blocks; (9) the Food Reserve Agency (FRA) Act needs to be reviewed, to remove the marketing component which distorts the market, so that FRA only deals with strategic food reserves; and (10) the Agricultural Marketing Bill has to be enacted to allow for private sector participation and investment in the agricultural sector.

39. **Ineffective Laws under the Livestock Sub-sector:** (1) the Animal Health Act No 27 of 2010, Part II ADMINISTRATION, is to be re-aligned, while Part VIII ANIMAL FEED should be incorporated in the Livestock Development Act (taking into consideration the proposed separation under the Fertilizer and Feed Act), which is in the process of being developed; (2) the Prevention of Cruelty of Animals Act No. 13 of 1994 – Parts of this Act should be incorporated in the Livestock Development Act; (3) the differences in definitions of the same terms in the Animal Health Act and the Prevention of Cruelty of Animals Act will need to be harmonized; (4) the Bees and Larvae (ifishimu, finkubala), the Dairy Industry Development Act of 2010 and the Pigs Act of 1930 will all need to be incorporated in the Livestock Development Act; (4) the Animal identification and traceability bill is currently under review following stakeholder consultations; (5) there is also a need for a livestock marketing bill; finally, the MFL is currently developing fisheries, livestock and animal health regulations to enforce the legal framework in the sub-sector (MFL Strategic Plan 2020-2021).

40. **Inefficiencies and gaps in the Laws and Policies in the Fisheries Sub-sector** concern various important areas.

41. *Formulation, manufacture, distribution, and importation & exportation of stock and aqua feed* is governed by various pieces of legislation which include: the Animal Health Act No. 20 of 2010, ZABS Standards Act No.4 of 2017, Agriculture (Farm Feeds Regulations SI No. 197 of 1970, Environmental Management Act No.12 of 2011, Factories Act Chapter 441 of the Laws of Zambia and Zambia Consumer Protection Act No. 24 of 2010. These need to be re-aligned and ensure they include the gaps identified in aqua feed value chain as it relates to fisheries and aquaculture as listed below, which are not covered in any existing laws and regulations: (1) fish feed storage and handling of feed ingredients and finished goods; (2) packaging and labelling; (3) warehousing and shipping; and (4) plant cleanliness and workers' safety.

42. *Chemical (Drugs) use in fisheries and aquaculture.* There are no regulations specific to fisheries and aquaculture on the control or use of authorized antibiotics, drugs, hormones (Andrea, Methyl testosterone for sex reversals), therapeutic agents or other chemical substances in fisheries and aquaculture.

43. *Food Safety.* There is need to realign the current food inspection programs and food certification systems in various government ministries and agencies to include issues in fisheries and aquaculture.

44. *Illegal, Unregulated and Unreported (IUU) fishing.* There is need to strengthen the regulatory framework to curb IUU fishing.

45. *Management of fish breeding areas (Fisheries reserves).* There is need to amend the Fisheries Act No. 22 of 2011, so that each commercial fishery area has gazetted prescribed fisheries reserves or fish protected areas and management strengthened in already gazetted areas.

46. *Aquaculture High Potential Zones (AHPZ).* Government developed the National Aquaculture Strategy which identified Aquaculture High Potential Zones (AHPZ) in Zambia and

resulted in the establishment of five (5) Aquaculture parks with support of collaborating partners. However, there is no regulatory framework for their establishment and operation which makes their development slow with low private sector participation, and lack of awareness by aquaculture farmers.

47. *National Fisheries and Aquaculture Policy 2022*. Stakeholder consultations on the Policy are completed and the document awaits approval by Cabinet.

## 1.5 LESSONS LEARNT

48. **Critical lessons learned from the Zambia NAIP I<sup>20</sup> are the need to:** (1) clearly spell-out the policy measures that the public sector will deploy to enable investment by the private sector (farmers and firms, bankers, insurers...); (2) rally all the Ministries, Departments and Agencies (MDAs) in the public sector that will be responsible to deploy these measures; (3) implement specific value chain schemes for each priority commodity, jointly by the public sector represented by concerned MDAs, and the concerned industry association representing the private sector; and for (4) a bold commitment of the players at the highest level in the public sector (Presidency, Ministry of Finance and National Planning, Ministry of Trade, Commerce and Industry, Bank of Zambia, Zambia Development Agency (ZDA)... to ensure not only the effective financing of the incentive measures, but also the mobilization and the coordination of the players, as well as the good governance of the sector.

49. **Lessons Learnt from other countries:** A number of countries, including Nigeria, Morocco, Eswatini... have created a Fund financed by Government specifically to facilitate the implementation of the NAIP which provides loans to the agriculture sector at lower interest rates. An agency is created to manage the implementation of the Fund. Legally binding value chain development plan agreements (VCDPA) per commodity are developed which spell out the role of government and the private sector. Along with these commodity schemes (VCDPAs) Agriculture Aggregation Alliances are also promoted as a means for ensuring the inclusion of smallholders, youth, women... into organized and market-oriented supply chains. Many countries, including Rwanda, recognize the NAIP as the only policy document which governs implementation of the agriculture sector interventions which is observed by all stakeholders. Scheduled joint monitoring of the performance of the NAIP by all relevant stakeholders is in place. This has promoted coordination and mutual accountability as well as created ownership of NAIP by all stakeholders. Other successful countries prepare the NAIP before the National Development Plans (NDPs) so that the whole NAIP budget can be incorporated in the NDP and enable the justification of the contribution of the NAIP to all pillars of the NDP which enhances resource mobilization for the sector.

## 2 STRATEGIC FRAMEWORK

### 2.1 VISION OF THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA

50. The vision of the GRZ is to **transform** the agriculture sector, by **deploying a compendium of comprehensive policy implementation instruments**, in order to **accelerate inclusive economic growth and end hunger & under nutrition**.

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<sup>20</sup> National Agriculture Investment Plan 1

## 2.2 SCOPE OF THE CATSP

51. The scope of the sector encompasses the crop, livestock, and fisheries sub-sectors, the trading and commerce of agriculture commodities, but also the emergency preparedness and response system, the environmental and social safeguard, the management of lands and renewable natural resources, and the security of land tenure. Through an innovative accountability system, GRZ will ensure that all Ministries, Departments and Agencies (MDAs) responsible to deploy public policies in these areas, are mobilized to contribute to the CATSP implementation.

## 2.3 STRATEGIC APPROACH

52. To translate its vision into action, GRZ has set the 7 strategic priorities below:

- **Strategic priority 1 – Confine and strengthen the public sector in its role of creating an enabling environment for agriculture business.** GRZ will ensure that all Ministries, Departments and Agencies focus on their enabling functions, and avoid any distortive intervention. In consultation with the private sector players, the Government will design and deploy the basket of required policy measures, in order to make the business climate for agriculture, more conducive for farmers (small, medium, large) and enterprises.
- **Strategic priority 2 – Enhance the quality of public expenditure in agriculture.** GRZ is committed to reform the budget and the public expenditure system, to ensure that relevant MDAs effectively deploy required policy implementation instruments and are kept accountable. Public expenditure in the sector will shift from the hemorrhaging non-smart subsidies to policy measures that leverage private sector investments.
- **Strategic priority 3 – Promote inclusive local supply chains across the country.** For each priority commodity, GRZ will institutionalize the preparation and implementation of value chain development plan agreement (VCDPAs), in partnership with industry associations, along with the promotion of agriculture aggregation alliances (3As), as the mechanism for the inclusion of the vulnerable (smallholders, youth and women). See Sections 2.4.2 and 2.4.3 below.
- **Strategic priority 4 – Expand private sector's access to financial services.** Capitalizing on lessons from the global level, the GRZ is committed to establish and resource a private sector led Trust Fund, to deliver risk sharing, differentiated credit and technical assistance (non-financial) services to value chain players, in the crops, livestock and fisheries sub-sectors.
- **Strategic priority 5 – Upgrade infrastructure for production, processing and trading.** The GRZ will partner with the private sector to ensure that infrastructures that are critical for the production, processing and trading of crops, livestock and fisheries commodities, are developed and operated in a profitable and sustainable way.
- **Strategic priority 6 – Increase investment for research and enhance the uptake of technologies.** For that purpose, the GRZ is committed to increase and enhance the quality of investments in research and dissemination of technologies, as well as quality control. Basically, priority will be given to research topics demanded by value chain role players' industry associations.

- **Strategic priority 7 – Promote land tenure security, as well as social and environmental safeguards.** The Government will invest to enhance the emergency preparedness and response system, ensure social protection, and promote land tenure security and sound management of the Zambian ecological basis.

## 2.4 COMMODITY FOCUS AND SMALLHOLDER’S AGGREGATION

### 2.4.1 Commodity prioritization

53. **Progressive prioritization and target setting.** The selection of the priority commodities conjugates criteria such as potential for nutrition, self-sufficiency, job creation, import substitution, export, gender balance, etc. Through the VCDPAs (see Section 2.4.2 below) the CATSP provides a framework for establishing successive batches of commodities and setting-up ambitious targets. As indication the first batch of priority commodities includes: (1) for crops, maize, soybean, and wheat; (2) for tree crops, avocado and macadamia; (3) for vegetables, irish potatoes and onions; (4) for livestock, beef, dairy and poultry; and (5) and for aquaculture, tilapia and catfish. The indicative targets set for maize, soybean, wheat, beef, poultry and aquaculture are presented below. These targets will be reviewed during the preparation of the respective VCDPAs in 2023.

54. *Target for maize.* To double small scale farmer yields from the current average of 2 Mt/Ha to 4 MT/Ha by 2027; to increase annual production from the current average of 3 million metric tons to 6 million metric tons by 2027.

55. *Target for wheat.* To increase annual production from 400,000 metric tons to one (1) million metric tons by 2027 and increase exports to regional to markets.

56. *Targets for soyabean.* To increase annual Soybean production from 475,353 metric tons in 2022, to 1 million MT by 2027. Smallholder farmers’ yields shall improve from 0.79 tons/ha to 1.55tons/ha; and commercial farmers’ yields from 2.76 tons/ha to at least 3.2 tons/ha. Crushing capacity shall increase significantly.

57. *Targets for beef.* To increase the national herd from 4 698 972 in 2022 to 6 440 619 by 2027; and to expand processing capacity for slaughtering from 845,814 animals to 1,159,311 by 2027.

58. *Target for poultry.* To increase broiler population from 89 376 716 in 2022 to 154 163 216 by 2027; and increase per capita consumption from the current from 8Kg to 20 Kg.

59. *Target for aquaculture.* To increase annual aquaculture production from 75,647 metric tons in 2022 to 135.490 in 2027; the number of fingerlings produced annually from 307,040,000 in 2022 to 521,636,500 in 2027; and the annual production of fish feed from in 456,000 metric tons in 2022 to 782,455 in 2027.

60. The targets for the other commodities mentioned above will be set during the preparation of the respective VCDPAs in 2023 and 2024.

### 2.4.2 Commodity Value Chain Development Plan Agreements (VCDPA)

61. The CATSP’s end results will be achieved through the implementation of commodity schemes in the crop, livestock, and fisheries sector. For that purpose, the Government is committed to institutionalize the preparation and implementation of a Value Chain Development Plan Agreement, for each priority commodity, in joint venture between the Government and the concerned industry association.

62. **Promotion of Industry Associations.** For each priority commodity, the Government will promote the establishment and/or capacity enhancement of industry associations representative of all value chain role player families: farmers (small, medium and large), input dealers, aggregators, processors, financing institutions....

63. **Preparation, signing and implementation of VCDPAs.** Each VCDPA will specify: (1) the expected outcome results (e.g., productivity; production volume; value addition, per ca-pita consumption; exports volume, import substitution volume; decent employments; farmers revenues...); (2) the required level of investments that the value chain role players commit to realize at farm and firm levels; (3) the enabling measures that the Government commits to rollout to incentivize the value chain role players; and (4) the arrangements for performance monitoring and the settlement of disputes. Each VCDPA will be signed by the Government represented by the Ministry of Finance, and other relevant MDAs on the one side, and the Industry Association representing the value chain role players on the other.

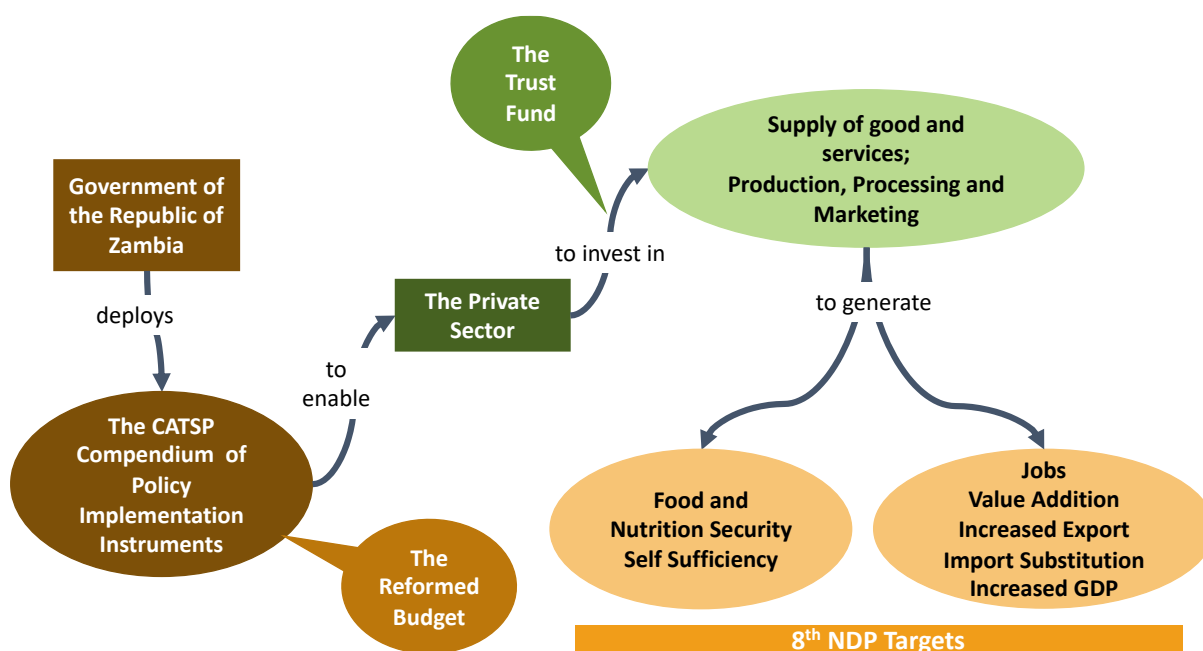
### 2.4.3 Institutionalization of the smallholder's aggregation

64. GRZ is committed to institutionalize the aggregation of smallholder farmers (aggregatees), with priority to the youth, women, and persons with disability, as a means to promote inclusivity and shared growth. As an indication, the regulation will frame the following dimensions: the respective statutes of aggregator and aggregatees; the procedures for the recognition of an agriculture aggregation alliance (3A) between an aggregator and aggregatees, by the State; such a 3A is an inclusive supply chain driven by the aggregator; the state's support to an agriculture aggregation alliance; the contractual arrangements governing the business relationship between aggregator, aggregatees and other key value chain role players.

## 2.5 THEORY OF CHANGE

65. **Overview.** The CATSP's end results derive from the 8<sup>th</sup> NDP: increased productivity and production; reduced imports, increased export; increased contribution to GDP; enhance food and nutritional security; increased creation of jobs. These results are generated by the private sector, i.e., farmers (small, medium, and large), through their investments into up taking technologies (inputs, equipment, knowledge) for production, processing, and trading. To enable the private sector to increase their investments to the required level, GRZ will deploy a comprehensive compendium of policy implementation instruments. For that purpose, the GRZ will reform the budget and roll-out a public expenditure accountability system to ensure relevant MDAs are engaged to play their respective roles, while establishing and resourcing a private sector led Trust Fund to enable value chain players access to financial and non-financial services. The CATSP outcome, output and input results deriving from this cause to effect link, are presented below, and further detailed in Annex 1.

Figure 5 – The CATSP Theory of Change



66. **The CATSP beneficiaries.** The rural dwellers, and the whole Zambian population in general will benefit from this program, by accessing quantity and quality food at a competitive price. Farmers (small, medium and large) and firms (including micro, small and medium enterprises run by the youth) active in the agriculture and food systems will enjoy a more conducive business climate for agriculture, uptake technologies, produce, trade and improve their revenues. At a micro-economic level, the country will enjoy increased agriculture GDP, increased decent employment and improved trade balance.

67. **The CATSP’s Expected Outcome Result is ‘increased agriculture sector’s contribution to economic growth, wealth creation and social welfare’.** The indicators to measure this outcome results are: productivity; production; value addition; food exports; food imports substitution; trade balance; decent employment; agriculture GDP; and food and nutritional security status. These end results are owned by the people, i.e., the private sector that generate the goods and services, and the Zambian population that consumes and transform these into improved welfare.

68. **The CATSP’s Expected Output Result is ‘increased private sector investments into the uptake of technologies, which generates increased productivity, value addition and trading of quality agriculture commodities.’** The indicators to measure these output results are: farmers (small, medium and large) and other value chain players’ access to differentiated insurance services and credit; input (genetic material, fertilizer, vet drugs, agrochemicals...) production; equipment manufacturing; level of technology uptake (inputs, mechanization...); size and number of farm production units; size and number of processing units; productivity; etc.

69. **The CATSP’s Expected Input Result is ‘enhanced performance of the public sector (relevant Ministries, Departments and Agencies) in deploying a comprehensive compendium of policy instruments.’** The indicators to measure the public sector’s input are: disbursement of public resources to relevant MDAs; performance of these MDAs in deploying respective Policy Implementation Instruments; and enabling business of agriculture index.

70. **The CATSP Programmatic framework.** To deliver these three levels of results, the CATSP is organized into 7 Sub-Programs (SP): SP.1 – Institutional Development and Program Management; SP.2 – Innovative Financial and Risk Sharing Facilities; SP.3 – Agriculture Marketing, Trade and Industry; SP.4 – Agriculture Research and Production Support; SP.5 – Infrastructure Development; SP.6 – Emergency Preparedness & Response Mechanisms and Nutrition; and SP.7 – Sustainable Management of Natural Resources. Each SP consists of a certain number of Investment Areas (IA), and under each IA, a cluster of MDAs will be responsible to deploy a basket of Policy Implementation Instruments.

Figure 6: The CATSP structure



71. Chapter three below presents the description of these Sub-Programs, investment Areas, and Policy Implementation Instruments. A detailed description of the PIIs is presented in Annex 2.

### 3 PROGRAM DESCRIPTION

#### 3.1 SUB-PROGRAM 1: INSTITUTIONAL DEVELOPMENT AND PROGRAM MANAGEMENT

##### 3.1.1 Investment Area 1.1 – Enhancing the coordination, efficiency, and accountability of the public sector in delivering critical enabling results.

72. **Policy Implementation Instrument (PII) 1.1.1 – Enhancing the CATSP’s coordination and accountability system (Planning, M&E, Financial Management, Financial and Performance Reporting).** *Firstly*, Government will establish and support the operation of a dedicated agency for the coordination of the CATSP, under the supervision of the Management Development Division (MDD) in Cabinet Office. The CATSP being a Presidential Initiative, this dedicated agency will be linked to the Presidential Delivery Unit, which will monitor the performance of the CATSP delivery. Initially this will be the Interim Strategic Coordination Unit (ISCU) which will be formally institutionalized to become (as an indication) the Zambia Agriculture and Rural Economy Transformation Agency (ZARETA)<sup>21</sup>. *Secondly*, Government will finance the development of the CATSP Accountability System (CATSP-AS) to be coordinated by the ISCU/ZARETA. The development of the CATSP-AS will build on the review of the existing Integrated Financial Management Information System (IFMIS) and comply with the requirements set for the CATSP’s Policy Implementation Instruments. The Accountability System will include modules on: (1) planning and budgeting; (2) control of expenditure; monitoring of the deployment of measures & subsequent EBA<sup>22</sup> scores (Inputs), and (3) response by farmers and firms (Outputs); (4) measurement of outcomes; and (5) reporting on achievements (inputs, outputs and outcomes) against targets. It will be governed by a software and manual of procedures, setting specific obligations for all users in the MDAs,

<sup>21</sup> The final name of this Dedicated Agency will be decided in due course.

<sup>22</sup> EBA – Enabling the Business of Agriculture

and their partnering players in the private sector. The system will be configured in such a way that budgets allocated for the deployment of measures by implementing agencies are utilized for the intended purpose and not any other purpose. *Thirdly*, Government will bear the cost of building the capacity of all these public and private sector players, to operate in compliance with the CATSP-AS requirements. *Fourthly*, the Government will also establish the CATSP Steering Committee comprising the Secretary to the Treasury, Permanent Secretaries, CEOs of other implementation agencies and private sector representatives. All CATSP Implementing Agencies will report to the Steering Committee through the ISCU/ZARETA. *Fifthly*, the Government will establish the High Council for Agricultural Transformation (HCAT) that will be chaired by the President. The membership of the HCAT will be drawn from among Cabinet Ministers relevant to the CATSP, Board Chairpersons of relevant Government agencies and Presidents/Chairpersons of selected Farmer Organizations and the Bankers Association of Zambia. The CATSP Steering Committee will report to the HCAT.

**73. Policy Implementation Instrument 1.1.2 – Strengthening the public sector’s organizational and institutional capacity.** The effective implementation of the CATSP will require strengthening the capacities of concerned Ministries, Departments and Agencies (MDAs). For that purpose, the Government will: (1) assess the capacity needs of concerned MDAs for effective CATSP implementation; this will include review of organizational structures, staffing, planning, control of spending, performance monitoring & reporting, equipment; (2) build the capacity (possibly, organizational reform, staffing, training of staffs, acquisition of software & IT equipment, upgrading laboratory capacities) of the relevant MDAs to meet the CATSP implementation requirement.

**74. Policy Implementation Instrument 1.1.3 – Setting-up the Integrated Agricultural Information Management System.** Considering the multi-sectoral nature of the CATSP, Government will invest in the setting up and operation of a georeferenced integrated agricultural management information system that will be able to capture, store and process data and disseminate information on farmer and farm details, firm details, primary production activities, value addition activities, aggregators and aggregation activities, domestic and international trade in primary agricultural products and their derivatives and jobs in the Agri-food sector. Partially, the proposed Integrated Agricultural Management Information System will rely on inputs generated from the Planning, Monitoring, Evaluation and Reporting System developed under PII.1.1.1. More specifically, this PII entails adapting the current Zambia Integrated Agricultural Management Information System (ZIAMIS) hosted by the Smart Zambia Institute (SZI) to the CATSP information needs. The Government will provide resources for: (1) the assessment and enhancement of the scope and functionality of the Zambia Integrated Agricultural Management Information System, in consultation with all stakeholders; and (2) train and equip staff under SZI and relevant ministries and agencies at various levels in the collection and analysis of data required for the effective tracking of CATSP implementation.

**75. Policy Implementation Instrument 1.1.4 – Legislating the CATSP.** The government will legislate the CATSP in order to provide a legal framework that will support the promotion of quality of public expenditure in the agricultural sector and the implementation of the adopted policy instruments, while preventing unexpected changes and the risks of policy deviation. The CATSP Act and possibly its complementary regulation(s) will deal with the following critical issues: framing the policy implementation instruments; the accountability system (planning, spending, monitoring of performance, measurement of outputs and



outcome results, reporting) that governs the involvement of respective MDAs in implementation; institutionalization of the agriculture aggregation system as a means of promoting smallholder inclusive and market oriented value chains ; this entails, value chain development plan agreements (VCDPAs) prepared and implemented jointly by the industry association and the Government, for each priority commodity, as well as the promotion of accredited and certified Agriculture Aggregation Alliances (3As) across the country, i.e. local supply chains driven by registered aggregators; the establishment, resourcing and governance system of the Zambia Agriculture Transformation Trust Fund (ZATTF), aimed at delivering risk-sharing, financial and non-financial services to value chain role players (including smallholder farmers, youth, small and medium enterprises (SMEs), the youth, women); etc. During the launching phase of the Program in 2023, Government will: (1) prepare the CATSP Bill and potential subsidiary regulations (see Annex 8); (2) conduct stakeholder consultations on the proposed CATSP Regulation package; (3) facilitate Cabinet adoption; and (4) facilitate the enactment of the CATSP Bill by the Parliament of the Republic of Zambia.

**76. Policy Implementation Instrument 1.1.5 – Assessing and enhancing public policies in agriculture and agribusiness.** The effectiveness of the CATSP’s PIIs deployed by various MDAs will require regular assessment. For this purpose, the Government will (1) develop procedures and guidelines for policy review processes leading to informing policy change decision; (2) perform a periodic assessment of the EBA scores as part of the policy review processes; (3) build the capacity of policy analysis units of relevant MDAs through acquisition of specialized statistical software and IT Equipment, and training of policy analysis staff in agricultural and agribusiness policy evaluation; (4) provide adequate annual budget for the policy analysis units to conduct policy reviews in compliance with the adopted procedures; (5) consult relevant stakeholders in the policy review process and conclusions; (6) formalize and publish the conclusions of policy reviews, including in the format of policy briefs that clearly synthesize the policy change proposals; and (7) the process of adoption of policy changes by Cabinet.

### **3.1.2 Investment Area 1.2 – Establishing and resourcing the Zambia Agriculture Transformation Trust Fund (ZATTF)**

**77.** The Agriculture Transformation Trust Fund is a critical mechanism for the effective transformation of the Agriculture in Zambia. The aim is to ensure value chain role players’ access to the appropriate financial (risk-sharing & differentiated credit,) and non-financial services, required for them to invest in production, processing and trading of agriculture commodities. The ZATTF will also be incorporated as holding and not-for-profit company. Under this Investment Area, the GRZ, in close collaboration with the private sector and other stakeholders, will set-up the Trust Fund (PII.1.2.1), resource it (PII.1.2.2), and keep the Board of Trustees and Executive Secretary accountable (PII.1.2.3).

**78. PII.1.2.1 – Establishing the Zambia Agriculture Transformation Trust Fund (ZATTF).** The Government will facilitate the establishment of the ZATTF, which will consist of three pillars: Pillar 1 – Risk Sharing Facilities; Pillar 2 – Financial Services; and Pillar 3 – Non-Financial services. *Firstly*, the CATSP ISCU/ARETA will recruit a service provider to develop a proposal for the establishment, resourcing, and operation of the ZATTF (See ZATTF Proposal in Annex 5), backed by Action Plan for the Launching year 2023 (Refer to Annex 6). The ZATTF proposal will include all required dimensions: service delivery, beneficiaries, technical, governance, seed funding, resource mobilization strategies, profitability and sustainability, reporting, etc. The consultancy firm will develop the ZATTF Proposal in consultation with all relevant public and private sector stakeholders. The proposal will be validated by an-all-stakeholders inclusive

workshop before its finalization. It will comply with the rules for the establishment, operation, governance, and accountability of the ZATTF, laid-out by the CATSP Act. *Secondly*, the CATSP ISCU/ARETA will facilitate the adoption of the ZATTF proposal by the Cabinet. *Thirdly*, once the ZATTF Proposal is adopted by Cabinet, the CATSP ISCU/ARETA will: (1) engage the different families<sup>23</sup> of players to individually nominate a member to the ZATTF Board of Trustees; (2) facilitate formal appointment of the ZATTF Board of Trustee by the President of the Republic; and (3) engage the Chairperson of the Board of Trustees for the recruitment of the executive secretary and other staff of the ZATTF.

79. **PII.1.2.2 – Resourcing the Zambia Agriculture Transformation Trust Fund.** In compliance with the regulations in force, the GRZ will provide a seed fund to the ZATTF and will sign a performance contract with the Board of Trustees. The performance contract will include the parameters of the business plan as to the expected results and projections in terms of profitability and sustainability.

80. **PII.1.2.3 – Ensure accountability of the Zambia Agriculture Transformation Trust.** The CATSP ISCU/ARETA will recruit an audit company to perform six monthly external audits of the ZATTF during the first 2 years. From year 3, external audits will be performed annually. The ZATTF Executive Secretariat will submit six monthly and annual reports to the Board of Trustees, with copy to the Minister of Finance and National Planning, the Governor of the Bank of Zambia, the Chairperson of the High Council for Agriculture Transformation, and the Chairperson of the CATSP Steering Committee. The High Council will formally deliberate on the annual reports. If need be, the High Council can address some remarks to the Board of Trustees. It can or recommend an extraordinary audit of the Trust Fund.

## **3.2 SUB-PROGRAM 2: INNOVATIVE FINANCIAL AND RISK-SHARING FACILITIES**

81. The focus of this sub-program is the rolling-out of the three pillars of the ZATTF, which make the three Investment Areas: pillar 1 – The Zambia Innovative Risk Sharing for Agriculture Transformation (ZIRSAT); pillar 2 – the Zambia Innovative Financial Services for Agriculture Transformation (ZIFSAT); and pillar 3 – the Zambia Innovative Non-Financial Services for Agriculture Transformation (ZINFSAT).

### **3.2.1 Investment Area 2.1 – Rolling-out the TF Pillar 1 – the Zambia Innovative Risk-Sharing for Agriculture Transformation (ZIRSAT) Facilities.**

82. **PII.2.1.1 – Establish the ZIRSAT Facilities.** The four identified ZIRSAT facilities are:

(1) *The Agriculture Credit Guarantee Scheme (ACGS)*, aimed at increasing lending to various categories of agricultural value chain players through a risk-sharing agreement between the ZIRSAT Company Limited<sup>24</sup> and lenders indemnified against principal and accrued interest to the limit of a pre-agreed rate;

(2) *The Interest Drawback Facility (IDF)*, whose aim is to reduce the cost of interest charged onto the agricultural value chain borrowers under the ACGS, as well as increase profit margin for the agribusinesses and induce timely repayment of loans, thereby reducing loan default / crystallization.

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<sup>23</sup> Farmers, bankers, microfinance institutions, insurers, other agribusinesses, government, professional bodies such as the Zambia Institute of Chartered Accountants and the Law Association of Zambia,

<sup>24</sup> The ZIRSAT Ltd will be a not-for-profit company, incorporated as a subsidiary of the ZATTF.

(3) *The Index-Based Insurance Facility (IBIF)*, aimed at expanding products, and piloting and scaling new products, such as weather index insurance, and new variants of pests and disease insurance, life insurance cover, yield and market price cover, credit risk insurance, etc.; and,

(4) *The Technical Assistance Facility (TAF)*, whose aim is to equip agriculture value chain financing players, including insurance companies, to develop and provide with technical capacity to lend to the sector responsibly and sustainably.

83. The key features of the ZIRSAT Facilities, which include definition, basic principles, innovations, management, procedures, eligibility, other terms and conditions are presented in the Appendix to the detailed description of this PII in Annex 2. Through the ZATTF, GRZ will support: (1) technical assistance for the design of the institutional arrangements for the four ZIRSAT facilities; for each of the facilities, this includes the rationale, the aim, the key features, the beneficiaries, the eligible expenditures, the implementation modalities (for example, the establishment of a ZIRSAT Company Limited by the ZATTF, which NPC will partner with existing banks and insurers), the detailed operational procedures that will ensure and promote good governance, and the budget; (2) the validation of the proposed arrangements; (3) the formalization of such arrangements; (4) the review of the arrangements at the end of each year; (5) the development and publication of a flyer, presenting the arrangements for the rollout of these facilities every year; and (6) the training of the staff.

84. **PII.2.1.2 – Delivering Risk-Sharing services to eligible farmers and firms.** In compliance with the formalized institutional arrangements, the GRZ, through the ZATTF and its subsidiary ZIRSAT, will roll out Risk-Sharing Services: general administration, operations, and support to operations (including reporting on performance).

### **3.2.2 Investment Area 2.2 – Rolling-out Pillar 2 of the Trust Fund – the Zambia Innovative Financial Services for Agriculture Transformation (ZIFSAT) Facilities**

85. **PII.2.2.1 – Establish the ZIFSAT Facilities.** The seven (7) proposed ZIFSAT facilities are:

(1) *The Youth Agriculture Loans Facility (YALF)*, aimed at attracting young people in commercial agriculture value chains by improving access to finance for youth and youth owned enterprises.

(2) *The Agriculture Small and Medium Enterprises Loan (ASMELE) Facility.* The aim is to increase SMEs' access to loans for aggregating smallholders and supporting them, and up taking technologies for value addition.

(3) *The Agriculture Concessional Loans Through Anchor Borrowers (ACLTAB) facility* aimed at deepening financial inclusion at affordable rate, in order to grow smallholders from subsistence to commercial.

(4) *The Irrigation and Land Development Facility (ILDF)*, aimed at promoting access to irrigation technologies such as localized irrigation through drilling and casing of boreholes; water pumping equipment, water storage basins (individual or community infrastructure), rainwater collection.

(5) *The Farm Mechanization Facility (FMF)*, which aim is to support the acquisition of farm equipment and machinery, transport and breeding equipment, livestock and aquaculture facilities and green houses for agricultural production.

(6) *The Warehousing and Infrastructure Financing Facility (WIFF)*, aiming at increasing the private supply of agricultural warehouses/cold and dry storage facilities for the priority commodities; and

(7) *The Agro-processing and Export Promotion Facility (APEPF)*. The aim is to stimulate further investment in innovation to improve the processing, packaging, and marketing efficiencies in a bid to perfect local processing and packaging and marketing operations to supply local and international markets.

86. The proposed features of these facilities, which include loan limit, interest rate, maximum investment amount, tenor/investment, repayment, security, eligibility, credit guarantee cover, insurance, access procedures, mandatory training, are presented in the Appendix to the detailed description of this PII in Annex 2. Through the ZATTF, the GRZ will support (1) technical assistance for the design of the institutional arrangements for the 7 ZIFSAT facilities; for each of the facilities, this includes the rationale, the aim, the key features, the beneficiaries, the eligible expenditures, the implementation modalities (for example, the establishment of a ZIFSAT Not for Profit Company – NPC<sup>25</sup>- by the ZATTF, which NPC will partner with existing banks and insurers), the detailed operational procedures ensuring good governance, the budget; (2) the validation of the proposed arrangements; (3) the formalization of such arrangements; (4) the review of the arrangements at the end of each year; (5) the development, publication and dissemination of a flyer, presenting the arrangements for the rollout of these facilities every year; and (6) the training of the staff.

87. **PII.2.2.2 – Roll out agricultural and agribusiness financial services to Farmers and Firms.** In compliance with the formalized institutional arrangements, the GRZ, through the ZATTF its subsidiary the ZIFSAT, will rollout agricultural and agribusiness financial services: call for loan applications, processing of loan applications, disbursement of loans, general administration, monitoring, and reporting portfolio performance.

### **3.2.3 Investment Area 2.3 –TF Pillar 3 – Zambia Innovative Non-Financial Services for Agriculture Transformation (ZINFSAT)**

88. **PII.2.3.1 – Formalize the institutional arrangements for delivering the ZINFSAT services.** The 8 identified ZINFSAT facilities are:

(1) *Promoting farmers and other value chains players’ organizations and industry associations.* The aim is: (a) For each commodity, promote the organization of value chain players (farmers, and other players into associations, which will form an industry association; or/and (b) to strengthen the capacity of such existing associations. This will contribute to upgrading value chain organization and rolling-out the policy on agriculture aggregation alliances (3As).

(2) *Promoting upgraded smallholder inclusive value chain business models,* aiming at facilitating value chain business models that are inclusive for smallholder farmers, the vulnerable, and all other required value chain players.

(3) *Promoting the digitalization of VCs (traceability and operations visibility)* whose aim is to support industry associations partner with other players to establish and operate digital platforms for operations visibility and traceability, which can provide digital services to all value chain players, and for all priority commodities.

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<sup>25</sup> The ZIFSAT NPC will also be a subsidiary company incorporated by the ZATTF (as a holding company).

(4) *Overseeing the preparation and implementation of VCDPAs.* The aim is to oversee the development and implementation of Value Chain Development Plan Agreements signed between public and private sector players, ensuring that each part undertakes their respective roles and are accountable.

(5) *Promoting market-hub enterprises,* aimed at facilitating the establishment of market infrastructure around big cities, along with marketing arrangements that structure the organization of the commodity value chains and shape their operations, linking them to the wholesale and retail markets.

(6) *Promoting small and medium enterprises.* The aim is to promote SMEs, by providing them with access to services such as training, business development support, fund raising, etc.

(7) *Enhancing Gender Equity and Women Empowerment in Agri-Food Systems,* aimed at providing women agro entrepreneurs with positive discrimination services, such as trainings, business development support, fund raising, etc.

(8) *Promoting modernization of agriculture to enhance youth's participation.* The aim is to foster youth's inclusion into the 3As, by providing services such as trainings, business development services, fund raising...

89. The proposed features of these facilities are the eligible measures and consequent lines of expenditure, the procedures to roll them out, the beneficiaries, the requirement to be met by the beneficiaries, etc. They are further presented in the Appendix to the detailed description of this PII in Annex 2. Through the ZATTF, GRZ will finance: (1) technical assistance for the design of the institutional arrangements for the 8 ZINFSAT facilities; for each of the facilities, this includes the rationale, the aim, the key features, the beneficiaries, the eligible expenditures, the implementation modalities (for example, the role of the ZATTF Executive Secretary, in collaboration with the ARETA and other key players), the detailed operational procedures ensuring good governance, the budget; (2) the validation of the proposed arrangements; (3) the formalization of such arrangements; (4) the review of the arrangements at the end of each year; (5) the development, publication and dissemination of a flyer, presenting the arrangements for the rollout of these facilities every year; and (6) the training of the staff.

90. **PII.2.3.2 – Provision of non-financial services to value chain players.** In compliance with the formalized institutional arrangements, the GRZ, through the ZATFF will roll out non-financial services: general administration, operations, and support to operations (including reporting on performance).

### **3.3 SUB-PROGRAM 3: AGRICULTURE MARKETING, TRADE AND INDUSTRY**

#### **3.3.1 Investment Area 3.1 – Market intervention schemes.**

91. **PII.3.1.1 – Rolling-out market intervention schemes for specific (perishable and staple) agriculture products.** A key risk facing agriculture value chain players is the volatility of prices for perishable agricultural products, particularly during harvest periods or in response to bumper crops. In order to avoid creating any market distortion, GRZ is committed to roll-out this PII *only after careful consideration based on the best professional advice from market experts.* The following will be the Government interventions: (1) Development of appropriate storage infrastructure and ensuring they are operated sustainably, which could

provide adequate solution to price volatility crisis, in some cases; (2) if, need be, hiring appropriate expertise to analyze the price volatility crisis, advise on the need for Government to intervene, and propose scheme mechanisms that will not distort the market; (3) rolling-out the designed scheme; (4) communication to inform the beneficiaries, and other stakeholders on the scheme; and (5) assessing the positive (for the beneficiaries) and possibly negative (market distortion) impacts; (6) further, promoting insurance premiums to cover the farmer income security.

92. **PII.3.1.2 – Rolling-out price intervention policies on cash crops and staple commodities and livestock.** In addition to price volatility associated with peak production and bumper crops, price stability for cash crops, staple commodities and livestock can be affected by a range of factors that Government is committed to monitor in order to determine whether there is a need to intervene in supporting or controlling prices, and how. In this respect, the Government will finance: (1) the development of a strategy that establishes clearly defined threshold and triggers for introducing price intervention measures; (2) if such conditions are met, designing the price intervention program; (3) rolling-out the designed program; (4) communication to inform the beneficiaries, and other stakeholders on the program; and (5) the assessment of positive (for the beneficiaries) and possibly negative (market distortion) impacts.

93. **PII.3.1.3 – Establishment and operation of the Market Observatory.** Decisions regarding public interventions in markets must be guided by an efficient system of data collection that will enable the relevant public agencies to timely formulate and implement decisions, based on the best possible information. Hence a Market Observatory is a key feature of effective and responsive agricultural policy making. For that purpose, GRZ is committed to transforming, and enhancing the capacity of, the Agricultural Market Information Centre (AMIC) under the Ministry of Agriculture into an autonomous, dedicated market observatory focused on the regular collection, processing, analysis and dissemination of key data on markets for crops, fisheries and livestock products. The establishment of the Market Observatory will include the cost of: (1) consultations with key stakeholders to establish its scope and purpose; (2) the design and planning of the agency; (3) approval of proposals for its establishment; and (4) budgetary allocations for its operations and management, as well its supervision by an oversight body; and periodic monitoring and review of the functioning of the observatory.

### **3.3.2 Investment Area 3.2 – Food Safety and Quality**

94. **PII.3.2.1 – Rolling-out SPS measures.** The aim is to protect humans, animals and plants from diseases, pests or contaminants. SPS measures are also critical for the promotion of market-oriented value chains, specifically for export markets. GRZ will commit resources for: (1) assessing the current institutional framework for SPS: (a) various existing institutions have an interest and varying levels of capacity in SPS; (b) the various existing structures and procedures, budget allocations for their operations; (c) existing physical capacity such as laboratories, general establishment, and operations; (d) existing regulatory framework for SPS measures; (e) familiarity of stakeholders in the agricultural value chain with SPS issues and requirements; in order to (2) develop a proposal for a harmonized national SPS system including regulations, structures, staffing, lab capacity and other capabilities, budget allocations, etc.; (3) communication and capacity-building measures targeted at improving SPS performance among stakeholders in the agricultural sector in order to build national agri-food

systems capacity to generate export earnings and realize its full potential; (4) capacity-building of those operating the SPS institutions and periodic assessment of their performance.

95. **PII.3.2.2 – Certification System for Geographic Origin, Environmental Sustainability and Social Responsibility of Agriculture Value Chains.** Value chain players can achieve premium prices by guaranteeing, through better organization and better traceability, certain characteristics for their products. Depending on the market they are targeting and the product they handle, there may be scope for generating additional value by establishing certification mechanisms that attest either the geographic origin of a particular product (which might be regarded as a typical or high quality product from that area), the environmental sustainability of the methods used to produce that product, and the social responsibility of the products that guarantee and equitable distribution of benefits for different operators within the value chain and certain standards in labor practices in its production. Through this PII, the GRZ aims at promoting three (3) broad types of certification mechanisms: (a) geographic origin; (b) environmental sustainability; and (c) social responsibility. In this respect, the Government will finance the following: (1) development or enhancement of the regulatory framework for geographic origin, environmental sustainability and social responsibility certification; (2) establishing a certification body responsible for monitoring the application of regulatory protocols and providing certification; the establishment of this dedicated agency will involve significant capacity building of staff, provision of the physical capacity required, including appropriate ICT to enhance traceability; (3) communication and capacity building to equip producers and value chain players on how to apply the appropriate certification protocols; and (4) decision making process for tax break for enterprises choosing to adopt different certification protocols.

96. **PII. 3.2.3 – Ensuring Quality Control and Assurance (Certification and Labelling).** GRZ will (1) develop and design an appropriate certification and labelling system based on the regulatory measures in PII 3.2.1. SPS certification and labelling is supported by economic and infrastructure development measures under PII 2.3.1. (2) government will partner with existing service providers through joint-ventures and public-private partnerships to establish and manage new network areas creating digital infrastructure in remote rural areas which may not be attractive or economic for larger private operators. Lastly (3) government will invest in education on use of information technology in rural areas to ensure that producers and value chain players in the sector have the skills required to engage with new quality certification and labelling mechanisms. Opportunities will be explored to organize these communication and capacity building measures in cooperation with Credible Industry Associations, producer and value chain associations, extension services and other relevant public agencies responsible for small and medium scale rural enterprises, education, and vocational training.

97. **PII.3.2.4 – Strengthening official food control capacities, including extension services at primary production level.** GRZ will invest in: (1) rolling out a process measure to review national food safety capacities and develop a proposal for an integrated national food safety system; (2) reviewing existing legislation and mandates of various MDAs in order to improve and harmonize legislative framework; and (3) capacity building and communication measures to ensure all relevant stakeholders in the harmonized systems are adequately educated and trained on food safety and control; this includes the cadre of extension officers interfacing with farmers at the primary production level.

### 3.3.3 Investment Area 3.3 Enhancing the Agriculture Marketing and Trade Policy Environment

98. **PII.3.3.1 – Rolling out import and export measures when necessary.** GRZ will roll-out this PII, based on careful assessment of its advantages and disadvantages as well as its coherence with policies across the sector, in other sectors of the economy, and with international commitments and treaty obligations. Advantages and disadvantages for farmers, other value chain players, consumers and the whole sector will be taken into account. GRZ will finance: (1) the establishment of criteria for introducing import and export controls and a mechanism for identifying and implementing those controls when appropriate; (2) a thorough study on the implications and feasibility of different import and export measures for different commodities, food stuffs and agricultural inputs, in order to provide the basis for a set of guidelines for policy makers to consider making use of different import/export policy instruments to rectify market imbalances; the guidance will include means of deciding when to remove import or export controls as well as when to introduce them; (3) introducing these measures if and when they are deemed necessary, based on this; (4) putting in place controls to ensure that measures introduced are aligned and harmonized with national and international trade obligations; and (5) communication and capacity-building to ensure that key decision-makers and agencies concerned with import and export are fully informed regarding the relevant policy measures and the mechanisms for their eventual introduction and enforcement.

99. **PII.3.3.2 - Ensuring pro-competition market and regulating anti-competitive behavior.** GRZ is committed to enable private sector-led development of the agricultural sector, including by ensuring that the markets function in a truly competitive fashion. Indeed, it is critical to avoid monopolies and other market dominance that stifle competition and undermine the development of the agricultural sector. Therefore, GRZ will invest in 3 complementary measures: (1) reviewing existing laws and developing appropriate anti-trust laws and regulations regarding competitive and anti-competitive behavior in agricultural markets, ensuring that it is fully compatible with antitrust and competitive regulation in other sectors of the economy; (2) enhancing the capacity of the Competition and Consumer Protection Commission (CCPC), allowing for the establishment of a specific unit to monitor market behavior and enforce regulations in agricultural markets; (3) communication and capacity-building measures to promote competitive behavior among economic actors and inform them regarding antitrust laws and the role of the unit for the agriculture sector.

100. **PII.3.3.3 - Facilitating agriculture trade with neighboring countries and trading partners.** GRZ will invest in deploying a combination of measures including: (1) reviewing the design and operations of the Zambia Development Agency (ZDA) with respect to facilitating trade with Zambia's 8 neighboring countries and selected trading partners; (2) developing a proposal for the model that allows for the coordination and harmonization of trade activities and opportunities; the proposal will be validated and subsequently approved by key stakeholders; this will include physical offices, ICT resources required for the operationalization of the proposed model; and (3) Communication and capacity building measures to support and ensure ZDA staff and key stakeholders concerned with trade with neighboring countries and trading partners are fully informed (Including building relevant and appropriate capacities) regarding the introduction of the model and supporting mechanisms.



### **3.3.4 Investment Area 3.4: Promoting Agri-food processing.**

101. **PII.3.4.1 – Promoting firm level processing of crops, livestock, and fisheries products.** Processing capacity is a critical part of agri-food systems, and many agricultural value chains in Zambia under-perform because of the lack of appropriate processing technology and capacity. GRZ will commit resources for: (1) the development of an inventory along priority commodities of appropriate technologies, machinery, and equipment for improvements in processing for which importation will be facilitated; (2) decision making on enabling private firms access tax breaks on the importation of such technologies, machinery and equipment; (3) possibly, matching subsidies to support acquisition of new processing technology for SMEs along priority value chains; and (4) capacity-building measures to enable SMEs use and maintain the acquired technologies, machinery and equipment will be deployed.

102. **PII. 3.4.2 – Promoting farm level pre-processing of crops, livestock, and fisheries products.** Appropriate processing capacity can help stallholders to achieve better price for their products and take advantage of relatively simple farm-level technologies to enhance the value chain as a whole, by processing freshly harvested produce and then storing it for sale when prices are optimal. GRZ is committed to bear the cost of: (1) capacity-building of smallholders, through Information and training packages developed and implemented, along with the monitoring of the effectiveness of this training; (2) skills among extension staff to ensure they provide longer -term support; (3) some targeted support (tax break, affordable loan facilities) to enable smallholders to access appropriate technologies to improve their pre-processing activities.

## **3.4 SUB-PROGRAM 4: AGRICULTURE RESEARCH AND PRODUCTION SUPPORT**

103. Devoted to rolling-out the Public Sector’s decisive and innovative investment to enable the adaptation, development, and dissemination of technologies, for the production of crops, livestock and fisheries commodities, SP.4 consists of 8 IAs and 35 PIIs described for the Crops Sub-sector (Sub-Program 4A) and the Fisheries and Livestock Sub sectors (Sub-Program 4B).

### **3.4.1 Investment Area 4.1 Promoting the adaptation, development and dissemination of CSA technologies.**

104. This IA is devoted to promoting Climate-Smart Agriculture, with a focus on technologies amenable for the triple objectives of: (a) sustainably increasing productivity and incomes; (b) adapting to climate change; and (c) reducing greenhouse gas (GHG) emission where possible. This does not imply that every technology and practice applied in every location should produce “triple wins”. Rather, the aim is to reduce trade-offs and promote synergies by taking these objectives into consideration. Therefore, GRZ is committed to promoting technologies and practices that make crop, livestock, and fisheries value chains resilient to climate related shocks, have the inherent capacity to meet the market demand and can sustain productivity and profitability to enhance the reliability of incomes derived from the value chain activities. Likewise, to attain the 25% reduction in greenhouse gas emissions (GHG) target set by the GRZ, GHG emission reduction technologies will be promoted along the crops, livestock, and fisheries value chains. The five key sources of GHG emissions associated with crop production will be targeted: (a) inefficient on-farm machinery and equipment; (b) rice cultivation, (c) overapplication of nitrogen, (d) low use of low and no tillage practices, (e) low application organic fertilizers/manure. In the livestock and fisheries sector, the targeted areas will be: (a) more efficient practices for the production and processing of

livestock feed, (b) improved grassland management; (c) managing outputs of GHG during digestion by cows and manure handling. Further, the GRZ's expenditures under this PII will cover practices meeting the following criteria: (a) sustainable soil and land management practices; (b) maintaining biodiversity in agriculture and environment practices; (c) practices that preserve and enhance ecosystem services; (d) practices to reduce pollution of land, water and air; and (e) practices and technologies for efficient use of water.

105. **PII.4.1.1 A & B – Adaptation and development of CSA practices and technologies for crop, livestock and fisheries value chains.** Under this PII, the GRZ will bear the cost of: (1) providing the guidelines and regulations on sustainable practices to be adopted by fisheries and livestock value chain actors; (2) developing a mechanism for tripartite contractual arrangements between value chain role players, represented by their Industry Associations (IA), research service providers (public institutions, private research agencies), and Government, for the development or adaptation of technologies demanded by the value chain players and meeting the CSA criteria elicited above; (3) preparing and signing contracts for research (adaptation or development) demanded by value chain role players; and (4) research grants to finance fully or partially, the implementation of such a tripartite research (adaptation or development) contract, in response to the demand of value chain role players.

106. **PII.4.1.2 A & B – Dissemination of CSA practices and technologies.** Government's expenditures will cover the cost of: (1) enacting additional regulations to compel all producers to manage and protect rangeland and natural fish resources; (2) supporting both public and private extension service providers to design and develop information and training materials on CSA practices ; (3) supporting both public and private training institutions to enable them to update their curricula and facilities to provide training on CSA technologies and practices; (4) strengthening the capacity of value chain membership organizations and industry associations, to play a leading role of disseminating information and facilitating access to requisite resource to their members; (4) trainings provided through public and private extension service providers, training centers, input dealers and digital platforms...; (5) matching grant to enable producers acquire recommended CSA technologies and enhance their capacity to account for the gains in carbon sequestration and trade the carbon credits; and (6) deploying fiscal incentives i.e. tax breaks, duty exemptions and zero rating to the suppliers of the recommended CSA technologies.

### **3.4.2 Investment Area 4.2 Adaptation, development and dissemination of other technologies and practices**

107. The aim is to improve productivity and competitiveness in order to meet domestic and international demand & standards.

108. **PII.4.2.1 A & B – Adaptation and development of other technologies and practices for crop, livestock and fisheries value chains.** Under this PII, GRZ will bear the cost of: (1) providing and updating periodically, the guidelines on the categories priority technologies and practices to be promoted; (2) developing a mechanism for tripartite contractual arrangements between value chain role players, represented by their Industry Associations (IA), research service providers (public institutions, private research agencies), and Government, for the development or adaptation of technologies meeting the defined criteria; (3) preparing and signing contracts for research (adaptation or development) demanded by value chain role players; and (4) research grants to finance fully or partially, the implementation of such a tripartite research (adaptation or development) contract, in response to the demand of value chain role players.

109. **PII.4.2.2 A & B – Dissemination of other technologies and practices for crop, livestock, and fisheries value chains.** Government’s expenditures will cover the cost of: (1) supporting both public and private extension service providers to design and develop information and training materials on innovative technologies and practices; (2) supporting both public and private training institutions to enable them to update their curricula and facilities to provide training on innovative technologies and practices; (3) strengthening the capacity of value chain membership organizations and industry associations, to play a leading role of disseminating information and facilitating access to requisite resource to their members; (4) trainings provided through public and private extension service providers, training centers, input dealers and digital platforms...; (5) subsidy to dissemination platforms (electronic platforms such as mass broadcast of SMS; social media groups where all modes of information can be disseminated; physical meetings where actors can come together and share information such as farmer field school; demonstration clinics, workshops, and general meetings where any mode of information can be shared); (6) matching grant to enable producers acquire recommended innovative technologies; and (7) deploying fiscal incentives to the suppliers of the recommended innovative technologies.

### **3.4.3 Investment Area 4.3 – Promoting private and public extension services for crops, livestock and fisheries sub sectors.**

110. Extension plays a critical role in the uptake of technologies and the attendant improvement in agricultural productivity. GRZ aims to leverage the various strengths of the public, nonprofit and profit driven extension systems enabling their integration and facilitating complementary and effective dissemination. Government intends to reform the extension service system into an innovative, less human centered and more technology driven system that is cognizant of the limitations of the public and private sector with regard to recruitment of extension officers.

111. **PII.4.3.1 – Reforming public sector extension services into a digitalized extension delivery system.** GRZ is committed to (1) commissioning an audit of the extension service system with regard to human capacity, infrastructure, technologies available and utilized, etc. (2) development of an extension strategy anchored on digitalization and use of modern but appropriate technologies (3) procurement of the required software and equipment (4) tax incentives to mobile network operators/internet service providers/tech companies willing to expand their coverage and infrastructure to areas with limited or no coverage (5) training of extension officers on new system (6) cover cost of expansion and capacity building of Smart Zambia Institute (SZI) to integrate new and digitalized system, maintenance, monitoring and evaluation.

112. **PII.4.3.2 – Promoting private sector extension service provision.** GRZ recognizes that extension services are provided by both profit driven and nonprofit private sector. Government will cover costs towards (1) development of a harmonized system for registering and monitoring all extension service providers in crops, livestock and fisheries including distribution and area of operations (2) matching grants for software and equipment to profit driven private extension service providers who possess valid contracts with Agriculture Aggregation Alliances (3As) and other aggregation systems involving a minimum of 2000 farmers (3) Tax breaks to non-profit private extension service providers operating in priority value chains, registered with the relevant industry association and compliant with reporting mechanisms (4) Tax exemptions on all equipment to facilitate extension i.e. videography, transport, projectors, etc. in priority value chains.

#### 3.4.4 Investment Area 4.4 – Promoting youth’ skill-based training.

113. Enabling youth’s access to innovative knowledge and skills is fundamental to promoting youth employment in crop, livestock, and fisheries value chains.

114. **PII.4.4.1 A & B – Development of curricula for youth’s skill-based training.** Under this PII, GRZ will bear the cost of: (1) assessing and describing (objective, content, duration...) the skill-based training needs for the youth in crop, livestock and fisheries value chains (upstream, downstream and at production level; only short term trainings will be eligible; (2) provide resources (through a competitive selection) to reputable training institutions (public and private) for the development curricula that takes a transformative approach to crop, livestock and fisheries value chains.

115. **PII.4.4.2 A & B – Promoting youth’s access to skill-based training.** GRZ will provide grants to finance the youth’s access to skill-based training services for crop, livestock, and fisheries value chains.

#### 3.4.5 Investment Area 4.5 – Promoting the Production and Supply of Improved Genetic Resources

116. Use of good quality improved genetic materials (seeds, cuttings, scions, clones for plants; animal breeds, fingerlings, fodder, and silage) is a prerequisite to increase agricultural productivity, improve food security, lower money spent on food purchases and imports, and raise domestic economic activity.

117. **PII.4.5.1 A & B – Promoting the Production of Improved Genetic Materials for Crops, Livestock, and Fisheries.** GRZ is committed to invest public resources to support the cost of: (1) improving and developing regulation on the production and control of the quality of genetic materials, where necessary; (2) grants to support the structuring of value chains dedicated to the production of genetic materials, for example through aggregation schemes; (3) one-time grant subsidy to farmers active in the genetic material value chains for the acquisition of production and post-harvest equipment and/or inputs; (4) grant subsidy to aggregators or other enterprises active in the genetic material value chains, for the acquisition of equipment (storage, packaging, lab equipment...); and (5) linking genetic material suppliers with the demand by the aggregation and commodity schemes promoted by the Government.

118. **PII.4.5.2 A & B – Facilitating the Importation of Improved Genetic Resources (for crops, livestock, and fisheries) when necessary.** In cases where, the domestic production of genetic material is inexistant or insufficient, import will be the recourse. The Government will bear the cost of: (1) structured consultation with the concerned industry to justify the importation; (2) running the process for decision making on tax alleviation on the importation of specific genetic material; and (3) the total revenue thus forgone by the Government.

119. **PII.4.5.3 A & B – Enhancing the Capacity of the Agencies in Charge of Certification of Genetic Materials, Inputs and Equipment for Crops, Fisheries and Livestock.** Competitive commercial agriculture requires a well-structured certification system for genetic materials, inputs, and machinery and equipment. GRZ is committed to provide resources to cover the cost of: (1) acquisition of lab and other equipment; (2) enhancing staffs’ capacity; (3) acquisition of international accreditation for labs; and (4) field monitoring capacity to meet the evolving industry certification needs, at all times.

120. **PII.4.5.4 A & B – Establishing and enhancing national breed/seed bank for the preservation of national genetic resources and promotion of biodiversity.** GRZ aims at

ensuring that local and national genetic materials are stored, replicated and bred to provide resource materials both for current agricultural practice and for future genetic improvement. GRZ is committed to cover costs towards (1) enactment of legislation that establishes standards for maintaining seed and breed banks and protocols for their operation (2) tax holidays / concessions for private sector operators establishing seed / breed banks for crops, livestock and fish. (3) designing appropriate architecture of national and local seed and/or breed banks (4) equity in form of infrastructure, service fees towards public-private partnerships for brownfield projects (5) matching grants to industry associations establishing small to medium scale local seed/breed banks.

### **3.4.6 Investment Area 4.6 – Promoting the Supply of Mechanization Equipment**

121. The low productivity and production levels of smallholder agriculture in Zambia has been attributed to, among other factors, low levels of mechanization. The domestic supply of production machinery and equipment, farm implements, and primary processing machines, is critical for improving access to production and processing machinery and the transformation of the crops, livestock and fisheries value chain and job creation.

122. **PII.4.6.1 A & B – Promoting the Manufacture of Mechanization Equipment for Crops, Livestock, and Fisheries.** To promote the domestic manufacturing of identified mechanization equipment, GRZ will: (1) develop standards for the production and control of the quality of mechanization equipment, where necessary; (2) provide tax rebates to local manufacturers of agricultural production and processing equipment; (3) provide, through the Trust Fund, loans to local artisans active in the mechanization equipment supply chains; and (4) as part of the implementation of the mechanization strategy, link mechanization equipment suppliers with the demand by the aggregation and commodity schemes promoted by the Government.

123. **PII.4.6.2 A & B – Facilitating the Importation of Mechanization Equipment for Crops, Livestock and Fisheries, when Necessary.** In situations where, the domestic manufacturing of mechanization equipment is non-existent or insufficient, import will be the recourse. GRZ is committed to facilitate the importation of the needed farm machinery and equipment as well as the spares through structured incentives. These incentives include: tax rebates on agricultural equipment and machinery that cannot be manufactured locally.

### **3.4.7 Investment Area 4.7 – Spatial Development Initiatives**

124. Spatial development initiatives (SDIs) are initiatives that promote investments in selected sectors in specific locations. SDIs can take many form including investments in the development of economic corridors, economic clusters, focusing on specific sector or groups of sectors, special economic zones, industrial parks, and incubators with a specific focus on the agriculture sector. The government will promote SDIs by rolling out two PIIs, one devoted to innovating the Farm Block Development Program (FBDP), and second to other SDIs.

125. **PII.4.7.1 – Innovating the farm block scheme and extending it to livestock and fisheries sector.** Experience has shown that, when not conducted sparingly, farm block schemes have produced white elephants. Unfortunately, the situation in Zambia tends to confirm this trend. Furthermore, the farm blocks have until now neglected the livestock and fisheries sectors. This is why the Government undertakes to innovate the implementation of this policy. Through the World Bank supported ZAMGRO, the Government will (1) Develop the Farm Block Development Programme (FBDP) Strategy, and (2) prepare Investment Plans for five (5) farm blocks. Through these process measures, innovations for developing farm blocks will be identified. Indicatively, the FBDP Strategy will prescribe linking infrastructure

development with value chain organization, agriculture aggregation, connection to inputs and output markets, setting-up institutional arrangements that ensure sustainability and good governance. The development of the FBDP Strategy and the Investment Plans will involve intensive stakeholder consultations.

126. **PII.4.7.2 A & B – Rolling out innovative farm block schemes for crops, livestock, and fisheries sectors.** A farm block scheme can include a variety of commodities in all the three sub-sectors of agriculture. It can also be devoted to one sub sector. For example, in vast wetlands ecology, farm blocks could be devoted to rice production and aquaculture. To promote implementation of innovative farm block schemes, GRZ: (1) implement the FBDP Strategy and the investment plans developed under PII.4.7.1 above, (2) Measure outcome results associated with the implementation of the strategy and the investment plans, (3) Assess the effectiveness of the strategy and the investment plans on an annual basis.

127. **PII.4.7.3 A & B – Promoting other Spatial Development Initiative for Crops, Livestock and Fisheries.** These SDIs can cover one or more of the three agricultural sub-sectors and will be outside the areas identified under the FBDP. If need be, the schemes will be co-led by the two Ministries responsible for Agriculture, Fisheries and Livestock. The Government will: (1) conduct an assessment of the management, operations and value of infrastructure of existing SDIs, analyze their governance and sustainability and make recommendations for rehabilitation including management, operations and governance (2) develop a strategic document that identifies the SDIs such as economic corridors, economic clusters, special economic zones, industrial parks, and incubators, focusing on specific sector or groups of sectors; the strategy will prescribe policy guidelines such linking infrastructure development with value chain organization, agriculture aggregation, connection to inputs and output markets, setting-up institutional arrangements that ensure sustainability and good governance...; further the strategic document will identify the priority SDIs to be promoted; (2) design each farm identified priority SDI, in compliance with the policy guidelines; (3) implementing the designed SDI schemes; and (4) measuring the outcome results.

#### **3.4.8 Investment Area 4.8 – Enabling production and supply of safe and quality inputs for crops, livestock production and fish farming.**

128. Private sector will handle production and supply of inputs with government retaining a minor stake through PPPs or public firms commercially operated. GRZ's major role will be to assure the quality and quantity of inputs, creating conditions where the private sector is encouraged to invest and provide inputs at prices that are competitive and fair.

129. **PII.4.8.1 A & B – Promoting the manufacture of crops, livestock and fisheries inputs.** GRZ commits public funds to (1) review and enact legislation that develops and establishes appropriate standards for the production, importation, handling and blending agricultural inputs (2) audit and upgrade the capacity of Zambia Environmental Management Authority (ZEMA) and the Zambia Medicines Regulatory Authority (ZAMRA) (2) tax exemptions for imports required to establish input manufacture, blending and storage enterprises (3) mechanism to monitor and evaluate impacts and effectiveness of tax exemptions and concessions (4) Equity/cost of public sector investment in PPPs for the commercialization of existing public input manufacturing firms such as the Zambia Animal Vaccine Institute (ZAVI).

130. **PII.4.8.2 A & B – Facilitating the importation of crops, livestock and fisheries inputs where necessary.** Importation of inputs or their components will be enabled where local supply is inadequate and unable to meet local demand or is completely absent. Support will

be in the form of (1) structured consultation with the concerned industry to justify the importation; (2) running the process for decision making on tax alleviation on the importation of specific inputs; and (3) the total revenue thus forgone by the Government.

### **3.5 SUB-PROGRAM 5 – INFRASTRUCTURE DEVELOPMENT**

#### **3.5.1 Investment Area 5.1 – Promoting the development of irrigation infrastructure.**

131. **PII.5.1.1 – PPP for the development and management of small, medium, and large-scale irrigation infrastructure.** GRZ will invest resources to create an enabling environment for private sector participation in development and management of irrigation schemes. The investment will cover: (1) Costs of developing appropriate arrangements for blended public-private financing of irrigation including clear definition of functions of different actors (investment, governance, operation and maintenance, management, etc.); (2) cost of strengthening WARMA’s capacity to efficiently regulate irrigation infrastructure development and partnerships at subnational level; (3) cost to develop and approve procedures for the tendering of irrigation works to private, public-private or joint-venture enterprises and the medium and long-term monitoring and evaluation of impacts; (4) cost of public sector investment in these PPP arrangements.

132. **PII.5.1.2 – Promotion of private small-scale irrigation.** Government is committed to addressing and reducing the constraints to investment and encourage private investment in micro and small-scale irrigation: surface water, ground water and rainwater harvesting schemes. GRZ is committed to provide resources to cover: (1) costs of developing and delivering training for private investors in investment opportunities in small-scale irrigation infrastructure, to ensure compliance and sustainability is built into their business models; (2) cost of targeted smart subsidies to support the promotion of private small-scale irrigation including one time cost sharing of the infrastructure cost; and (3) cost of running the process for decision making on tax exemptions for specific investments in improvement or maintenance of small scale irrigation.

#### **3.5.2 Investment Area 5.2 – Developing feeder roads and market infrastructure.**

133. **PII.5.2.1 – Development of feeder roads and other market infrastructure.** These facilities might include feeder roads, bridges, improved wholesale markets; market aggregation and distribution points with upgraded storage facilities; aggregation points that incorporate processing, value-addition, and storage facilities; and cold chain facilities to facilitate the movement and marketing of perishable produce. GRZ will commit resources to cover the cost of: (1) Developing a national strategy for development of feeder roads and market infrastructure (2) developing of feeder roads (specifically by the NRFA<sup>26</sup> and the RDA<sup>27</sup>) ; (2) engaging and building the capacity of local and district authorities to prioritise feeder roads and key market infrastructure in their District Development Plans; (3) developing models for joint financing with other public sector agencies, local authorities and for public-private partnerships for feeder roads and market infrastructure; (4) establishing dedicated funds within the CDF<sup>28</sup> and NRFA to provide matching grants for other public or private investments in feeder roads and transport infrastructure; (5) cost of decision process on fiscal

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<sup>26</sup> NRFA: National Road Fund Agency

<sup>27</sup> RDA: Road Development Agency

<sup>28</sup> CDF: Constituency Development Fund

incentives through tax exemptions and subsidies through low interest loans for private entities partnering with public sector to build feeder roads and market infrastructure.

134. **PII.5.2.2 – Promotion of farmers’ markets and community markets.** Farmers’ and community markets help agricultural producers to shorten the value-chains on which they depend for the sale of their produce and help to bring producers and consumers closer together. GRZ will commit resources to cover the cost of: (1) the review of existing market infrastructures developed, and the upgrade of these infrastructure; (2) the design of appropriate infrastructure for farmers’ and community markets, as well as the development of appropriate models and tools for the management and maintenance of these new markets once they are established; (3) promoting stakeholder participation in the development of these new markets, encouraging potential private and public entities to work together on their establishment and building the capacity of those entities that would take on management and maintenance functions; and promotional materials to encourage producers and consumers to make use of market structures are also important; likewise, coordination with local government and traditional authorities is critical; (4) grant funding through the constituency development fund; and (5) establishing cost-recovery mechanisms, taxation or levies to provide specific funding for the operation and maintenance of farmers’ and community markets.

### 3.5.3 Investment Area 5.3 – Trade facilitation infrastructure development

135. **PII.5.3.1 – Promoting domestic trade facilitation infrastructure.** Investing in the promotion and dissemination of information on products from upgraded agricultural value chains will support the development and growth of private enterprises in agri-food systems. The promotion of domestic trade infrastructure will rely on the use of local markets and agriculture expos to showcase the value-added products and services on the market. The GRZ will invest in: (1) cost of an assessment of needs of different value-chain players and buyers in the agriculture sector; (2) cost of designing and updating trade expos to meet the needs of value chain actors; (3) cost of organizing trade fairs; (4) Costs of designing and launching a mobile platform facilitating access to input and output markets for value chain players.

136. **PII.5.3.2 – Upgrading regional and international trade infrastructure.** Investing in trade infrastructure opens new markets for local value chain actors who produce valuable cash crops. The development of trade infrastructure at strategic ports of entry lead to increased regional and international trade and contribute significantly to meeting the export targets under the 8<sup>th</sup> NDP. GRZ will provide resources for investments in: (1) cost of stakeholder consultations on gaps in trade infrastructure around the country; (2) cost of constructing new facilities at identified strategic ports of entry; (3) cost of upgrading and rehabilitating facilities at existing ports of entry; (4) cost of maintenance of facilities at ports of entry.

## 3.6 SUB-PROGRAM 6: EMERGENCY PREPAREDNESS AND RESPONSE MECHANISMS AND NUTRITION

### 3.6.1 Investment Area 6.1 – Emergency preparedness

137. **PII.6.1.1 – Surveillance and Prevention of Plant Pests and Diseases.** To enhance international trade, preserve the biodiversity, and reduce the cost of disaster management there is the need for a nationally coordinated and targeted surveillance system that supports: the early detection of new pests; reporting of pest free areas and areas of low pest prevalence; and enhances pest incursion responses. GRZ is committed to cover the cost of: (1) resourcing



Plant Quarantine and Phytosanitary Services (PQPS) to enhance the regulatory services by enforcing the Plant Pests and Diseases Act No. 11 of 1958 and No. 13 of 1994 and the Statutory Instrument No. 69 of 2020; (2) strengthening the various National Plant Protection Organizations (NAPPOs) to provide early warning through to all targeted audiences; (3) establishing a compensatory mechanism of insurance to provide relief for farms and other agribusiness operations, as an incentive for plant or field registration and early reporting of incidences of plant pest and diseases; and (4) instituting a well-structured movement restriction of affected crops to safeguard the production of crops.

138. **PII.6.1.2 – Surveillance and Prevention of Animal Pests and Diseases.** The Government considers essential for Zambia to have an animal disease surveillance and prevention system that meets the OIE standards as stipulated in the Terrestrial Code and the Aquatic Code to ensure access to international markets for its livestock and fisheries products; an effective system that will help protect and improve the health, productivity, quality, and marketability of Zambia’s animals and animal products; this will also serve as an early-warning system to provide data that drives decisions amongst all stakeholders in case of a disease or pest incidence. For that purpose, GRZ, will provide resources to cover the cost of: (1) ensuring the enforcement of the Animal Act No. 27 of 2010; (2) building and upgrading national and regional laboratories that are accredited to OIE Quality Standards and Guidelines for Veterinary Laboratories and ISO/IEC 17025:2005; (3) investment in an animal identification system, movement recording system, event reporting, zoning of the country, and a traceability system to meet the OIE and Codex Alimentarius standards; and (4) building the capacity of the human resources to meet the management and technical standards.

139. **PII.6.1.3 – Provision of Subsidized Disaster Insurance Products.** Considering the importance and social and economic benefits of disaster insurance products, GRZ will deploy a combination of measures bearing the cost of: (1) developing and deploying regulation on disaster mitigation; (2) providing smart subsidies on cost share basis for insurance premiums and investments in disaster mitigation; and (3) ensuring successful implementation by mainstreaming disaster risk reduction into the national development planning processes (Zambia National Disaster Risk Management Framework, 2017 – 2030).

140. **PII.6.1.4 – Promotion of Seed, Grain and Grazing Reserves and Storage Facilities.** Setting-up local seed reserves will help avoid the forced replacement of local varieties through seed relief activities in disaster situations often dependent on the importation of bulk quantities of seed with a uniform character from outside Zambia. Establishing and maintaining strategic grain reserves will support food security for emergencies, stabilise food prices and help the Food Reserve Agency (FRA) stick to its core mandate as a national strategic reserve and not compromise its role to that of a commercial player in the grain market. GRZ is committed to deploy resources to cover the cost of: (1) construction and operation of a national environmentally controlled strategic seed storage facility; (2) FRA procurement of strategic grain reserves; and (3) establishing strategic grazing reserves in all 10 provinces.

141. **PII.6.1.5 – Knowledge Dissemination Measures and Training of Farmers and Communities on Disaster Preparedness Methods.** Disaster preparedness is essential to eliminate or reduce exposure to risks and accelerate recovery from disasters and their consequences on livelihoods. Effective disaster preparedness requires heavy involvement of farmers and communities at risk as they are the primarily concerned actors who will be applying acquired disaster preparedness methods on their farms. GRZ is committed to deploy

resources to cover the cost of: (1) disseminating awareness on the importance of disaster preparedness and (2) conducting trainings on effective disaster preparedness measures.

142. **PII.6.1.6 – Early Warning System for Natural Disasters.** Early warning systems provide farmers and communities with relevant and timely information in a systematic way before, during and after a disaster accrues to enhance their ability to make informed decisions and actions. GRZ is committed to invest in developing and operating national early working system that reaches all farmers, including those in marginalized geographic areas. It will bear the cost of building the basic elements of a functional early warning system: (1) effective monitoring and warning systems through investment in infrastructure and technical management capacity (2) developing and disseminating knowledge and awareness of risks; (3) inclusive and timely dissemination of information on detected natural disasters, and (4) strengthened national capacity for effective response.

143. **PII.6.1.7 – Provision of Emergency Evacuation Services.** Effective emergency evacuation system will allow immediate escape from disaster-hit areas where communities are exposed to imminent threat to their lives and their property. The GRZ is committed to provide emergency evacuation services to populations in need by investing in: (1) the equipment; and (2) logistics, for an emergency evacuation services to save humans and animal lives during emergency situations.

### 3.6.2 Investment Area 6.2 – Emergency response

144. **PII.6.2.1 – Rapid Response and Control of Plant Pests and Diseases.** While prevention is the most effective pest management strategy, it is vital to have a rapid response strategy in place to address inevitable plant pests and diseases. GRZ is committed to invest in a comprehensive rapid response strategy by committing resources to cover the cost of: (1) strengthening of PQPS and Zambia Agricultural Research Institute (ZARI) to (a) conduct regular broad inspections to catch infestations before they spread, and (b) training and equipping the PQPS/ZARI to provide rapid effective response to infestation; (2) information dissemination and training of farmers to recognize signs of an infestation; (3) establishment of communication channels to allow farmers to report incidents of infestations; and (4) funds to research institutions to research and provide rapid response solutions for plant pest & diseases.

145. **PII.6.2.2 – Rapid Response and Control of Animal Pests and Diseases.** While prevention is the most effective animal pest and disease management strategy, it is vital to have a rapid response strategy in place to address inevitable animal pests and diseases. GRZ is committed to invest in a comprehensive rapid response strategy by committing resources to cover the cost of: (1) strengthening of the Disease Control Unit of the Department of Veterinary Services to (a) conduct regular broad inspections to catch diseases and infestations before they spread, and (b) training and equipping the DVS to provide rapid effective response to diseases and infestations; (2) information dissemination and training of farmers to recognize signs of an infestation; (3) establishment of communication channels to allow farmers to report incidents of infestations; and (4) funds to research institutions to research and provide rapid response solutions for animal pests and diseases.

146. **PII.6.2.3 – Provision of Special Market Interventions Methods to Stabilize Markets in Crisis Following a Disaster.** Areas undergoing emergency situations or disasters might require special government intervention to stabilize the resultant vulnerability of the market. These special intervention methods, limited in duration, could include direct payments to farmers,

establishment of price interventions, and other disaster relief efforts that enable the agricultural market to recover from its state of emergency. By doing this, the government should be cautious in controlling prices, it should not make an activity unprofitable, traders do not market the crops that are price controlled. This can lead to increased shortages of essential agricultural goods and market speculation at the expense of consumers. GRZ will deploy resources to cover the cost of: (1) creation of a disaster relief fund within the DMMU; (2) direct payments to farmers for damages not covered by insurance; (3) administering the and monitoring these subsidies.

147. **PII.6.2.4 – Rehabilitation of Affected Areas.** Rehabilitation and reconstruction are often required after a natural disaster if the economy is to recoup and recover from it. Public investment efforts in post-disaster infrastructure rehabilitation and reconstruction are necessary to restore the regular functioning of Zambia’s economic activities. will aid the rebuilding efforts after disasters by committing resources to cover the cost of: (1) funding the rebuilding and rehabilitation of damaged public infrastructure; (2) supporting NGOs who engage in rehabilitation and rebuilding work through subsidies and tax exemptions on services and materials utilised for rehabilitation purposes; (3) the process for decision making on tax breaks to for profit organizations supporting the rehabilitation of affected areas.

### 3.6.3 Investment Area 6.3 – Social protection schemes

148. **PII.6.3.1 – Provision of food subsidies, food ratios, food stamps or coupons to targeted areas or demographics.** Food-based assistance program, as part of the broader social protection agenda, will aim to address vulnerability and social exclusion, protect vulnerable households against livelihoods risks, maintain an adequate level of food consumption and improve food security. The distribution of food or food vouchers will give beneficiaries additional resources to purchase food and other goods, which will contribute to maintaining caloric intake and diet quality. Food vouchers may be restricted to certain types of food to trigger increased consumption and intake of selected nutrients. GRZ is committed to bear the cost of: (1) designing or improving the design of the food-based assistance program; (2) rolling-out the program (food ratios, food stamps or coupons...); (3) monitoring and ensuring that food aid is only going to targeted demographic; and (4) studies to determine the effectiveness of the program and review if necessary. The government will also need to be cautious to ensure markets are functioning and food is available so that vouchers will be appropriate in stimulating the local economy. If food is not available on the market, they can have inflationary effects.

149. **PII.6.3.2 – Instituting conditional cash transfer scheme.** Cash transfers are a popular strategy for reducing poverty and improving health and education outcomes in poor communities. Conditional cash transfers provide to households, money with stipulations, or under specific behavioural conditions. Conditions usually include such things as requiring families to bring children in for regular health check-ups, enrolling children in school or, in the case of adults, testing negative for sexually transmitted infections. GRZ will commit resources to cover the cost of: (1) reviewing existing social cash transfer program (which is very popular and implemented by community development) to address existing gaps and enhance it; (2) administering and operating the scheme, and (3) monitoring to ensure it effectively targets vulnerable groups.

150. **PII.6.3.3 – Instituting Unconditional Cash Transfer Scheme.** Unconditional cash transfers will entail transfers of cash made by government or non-governmental organizations to individuals or households identified as highly vulnerable, with the objective of alleviating

poverty, providing social protection, or reducing economic vulnerability. Included in this category are social pensions to the elderly, disability grants, child support grants, and several pilot cash transfer schemes. Unconditional cash transfer schemes aim to reduce poverty by providing welfare programs without any conditions upon the receivers' actions based on the premise that giving cash to citizens provides them a safety net and thus allows them to have autonomy over their own lives. GRZ will commit resources to cover the cost of: (1) administering and operating the scheme, and (2) monitoring to ensure it effectively targets vulnerable groups.

### **3.6.4 Investment Area 6.4 – Promoting Nutrition Sensitive Agri-food systems.**

151. **PII.6.4.1 – Implementing Micronutrients Initiatives' Programs.** Malnutrition in Zambia takes many forms and is widespread. Despite concerted efforts to address malnutrition in Zambia it remains a major public health concern. Micronutrient deficiencies are more likely to be found amongst the most resource poor, food insecure and vulnerable households in the country. Food fortification and bio fortification programmes make an important contribution to the reduction of micronutrient malnutrition when and where existing food supplies fail to provide adequate levels of certain nutrients in the diet. Implementing food fortification programs will bring about good nutrition to enhance physical and cognitive development, prevents disease, and increases the potential of the workforce and the society at large. GRZ is committed to providing resources to cover the cost of: (1) studies to assess nutrient deficiencies in the population; (2) setting fortification standards and creating legislation to enforce them including; (a) consultancy for design and revision, (b) stakeholders consultation, (c) adoption of the legislation, (d) capacity building of implementing agencies; (3) process for decision making for tax alleviation on imports (equipment, premix...) for food fortification; (4) decision making on other tax incentives for companies effectively manufacturing and supplying fortified food in Zambia; (5) communication and social marketing of program; and (6) assessing the impact of micronutrient initiatives program; and (7) administering and managing fortification program.

152. **PII.6.4.2 – Implementing Measures to Strengthen Dietary Diversity.** Strengthening the link between agriculture and nutrition will be critical to improve availability of and access to nutrient-dense local foods to improve dietary diversity and reduce nutrient gaps among pregnant and lactating women and children 6–23 months of age in Zambia. The agriculture pathway to diet diversification will be achieved through the following interventions: (a) support to diversified farming systems and diversified income sources; (b) increase production of nutrient-dense foods, particularly locally adapted varieties rich in micronutrients and protein, chosen based on context assessment and local nutrition issues (e.g. increase production of legumes for their nutritional value – they are rich in energy, protein and iron); (c) promote horticultural crops which can improve micronutrient intakes and dietary diversity; (d) produce animal-source foods on a small scale to improve intake of micronutrients, protein and fat (e.g. promotion and support of poultry and small livestock holdings); and (e) promote the use of nutritious, underutilized wild variety foods to address the multiple forms of malnutrition. GRZ is committed to provide resources to cover the cost of: (1) research on nutritional value of local varieties of various commodities; (2) communication and social marketing of program; (3) capacity building of district level agencies on interventions mentioned above; (4) training communities to produce diverse vegetables, livestock; and (5) smart subsidies to households that have received training and are adopting diversified farming systems.

153. **PII.6.4.3 – Implementing Measures to provide and Distribute Specific Food for Therapeutic and Nutritious Purposes to Targeted Demographics.** It is essential to ensure that the micronutrient needs of people affected by a disaster are adequately met. Emergency context can cause acute or chronic malnutrition due not only to an inadequate food intake, but also to limited access to potable water, hygiene and health services that lead to recurrent infections that translate into increased nutritional needs for recovery. Micronutrient deficiencies can easily develop during an emergency or be made worse if they are already present. To address this, it is critical that general food rations are adequate and well balanced to meet nutrient needs, and that they are distributed regularly and in sufficient quantities until the emergency has been overcome. GRZ is committed to providing resources to cover the cost of: (1) buying and distributing therapeutic foods to targeted demographics; (2) decision making on tax incentives to promote the manufacture of therapeutic foods; (3) administering, managing and monitoring program; and (4) developing and disseminating knowledge packages for the promotion of the program.

154. **PII.6.4.4 – Dissemination of Information on the Benefits of Better Hygiene Practices.** Raising awareness of good hygiene practices reduces the incidence of water and food borne diseases and contributes to the population's general health. GRZ will make the needed investment to promote better hygiene practices by covering the cost of: (1) developing and adapting knowledge packages to raise awareness about better hygiene practices; (2) social marketing of the Better Hygiene Campaign; and (3) support for NGO, Private Sector, and Civil Society Organizations working to raise awareness of better hygiene practices by educating the public.

### **3.7 SUB-PROGRAM 7: SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES**

#### **3.7.1 Investment Area 7.1 – Conservation and Sustainable use of Natural Resources**

155. **PII.7.1.1 – Performing and Implementing Payment for the Environment' Schemes where Appropriate.** Agricultural activities can be beneficial to the environment and protect the ecosystems. GRZ is committed to support farmers who practice agricultural activities that are beneficial to the ecosystems through direct payments for these services, since the benefits are public goods and are critical for the development of sustainable commercial agriculture. GRZ will mobilize international (e.g., climate funds) and domestic resources to invest in bearing the cost of: (1) developing the governing structure, establish the conditionalities, processes and procedures for a transparent and fair mechanism to provide incentives for agricultural practices that are public goods and preserve the environment; (2) payment for ecosystems services through direct payments to farmers who practice the climate and environment friendly practices.

156. **PII.7.1.2 – Defining and Enforcing Standards and Measures to Reduce the Pollution of Land, Air and Water from Agriculture.** Defining and enforcing standards and measures to reduce the pollution of the environment such as from agriculture is very important because economic activities of some enterprises in the agri-food cause environmental externalities. The Government of the Republic of Zambia is committed to bear the cost of: (1) resourcing the Zambia Environmental Management Agency (ZEMA) to review and enforce the environmental protection and pollution control measures of the Environment Management Act, 2011 activities in the agri-food sector; (2) sensitize critical value chain role players and build their capacity to comply with the regulation on environmental protection and pollution.

157. **PII.7.2.3 – Promoting Sustainable Management of the 10 Major River Basins in Zambia.** Integrated river basin management provides the necessary institutional framework that ensures a participatory development approach with a well-structured governance that involves all the interested groups in the catchment. GRZ is committed to enable developing the ten major river basins in Zambia to meet their agri-food potential and while preserving their respective ecologies. This entails, WARMA working with Zambia Agriculture Transformation Trust Fund - Company, local Governments and value chain role players to ensure a sound management of the river basins. It will bear the cost of: (1) collaborative efforts between all users of each river basin to develop a spatial plan, which include land development, irrigation infrastructure, ecosystem protection; (2) possibly, the setting-up of dedicated agencies (private sector led) for land development, irrigation, landscape management; (3) mobilizing resources for the implementation of land development and irrigation schemes, along with ecosystem protection activities.

### 3.7.2 Investment Area 7.2 – Promoting the Use of Water and Energy Efficient Practices

158. **PII.7.2.1 – Promoting and Supporting the use of Water Efficient Practices and Technologies in Agriculture and Agricultural Value Chains.** Competitive commercial agriculture requires the efficient use of water to sustainably manage the water resources. Water efficient practices such as water saving irrigation systems, drought-resistant crops, and the planning, designing and managing multiple uses of water resources will be supported under this PII. GRZ will provide resources for the Government’s contribution for a one-time payment under a cost sharing arrangement with the actors who adopt water efficient practices.

159. **PII.7.2.2 – Promoting the Development and Dissemination of Renewable Energies in Agriculture.** Renewable energy utilizes natural cycles and systems—such as sunlight, wind, tides, and geothermal heat—to create energy in a form ready for human consumption. These sources differ from fossil fuels in that they can be replenished, and their use produces little—if any—greenhouse gases. GRZ is committed to promote the adoption of sustainable low-carbon energy sources such as wind power, solar, geothermal, or hydroelectric and to re-organize rural and urban dwellings and transport systems to make them more energy-efficient and carbon-neutral. It will provide resources for a one-time payment under a cost sharing arrangement with the actors who adopt renewable energy technologies.

## 4 INSTITUTIONAL ARRANGEMENTS

160. The policy oversight of the implementation of the CATSP will be the responsibility of the High Council for Agriculture Transformation (HCAT), which will be chaired by the President of the Republic of Zambia and will draw its members from among relevant Cabinet Ministers, heads of relevant Government agencies and representatives of the private sector. The institutional framework of the Program will include the CATSP Steering Committee (CSC) that will be responsible to the HCAT and will provide technical oversight of the implementation of the CATSP. Among other key roles of the CSC is the consideration and approval of CATSP Annual Plans and Budgets. The implementation of the CATSP Sub Programs will be the responsibility of relevant Government Ministries, Departments and Agencies (MDAs). The MDAs will be grouped in MDA Clusters, according to the sub programs. Each MDA Cluster will be led by a Cluster Leader – an MDA that will take the lead in the implementation of the sub program. The day-to-day coordination of the implementation of the CATSP will be the

responsibility of the Agricultural and Rural Economy Transformation Agency (ARETA), a stand-alone agency reporting to the CSC with staff assigned responsibility to oversee and support the day-to-day implementation of the CATSP Annual Work Plan and Budgets. As part of the institutional arrangements, the CATSP will promote regular policy dialogues at various geographical levels. The dialogues will inform the regular assessment of policies with a view to ensuring that policies are reviewed from time to time, in order to make the CATSP policy environment conducive. The details of the institutional arrangements of the CATSP are outlined below. The establishment of the CATSP institutions and structures will be done as part of the deployment of measures under PII.1.1.1.

## 4.1 STEERING

### 4.1.1 High Council for Agriculture Transformation

161. The High Council for Agricultural Transformation will be the highest oversight body of the CATSP. Its composition and roles and responsibilities are provided below.

162. **Composition.** The HCAT will comprise the President of the Republic of Zambia, Minister of Finance and National Planning, Minister of Agriculture, Minister of Fisheries and Livestock, Minister of Commerce, Trade and Industry, Minister of Lands and Natural Resources, Minister of Small and Medium Enterprise Development, Minister of Green Economy and Environment, the Bank of Zambia Governor, the Representative of Farmers Union, the Chairperson of the Bankers Association of Zambia, the Chairperson of the Zambia Agricultural Transformation Trust Fund, the Chairperson of the Grain Traders Association of Zambia, the Chairperson of the Millers Association of Zambia and the Chairpersons of the Industry Associations that will be formed as part of the Value Chain Development Plan Agreements.

163. **Roles and Responsibilities.** Overall, the HCAT will be responsible for the policy oversight of the implementation of the CATSP. Specifically, the following will be the roles and responsibilities of the Council: (1) receive, consider and approve the high level CATSP annual work plan and budget; (2) receive, consider and approve CATSP implementation progress reports; (3) provide policy guidance to, and resolve any policy issues or bottleneck surrounding and negatively affecting, the implementation of the CATSP and the agricultural transformation agenda in general; and (4) Consider and approve recommendations for amendments to the CATSP Legislation prior to consideration and approval of such amendments by Cabinet and submission to Parliament.

164. **Meetings.** The HCAT will hold scheduled quarterly meetings that will take place not later than the forty-five calendar days after the end of each calendar quarter. The Head of the Presidential Delivery Unit, after consultations with the President of the Republic and the Secretary to the Cabinet, will issue meeting invitations at least two weeks prior to the date of the meetings. The HCAT may hold unscheduled specials meetings at the request of any member of the council if a matter that requires the urgent attention of the council prior to the date of the next scheduled meeting. The notice for such special meetings shall be at least one calendar week.

165. **Secretariat.** The Presidential Delivery Unit established under the Presidency to track progress of implementation of presidential flagship initiatives will be the Secretariat of the HCAT and will be responsible for presenting reports on the implementation of the CATSP to

the HCAT, taking and keeping records of proceedings of HCAT Meetings and following up the implementation of the resolutions of the HCAT.

#### 4.1.2 Steering Committee

166. The CATSP Steering Committee will be responsible for the technical oversight of the implementation of the Program. The composition and the roles and responsibilities of the Committee are detailed below.

167. **Composition.** The CATSP Steering Committee will be chaired by the Secretary to the Cabinet and the following will be its other members: Secretary to the Treasury, Deputy Secretary to the Cabinet (Finance and Economic Development), Permanent Secretary (PS)-Agriculture, PS - Fisheries and Livestock, PS - Commerce, Trade and Industry, PS - Lands and Natural Resources, PS - Small and Medium Enterprise Development, PS - Green Economy and Environment, the Deputy Governor Operations - Bank of Zambia, the Chief Executive Officer - Zambia National Farmers Union, the Chief Executive Officer - Bankers Association of Zambia, the Executive Secretary of the Zambia Agricultural Transformation Trust Fund, the Executive Secretary - Grain Traders Association of Zambia, the Executive Director - Millers Association of Zambia and the Executive Secretary of the Industry Associations that will be formed as part of the Value Chain Development Plan Agreements.

168. **Roles and Responsibilities.** Overall, the CSC will be responsible for the technical oversight of the implementation of the CATSP. The following will be the specific roles and responsibilities of the Committee: (1) receive, consider and approve the detailed CATSP annual work plan and budget; (2) receive and consider CATSP implementation progress reports as consolidated by the ARETA; (3) provide technical guidance to, and resolve any technical issues surrounding and negatively affecting, the implementation of the CATSP; (4) consider and submit to the HCAT recommendations for amendments to the CATSP Legislation; and (5) supervise the Agricultural Transformation Agency.

169. **Meetings.** The CATSP Steering Committee will meet at least every quarter not later than twenty-eight days after the end of each quarter. The Head of the Agricultural Transformation Agency, in consultation with the Secretary to the Cabinet, will issue meeting invitations at least two calendar weeks before the date of the meeting. As with the Council, the CSC may hold special meetings to discuss and resolve any urgent matters/issues that cannot wait until the next scheduled Committee meeting. The notice for such special meetings shall be at least one calendar week.

170. **Secretariat.** The Agriculture and Rural Economy Transformation Agency will be the Secretariat of the CSC and will be responsible for presenting reports on the implementation of the CATSP to the Committee, taking and keeping records of proceedings of CSC Meetings and following up the implementation of the resolutions of the Committee and those of HCAT.

## 4.2 PROGRAM COORDINATION ARRANGEMENTS

### 4.2.1 The CATSP accountability system

171. During the launch year (2023) the Ministry of Finance and National Planning will oversee the preparation and adoption of the CATSP accountability system. In compliance with the regulations in force, this accountability system will include modules on programming, planning, budgeting, expenditure control, procurement, monitoring & evaluation and periodic reporting. Its enforcement through the arrangements described below, will result into



improving the quality of public expenditures in agriculture, and subsequently enhancing the business climate for agriculture. In 2023, the medium-term expenditure framework will be adapted to accommodate the respective budget lines required for the implementation of the PIIs by concerned MDAs.

#### 4.2.2 Sub-program coordination mechanisms

172. The implementation of PIIs under each sub program will be the responsibility of relevant implementing agencies that may be a Ministry, a Department or an Agency of Government with the exception of the implementation of facilities under the ZATTF. There is no single agency that will be responsible for the implementation of all PIIs under each Sub-Program. Thus, the implementation of each sub program will be the responsibility of multiple MDAs, which will be called Sub Program Cluster of MDAs. The coordination of the implementation of the CATSP Sub Programs will be the responsibility of the Cluster Lead Agency (CLA) as identified by the Interim Strategic Coordination Unit (which will be institutionalized as ARETA) based on mandate. The coordination of implementation of sub program activities will, therefore, be the responsibility of CLAs. Sub Program coordination mechanisms comprise Cluster Planning and Review Meetings that will be held quarterly. The CLA will be responsible for organizing and chairing the cluster meetings. CLAs will also be the Secretariat of their respective clusters.

173. The coordination of activities under Sub Program 2 will be the responsibility of the Office of the Executive Secretary of the ZATTF under the overall supervision of the ZATTF Board of Trustees. The main coordination mechanism of the sub program will be through Quarterly Planning and Review Meetings of the Fund. The meetings will be organized and chaired by the Office of the Executive Secretary and will be attended by heads of the each of the three pillars of the Fund – the Risk Sharing, Financial Services and Non-Financial Services Pillars. The meetings of the Board of Trustee of the Trust Fund will provide the apex and overall coordination mechanism of the sub program.

#### 4.2.3 Overall program coordination

174. The effective implementation of the CATSP will hinge on the strength of the integration of the implementation of various sub programs all the way down to the deployment of the PII measures. To achieve optimum integration of various facets of the Program, there will be need for effective coordination. The intra sub program coordination is described in Section 4.2.2 above. The overall day-to-day coordination of the CATSP will be the responsibility of the Agricultural Transformation and Rural Economy Agency. The Agency will ensure effective coordination of the implementation of the CATSP at program, national, provincial and district levels through various existing and new structures as detailed below.

175. **Program-Level Coordination.** At the Program level, the ARETA will directly coordinate the implementation of sub programs. This will be done through Annual Planning and Review Meetings of Sub Program Cluster Agencies. These meetings will be preceded by intra sub program cluster meetings and similar meetings of Trust Fund referred to under Section 4.2.2. There will also be quarterly sub program level quarterly planning and review meetings that will feed into Steering Committee and High Council meetings. On a regular basis, the ARETA will interact with CLAs. To foster this coordination, the structure of the ARETA will include sub program coordinators who will be interacting with CATSP Focal Point Officers in CLAs and other MDAs including the Executive Director of the Trust Fund. To this effect, each CATSP MDA will appoint a CATSP Focal Point Person and his/her alternate.

176. **National-Level Coordination:** Beyond the Program-level inter sub program coordination, the CATSP will be achieved through the CSC and the HCAT.

177. **Provincial-Level Coordination:** As the implementation of the CATSP will be mainly done through existing structures of the implementing agencies, the coordination of the CATSP at provincial level within the sub program will be the responsibility of the office representing the CLA responsible for the sub program. Across sub programs, the Secretary to the Provincial Development Coordinating Committee (PDCC) will be designated CATSP Provincial Coordinator and will be responsible for the coordination of the Program. Coordination at provincial level will be achieved through monthly meetings chaired by the Provincial Permanent Secretary. The Provincial CATSP Coordinator will organise and coordinate the provincial meetings at which sub programme implementation progress will be reported by respective CLAs. All provincial based sub program cluster members will participate in the monthly implementation and coordination meetings.

178. **District-Level Coordination:** At the district level, the coordination of the CATSP will be the responsibility of the Secretary to the District Development Coordinating Committee (DDCC) who will also be designated CATSP District Coordinator. He/she will be responsible for organizing and coordinating district level CATSP monthly coordination meetings at which district-level CATSP CLAs will participate and present implementation reports. The meetings, which will be chaired by respective district commissioners, will discuss implementation progress, and address any program coordination issues.

#### 4.2.4 Monitoring the sub-programs' performance

179. **Objective and Rationale.** The performance of sub programs is concerned with the implementation of sub program annual work plans and budgets. Monitoring the performance of sub programs will focus on tracking progress in deployment of measures and facilities, and associated expenditures under each sub program vis-à-vis the AWPBs<sup>29</sup>. The overarching objective of monitoring the performance of sub programs, therefore, will be to ensure that the right measures are deployed on time as planned and utilization of funds disbursed towards deployment of the policy measures are neither misapplied nor misappropriated. Thus, the two key parameters that will be monitored are the rate at which policy measures are deployed and utilization of funds disbursed for purposes of deploying the measures. This will be achieved with the aid of the Planning, Monitoring and Evaluation System that will be developed as part of the CATSP Accountability System. Financial controls will be achieved through the existing Integrated Financial Management Information System, which may be improved if any inadequacies are observed. Below is the amplification of how the two parameters will be monitored.

180. **Monitoring Deployment of Policy Measures.** Sub Program AWPBs will be the bases for monitoring deployment of policy measures by each implementing agency. Implementing agencies will, on an annual basis, develop realistic time frames and come up with cost estimates for deployment measures assigned according to their mandate. On a quarterly basis, implementing agencies, as MDA Clusters, will report to the ARETA, progress in the implementation of the AWPBs. These reports will enable the ARETA to determine how well the deployment of measures is progressing, any causes of negative variances and put in place any control measures where negative variances are observed. The Planning, Monitoring and

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<sup>29</sup> Annual work plans and budgets.

Evaluation System will be the major tool that will be used to track the deployment of the CATSP policy measures.

**181. Monitoring the Utilization of Financial Resources:** With the use of IFMIS, the Office of the Accountant General and the Controller of Internal Audit under the Ministry of Finance and National Planning in conjunction with the ARETA, will ensure that necessary controls are put in place to ensure that funds disbursed for the deployment of CATSP policy measures are used for the intended and not any other purpose. The AWPBs and the associated quarterly progress reports will still be the bases for tracking CATSP expenditure. The analysis of the expenditure on the deployment of CATSP measures will reveal adherence to the Government and CATSP financial rules and policy lines.

#### **4.2.5 Monitoring and evaluation of sector results**

**182.** The monitoring and evaluation of the CATSP will be implemented in line with the Planning, Monitoring and Evaluation System developed under PII.1.1.2. The system, which will be part of the CATSP Accountability System, will be used to track implementation of annual work plans and budgets, including the performance of sub programs as described in Section 4.2.4 above. The monitoring and evaluation of sector results will focus on the Levels Two and Three of the CATSP Results Framework. Level Two Results are the CATSP output level results arising from the positive response by the private sector to Government's deployment of policy measures. These will be the intermediate results that will lead to the achievement of the outcome results (or Level Three Results) of the Results Framework. They include increased investment in additional production area, processing, uptake of technologies. Level Three Results of the Results Framework are the CATSP outcome level results that include increased food and nutrition security, increased job creation, increased agricultural exports, reduction in food imports, increased value addition and increased contribution to GDP. The CATSP outcome level results will be generated logically by the output level results arising from increased private sector investments as described above. The description of how the CATSP output and outcome level results will be monitored and evaluated is provided below.

**183. Monitoring and Evaluation of CATSP Output-Level Results.** The gestation period for the private sector to respond to the enabling environment created through the deployment of various policy measures under the CATSP will be varied; this will range from the short run to long run; the response is not expected to be immediate. The M&E System will track, and report increased investment by farmers and firms that will be registered as beneficiaries of the policy measures deployed by MDAs. The beneficiaries will include those actors registered under the Agricultural Aggregation Alliances (3As) and those that will be members of the industry associations established and promoted as part of the Value Chain Development Plan Agreements. The increase in investments by these farmers and firms will be monitored on an annual basis, and to the extent possible, the attribution of the increases to the CATSP interventions will be assessed. The approach recognises that with or without CATSP, some increases in investment by the private sector would still be registered. There will be increased investments that will be directly attributed to the CATSP as they will be financed by the Trust Fund established under the CATSP. Monitoring of investments by beneficiaries of the CATSP Trust Fund will be done through the 3As report and the all-players inclusive digital platform for operations visibility and traceability. The evaluation of the CATSP output level results will be conducted as an assessment of the effectiveness of the deployment of measures deployed by MDAs with the context of CATSP.

184. **Monitoring and Evaluation of CATSP Outcome-Level Results.** The key question that this section seeks to answer is 'How will the CATSP Outcomes be monitored and evaluated?'. The Third Level of the CATSP Results Framework consists of the short, medium, and long-term impacts of the output level results. As stated above, these results include food and nutrition security, job creation, value addition, increased exports, reduction in food imports and increased contribution to economic growth. The achievement of the outcome results will be monitored on an annual basis in accordance with the baseline values and planned targets. The main assessments of the outcome results will be conducted at midterm and towards the end of the Programme implementation period. In between the two main assessments, the achievement of the CATSP outcome results will be assessed through the annual assessment of policies - a measure specified under PII.1.1.4. The purpose of the evaluation of the outcomes will be to generate evidence of how outcome targets are being met or otherwise. The evaluation will further provide the analytical evidence of any variances in the achievement of outcome targets.

#### 4.2.6 Fiduciary management

185. The CATSP financial management and procurement will comply with the regulations in force, and with the additional rules prescribed newly established CATSP accountability system. For that purpose, the capacity of all concerned MDAs will be strengthened.

### 4.3 POLICY DIALOGUE

186. The fundamental principle of the CATSP is that it is a policy instrument-based investment program, and the success of its implementation will hinge greatly on the deployment of the right policy measures by government. These policy measures may be those within the CATSP but may also include those outside the CATSP but may affect the effectiveness of the measures deployed within the jurisdiction of the CATSP. It is imperative, therefore, that CATSP provides for platforms that support regular policy dialogue among stakeholders. These policy dialogues will inform and be informed by the regular policy reviews that will be conducted under PII.1.1.4. The policy dialogues will be conducted at various levels (local, provincial, and national) and will involve CATSP stakeholders at all these levels. It is at the policy dialogues that the deployment and effectiveness of the CATSP policy measures will be discussed by stakeholders. The outcome of the policy dialogues will feed into the CATSP annual planning that should commence in June of each year in order to fit within the national annual budget planning cycle.

187. **District Level Policy Dialogues.** At the district level, the policy dialogues will be coordinated by secretariat of the District Development Coordinating Committee and will be in form of a physical platform at which the implementation of the CATSP will be presented and discussed. The dialogue will take place once a year and will discuss progress in the implementation of the agricultural transformation agenda at the local/district level. The district policy dialogue meetings, which will be held in March of each year, will make recommendations that will be taken up at national level through the provincial policy dialogues.

188. **Provincial Level Policy Dialogues:** Provincial Policy Dialogue forums will be held in April or May of each year and will generate their own policy issues and discuss policy issues and recommendations from district-level policy dialogues. The provincial policy dialogue meetings, which will also discuss CATSP implementation, will make policy recommendations

to the National Policy Dialogue Forum. The forums will be organized and coordinated by the Secretariat of the Provincial Development Coordinating Committee.

189. **National Level Policy Dialogues:** The National Level Policy Dialogues will be held in June of each year and will draw participation from all agricultural and agribusiness stakeholders. The national policy forum will generate and discuss policy issues generated by itself, policy recommendations from district and provincial dialogues, and the policy recommendations from the regular assessment of policies conducted by policy units in line with P.I.I. 1.1.4. The outcomes and recommendations of the National Policy Dialogues will be presented to the HCAT through the CSC. The decision of the HCAT on the recommendations of the National Policy Dialogue will be presented to the Public-Private Sector Dialogue Forum (PPDF) by the Agricultural Working Group of the Forum. Overall, the policy recommendations arising from policy dialogues as shaped by the HCAT and the PPDF will feed into the CATSP Annual Work Plan and Budget and, therefore, the National Budget. The ARETA will be the Secretariat of the National Level Policy Dialogue.

## 5 BUDGET

190. **The main root of the CATSP budget is the costing of the PIIs.** This means that this budget reflects the real commitment of the Government of the Republic of Zambia, to implement this agricultural transformation policy, by investing public resources in implementing policy instruments that are more likely to improve Zambia's EBA scores.

191. **The improved business climate thus generated by the improvement in the quality of public expenditure, will result into an increase in private sector investments.** The potential volume of private investments that will be generated by these public investments is one of the output indicators of the CATSP. It will be calculated and updated during the preparation of the successive Value Chain Development Plan Agreements, an exercise which will be conducted during the second half of 2023. Indeed, each VCDPA will specify the level of investments required at farm and firm levels, to generate the desired outcomes.

192. **Budget costs per sub-program and investment area.** The structure of the budget is presented in the tables X&Y below. Table 6 presents the CATSP budget per subprogram and investment areas while table 7 outlines CATSP budget per sub program and category of measures. The total budget is X Kwacha billion, i.e., X USD billion, planned as following: X Kwacha billion or X USD billion in the preparatory year 2023; X Kwacha billion or X USD billion in year 1; X Kwacha billion or X USD billion in year 2; X Kwacha billion or X USD billion in year 3; X Kwacha billion or X USD billion in year 4; X Kwacha billion or X USD billion in year 5. As an indication, about X% of the expenditures (X Kwacha billion or X USD billion) will be devoted to infrastructure development, X% (X Kwacha billion or X USD billion) for the Trust Fund, X% (X Kwacha billion or X USD billion) for research and development and X% (X Kwacha billion or X USD billion) for all other PIIs.

193. A retreat of stakeholders responsible for the various PIIs will be organized in April 2023. Participants will finalize the PIIs and finalize their respective budgets, which will lead to developing an accurate budget for various CATSP Categories of Measures, Investment Areas (IAs) and Sub-programs (SPs), and subsequently filing these tables.

194. **Accountability system and implementation of the budget.** Firstly, a control system will ensure that each responsible MDA execute their Budgets in strict compliance with the eligible expenditures and modalities outlined for each PII. Each MDA will also be required to submit periodic reports on their performance in implementing the budget and achieving target inputs.

Table 6: CATSP Budget framework per subprogram and investment areas

	Budget – ZMW Billion						
	Prep. Year - 2023	Year 1 - 2024	Year 2 - 2025	Year 3 - 2026	Year 4 - 2027	Year 5 - 2028	Total
<b>Total CATSP</b>							
<b>SP.1: INSTITUTIONAL DEVELOPMENT AND PROGRAM MANAGEMENT</b>							
<b>IA.1.1</b> Enhancing the coordination, efficiency, and accountability of the public sector in delivering critical enabling results							
<b>IA.1.2</b> Establishing and resourcing the Zambia Agriculture Transformation Trust Fund (ZATTF)							
<b>SP.2 INNOVATIVE FINANCIAL AND RISK-SHARING FACILITIES</b>							
<b>IA.2.1</b> Rolling-out the TF Pillar 1 – the Zambia Innovative Risk-Sharing for Agriculture Transformation (ZIRSAT) Facilities.							
<b>IA.2.2</b> Rolling-out Pillar 2 of the Trust Fund – the Zambia Innovative Financial Services for Agriculture Transformation (ZIFSAT) Facilities							
<b>IA.2.3</b> TF Pillar 3 – Zambia Innovative Non-Financial Services for Agriculture Transformation (ZINFSAT)							
<b>SP.3 AGRICULTURE MARKETING, TRADE AND INDUSTRY</b>							
<b>IA.3.1</b> Market intervention schemes.							

	Budget – ZMW Billion						
	Prep. Year - 2023	Year 1 - 2024	Year 2 - 2025	Year 3 - 2026	Year 4 - 2027	Year 5 - 2028	Total
<b>IA.3.2</b> Food Safety and Quality							
<b>IA.3.3</b> Enhancing the Agriculture Marketing and Trade Policy Environment							
<b>IA.3.4</b> Promoting Agri-food processing.							
<b>SP.4 AGRICULTURE RESEARCH AND PRODUCTION SUPPORT</b>							
<b>IA.4.1</b> Promoting the adaptation, development and dissemination of CSA technologies.							
<b>IA.4.2</b> Adaptation, development and dissemination of other technologies and practices							
<b>IA.4.3</b> Promoting private and public extension services for crops, livestock and fisheries sub sectors.							
<b>IA.4.4</b> Promoting youth' skill-based training.							
<b>IA.4.5</b> Promoting the Production and Supply of Improved Genetic Resources							
<b>IA.4.6</b> Promoting the Supply of Mechanization Equipment							
<b>IA.4.7</b> Spatial Development Initiatives							
<b>IA.4.8</b> Enabling production and supply of safe and quality inputs for crops, livestock production and fish farming.							



	Budget – ZMW Billion						
	Prep. Year - 2023	Year 1 - 2024	Year 2 - 2025	Year 3 - 2026	Year 4 - 2027	Year 5 - 2028	Total
<b>SP.5 INFRASTRUCTURE DEVELOPMENT</b>							
<b>IA.5.1</b> Promoting the development of irrigation infrastructure							
<b>IA.5.2</b> Developing feeder roads and market infrastructure.							
<b>IA.5.3</b> Trade facilitation infrastructure development							
<b>SP.6 EMERGENCY PREPAREDNESS AND RESPONSE MECHANISMS AND NUTRITION</b>							
<b>IA.6.1</b> Emergency preparedness							
<b>IA.6.2</b> Emergency response							
<b>IA.6.3</b> Social protection schemes							
<b>IA.6.4</b> Promoting Nutrition Sensitive Agri-food systems.							
<b>SP.7 SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES</b>							
<b>IA.7.1</b> Conservation and Sustainable use of Natural Resources							
<b>IA.7.2</b> Promoting the Use of Water and Energy Efficient Practices							

Tables 7: CATSP Budget framework per subprogram and category of measures

CATSP SUBPROGRAM		Total					1. Regulatory Measures					2. Fiscal Incentives					3. Smart Subsidies				
		2024	2025	2026	2027	2028	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028
	CATSP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SP.1	Institutional Development and Program Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SP.2	Innovative Financial and Risk-sharing Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SP.3	Agriculture Marketing, Trade, and Industry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SP.4A	Agriculture Research and Production support - Crops	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SP.4B	Agriculture Research and Production support - Livestock & Fisheries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SP.5	Infrastructure Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SP.6	Emergency Preparedness and Response Mechanisms and Nutrition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SP.7	Sustainable Management of Natural Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

CATSP SUBPROGRAM		4. Infrastructure					5. Communication and Capacity Building					6. Process Management				
		2024	2025	2026	2027	2028	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028
	CATSP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SP.1	Institutional Development and Program Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SP.2	Innovative Financial and Risk-sharing Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SP.3	Agriculture Marketing, Trade, and Industry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SP.4A	Agriculture Research and Production support - Crops	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SP.4B	Agriculture Research and Production support - Livestock & Fisheries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SP.5	Infrastructure Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SP.6	Emergency Preparedness and Response Mechanisms and Nutrition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SP.7	Sustainable Management of Natural Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

## **ANNEXES**

**ANNEX 1. DETAILED RESULTS FRAMEWORK**

**ANNEX 2. COMPENDIUM OF POLICY INSTRUMENTS**

**ANNEX 3. VALUE CHAIN DEVELOPMENT PLAN AGREEMENTS**

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