



Sustainable Poverty Reduction through Area Development Projects

ZAMBIA COUNTRY REPORT

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ACRONYMS & PERSONNEL

Acronym	Full Name
ACP	Agricultural Commercialisation Programme
ADP	Area Development Project
ANRS	Amhara National Regional State (Programme)
ASIP	Agricultural Sector Investment Programme
CB	Capacity-building
CDF	Comprehensive Development Framework
CLUSA	Co-operative League of the United States of America
EEOA	Economic Expansion in Outlying Areas (Programme)
FRA	Food Reserve Agency
HIPC	Highly Indebted Poor Countries
IFI	International Financial Institutions
IRDP	Integrated Rural Development Programme
MAFF	Ministry of Agriculture, Food and Fisheries
MBT	Micro-Bankers' Trust
NATUR	Sida's Natural Resources Department
NGO	Non-Governmental Organisation
NSSD	National Strategies for Sustainable Development
ODI	Overseas Development Institute
PPP	Public Private Partnerships
PRSP	Poverty Reduction Strategy Paper
RBA	Rights-Based Approaches
REEF	Rural Economic Expansion Facility
SL	Sustainable Livelihoods
UTV	Sida's Evaluation Department
ZNS	Zambia National Service

Currency

US\$	UK£	ZK
1.00	0.68	4000

Disclaimer

<p>This report is a draft, based on relevant documents, interview notes and fieldwork in Zambia, circulated to Sida for comment. It should not be treated as a final document or quoted at this stage. A map will accompany the text to locate the towns and provinces mentioned.</p>

EXECUTIVE SUMMARY

1. Sida commissioned ODI and its partners to conduct a study of poverty alleviation through Area Development using a Sustainable Livelihoods Framework. Three countries were chosen as case studies, Zambia, Ethiopia and Cambodia. Fieldwork was first tested in Cambodia before being carried out in Ethiopia and Zambia in a broadly comparable way. This is a report of the Zambian study which reviewed the Economic Expansion in Outlying Areas (EEOA) Programme.
2. The economy of Zambia was based on a centrally-planned system with arbitrary pricing and state supply of inputs to agriculture until 1991. Financing was based on copper mines, whose output has gradually declined. Liberalisation of the economy after that date has failed to produce the expected increases in output, and indeed food security continues to deteriorate throughout the country. Food shortages were widespread in the country during the visit of the team.
3. Sida's support to co-operatives over many years failed to produce any significant change and in 1994-1995 and new approach was adopted, the EEOA Programme was designed. EEOA took off on a pilot basis in 1996, but reached something like its present form in 1998. It is due to end in 2002, to be replaced by a programme that unifies Sida's somewhat disparate activities in Zambia.
4. The underlying assumption of EEOA is that development should be market-led, and the key to development is a major re-orientation of smallholders towards a business outlook. This is to be achieved by "facilitation" and dialogue with local communities, training at the level of the individual, the household and the Interest Group, and facilitation of linkages between producers, processors and traders. Service delivery is largely excluded, although the Rural Economic Expansion Facility (REEF) is a facility that has funded some infrastructure, while EEOA has facilitated the establishment of the Micro-Bankers' Trust (MBT) in Programme areas for provision of loans to Interest Groups.
5. EEOA operates in two provinces, Northern and Eastern, where a number 'Facilitation Areas' (FA) have been selected within districts on the basis of their potential and responsiveness. In theory, EEOA conducts its operations in each FA for just three years, before moving on. EEOA's primary focus is on wealth creation rather than poverty reduction, through working with self selecting, articulate and literate households in accessible areas, considering that they are the best engine of economic growth. This is very much in line with the approach of the Draft Zambian PRSP presently in circulation. EEOA has recently acknowledged poverty reduction as an implied goal, but its design features do not lend themselves to the sort of targeting that would make this a reality.
6. EEOA has a relatively intensive system of self-examination and review and has significantly re-oriented its component structure, some activities and the monitoring and evaluation system itself over time. Review missions from Sida have been crucial to this process and this type of learning has been very effective. Although EEOA liaises or collaborates with a variety of external bodies, this has not always resulted in the desired synergies.
7. EEOA was originally conceived as a 'bypass' project, operating outside of the Ministry of Agriculture, Food and Fisheries (MAFF) which was considered too weak to implement the programme. As of 2000/01 collaboration with MAFF has been intensified and the intention is to integrate more closely. However, although MAFF has adopted the participatory approach of EEOA, its under-resourcing is set to remain a problem.
8. The sustainability of EEOA facilitation remains hard to judge, because of the short time frame and the resources necessary to monitor FAs where it is no longer active. A lack of baseline data on economic growth in individual districts will make this difficult to establish unequivocally. REEF infrastructure, notably roads, have proved hard to maintain.

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9. The incomplete liberalisation and poor development of an "enabling environment" restrict the possibilities for spread and require greater effort on the part of the Programme in the programme areas than would otherwise be the case. The critical mass idea and partial coverage of districts for a limited time period imply a greater spread effect than seems realistic. In the light of the importance attributed to spread and the speculative nature of a core assumption, a review of the project logic and clearer statement of the expected outcome and spread is necessary.
10. Individual EEOA beneficiaries have certainly improved their capacity to conduct business activities and the household survey indicated some levels of economic diversification. Nevertheless, facilitation of access to market information is weak and as a consequence, some 'Business Ideas' are of limited or no value. The 'dependency syndrome' characteristic of one-party rule still persists and the culture of self reliance promoted by EEOA may remain a chimaera, partly due to half-hearted commitment by government.
11. Zambia represents a problematic example for lessons in Area Development, due to the ineffectual state and the mismatch between the rhetoric the government addresses to the donors and policy realities, which continue to promote the values of the command economy. EEOA works with the self selecting, articulate and literate households in accessible areas, relying on a multiplier effect for poverty reduction. The extended time schedules required to make this effective suggest that a more segmented and pluralistic approach is required if its impact is to be in line with Sida policy. The tendency to select the more accessible and higher potential areas in a district effectively excludes the less favoured areas which is unusual in design terms and contrastive with Sida's policy elsewhere. The poor, almost by definition live in inaccessible areas and have restricted voice; depending on any sort of multiplier or trickle-down effect is a dangerous presumption. Development agencies surely have a commitment to reach disadvantaged groups in the here and now, sometimes in a way that may be unsustainable or even unviable economically. However this is framed, 'social protection', 'beneficiary segmentation' etc. it is surely imperative that some element in a project addresses deprivation and vulnerability immediately rather than postponing them to the finale of a lengthy process, even assuming there is empirical evidence to suggest that this process is effective.

The experiences from the implementation of the EEOA programme as discussed above suggest the following design considerations for future Area Development programmes;

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- a. Baseline studies are essential not only for understanding impact, but also for the ‘course-corrections’ that are part of a process project. The transition from a different programme should not be an excuse to omit the collection of baseline data. This especially true where development is to be market-driven; no effective business can run without reliable data and documentation.
- b. Effective poverty reduction will not occur unless this is designed into the programme at its inception. In particular, proposed mechanisms of trickle-down and diffusion to reach the poor must be based in socio-economic reality not development rhetoric.
- c. Time-scales are important. If a segment of the population is poor and disadvantaged, then one element of the any intervention should address their immediate needs rather than planning for this to occur at the end of a lengthy process
- d. If the market is the presumed engine of economic growth then the programme strategy has to be based on a realistic description of the market and of government policy, neither of which may correspond to their rhetoric.
- e. Design in clear and fully justified (cost effective) procedures for M&E
- f. Give more thought and if possible design in mechanisms for feeding ideas and lessons learned into wider processes.
- g. Greater attention to sustainability; either through transferring project methodology to government where capacity exists or devising means for civil society to carry through once the project finishes
- h. Area Development can promote wealth stratification (‘elite capture’), actually impoverishing the poor rather than benefiting them. Although this is probably not occurring in Zambia, this issue was not considered at the design phase.
- i. Over-concentration on promoting programme rhetoric at the expense of programme reality can lead to misleading evaluations and an absence of effective business thinking among beneficiaries

1. Introduction

1.1 Background

Area development projects (ADPs) are designed to contribute to the development of rural areas, especially those neglected or bypassed by central government or other more high-profile investments. The key design element is a multi-sectoral approach, similar to the Integrated Rural Development Projects of the 1970s, with activities in agriculture, water supply, health, rural infrastructure, and small-scale off-farm enterprises.

Sida requested ODI to carry out an evaluation of Sustainable Poverty Reduction through Area Development Projects, focussing on Sida-supported projects in Zambia, Ethiopia and Cambodia. Table 1 shows the full name of each of the three projects under consideration;

Table 1. Sida Area Development Projects

Country	Name	Full Name
Zambia	EEOA	Economic Expansion in Outlying Areas Programme
Ethiopia	ANRS	Amhara National Regional State Programme
Cambodia	CARERE/SEILA	Cambodia Resettlement and Reintegration Programme

This report covers fieldwork in Zambia undertaken by Steve Gossage, Chris Mufwambi, Rose Banda and Roger Blench between 15/01/02 and 07/02/02. Additional input based on document review and interviews in Lusaka was by Guy Scott and Honorine Muyoyeta. It should be read together with Sida's original ToRs and ODI's Inception Report, finalised 21/12/01. The additional report required by the ToRs is presented in Annex 1. Theoretical perspectives are summarised below and their application to the Zambian case study considered in Section 5.

ZAMBIA

Showing EEOA
Project Areas



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1.2 Theoretical perspectives

The approach taken by ODI to the study of ADPs brings together relevant elements of recent development theory and applies them to the field data. The main theoretical aspects given below are described in more detail in the inception report;

- Sustainable Livelihoods (SL) and Rights-Based Approaches (RBA)
- Role of the State, including governance and citizenship
- New architecture of aid
- Poverty reduction, diversification and sustainability in relation to Sida's overall mandate
- Integration and capacity building versus the delivery of services
- Microfinance, credit and the role of the private sector

The elements of SL approaches that underlie the analyses can be broken down in terms of their application to different units of society and government. These are shown in Table 2;

Table 2. Analytic Grid for ADP study						
		Central Government	Local government	Community	Household	Private Sector
1.	Vulnerability	—	+	+	+	—
2.	Integration of lessons learnt	+	+	—	—	—
3.	Sustainability	+	+	+	+	+
4.	Capacity building	+	+	+	+	+
5.	Livelihoods portfolio/ diversification	—	—	+	+	—
6.	Access to types of capital	+	+	+	+	+
7.	Directionality of Resource flows	—	+	+	+	+
8.	Income proxies	—	—	+	+	—
9.	Voice/articulatory	—	+	+	+	+
10.	Private sector	+	+	+	+	—

The inception report gives greater detail on the operationalisation of these categories.

2. The EEOA as a case study

2.1 Description of EEOA

The EEOA Programme was initiated in 1995 as a response to the liberalisation of the economy put in place in the early 90's by the Zambian government elected in 1991. It was expected that new opportunities would become available and that smallholders would need to improve their understanding and skills and develop links to the private sector, in order to be able to take full advantage of these new opportunities. The programme was also intended to build on the experiences, contacts and good will from the Sida-supported Integrated Rural Development Programmes (IRDPs) of the 70's, 80's and early 90's in Eastern, Northern and Luapula Provinces which had been closed following a shift away from independently operating service delivery programmes or projects. While learning from the problems of the IRDPs, a completely new approach was required to develop models for initiating an economic adjustment process and local self-sustaining capacity in agricultural production, processing and marketing. Key influences were to concentrate on capacity building outside government and build in ownership and maintenance of any infrastructural development from the beginning. In other respects, the new EEOA was more or less a complete departure from the old IRDPs, reflecting the changed context from liberalisation and other factors.

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A first 'Pilot' phase was initiated in 1995. The second 'Consolidation' phase was supposed to run from 1998 to 2001 but has been extended to the end of 2002 when all agricultural programmes and projects will be unified under one umbrella programme. The initial overall objective in the first phase was retained almost unchanged for the second phase as *"to contribute to improved living standards in the target group through increased income"* (EEOA 1997). Quantitative targets were not provided in the project documents.

The specific (immediate) objectives for the first pilot phase were given rather loosely in the Programme Document as *"(a) to support sustainable production, processing and marketing activities and (b) to support the development and maintenance of related infrastructure at district level"*. These were elaborated in the Programme Document for the second consolidation phase as:

- *"to enable anyone involved in agricultural production marketing and processing to recognise opportunities under a liberalised market regime and to create self awareness and self confidence sufficient for individuals to exploit these economic opportunities."*
- *to create the conditions for sustainable economic expansion by contributing to the improvement of local infrastructure and management training through public and private institutions, and*
- *to improve access to lending by commercial financial institutions to entrepreneurs for viable projects and to improve the financial management skills required by entrepreneurs".*

The number and wording of these objectives has evolved but the essential character remains the same.

(Sources: EEOA 1997, EEOA November 2001)

Slightly different versions of the **"target group"**, stakeholders or beneficiaries have been presented in the two Programme Documents and various reports. The most specific and clear is probably that given in the Programme Document for the first phase which specifies three main categories: rural village households, emerging smallholder farmers and district-based and existing district entrepreneurs involved in businesses related to agricultural production, processing or marketing.

The **programme vision** captures the essence of the programme quite well and provides a clear statement against which to evaluate overall success of the programme and in particularly its sustainability. Although not elaborated in the project documents, the programme vision was developed during the pilot phase and has been retained more or less unchanged to the present time. This is stated as:

*"After 6 years of operation in the target districts, the EEOA Programme will have initiated a sustainable economic development process in each district. A sufficient number of dedicated farmers and rural entrepreneurs will have been established in each district so as to form a **Critical Mass** necessary for sustainable economic expansion. Models will have been established for processes of future intensification of the economic links between urban and rural economic interests and stakeholders. Local and national commercial enterprises will have been formed and attracted to the districts and established profitable activities to such a degree that the private sector (which includes all farmers) will sustain commercial activities and future economic expansion (EEOA 2002)".*

The critical mass of successful farmers and business entrepreneurs is expected to lead and drive the process of sustainable economic expansion. It has already been reported that additional farmers and entrepreneurs in the "Facilitation Areas" have followed this lead and initiated their own farming and other businesses thereby creating a "multiplier" effect. Ideally, the ideas would also spread to farmers in adjacent and then more distant "Multiplier Areas". The vision also seems to imply that the process should be able to continue sustainably until the whole district is uplifted. Although the critical mass and multiplier ideas are of great importance for the implementation and indeed the justification of the programme, the theory and implications do not appear to have been well documented and are poorly quantified. The spread of the ideas and effect is a weak area of the Programme and this needs urgent attention.

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The uncertainty in the target groups probably reflects that of the primary focus of the programme which is usually stated as "wealth creation" although an underlying poverty reduction goal seems to be implied. The critical mass would be expected to improve opportunities for employment, marketing and prices, which have the potential to benefit the poor. This is an important issues which is discussed further below.

The three initial components were (a) rural household facilitation, (b) district development funds (for infrastructure and management training) and (c) a credit guarantee fund. The REEF component was split for the second phase into its infrastructure and training sub-components to make four components. After the failure of early initiatives with the Credit Guarantee Fund, this was changed in 1998 to a "Financial Services for Economic Expansion" component for savings and microfinance mainly through the Micro Bankers Trust (MBT). Two new components were added in 2001 to reflect a greater emphasis on business promotion and marketing, and agricultural extension support and networking which had previously been covered under the facilitation component. The programme has therefore evolved into the current six closely linked components.

- *Facilitation* is the foundation or core of the programme. This is an eight-step iterative process of dialogue, discussion and learning with local communities in "facilitation areas" to develop an understanding of local business opportunities and identify interest groups and individual entrepreneurs. Training needs are identified and training provided.
- *Rural Economic Expansion Facility* (REEF) supports rehabilitation or construction and local management of rural infrastructure to enhance production and access to markets according to local priorities. REEF requires a 20% local contribution in cash or kind.
- *Business and Management Training* provides formal and intensive training to emerging and established and emerging entrepreneurs in the district according to the identified needs,
- The *Financial Services for Economic Expansion* component facilitates access to information, savings and microcredit (mainly through the Micro Bankers Trust (MBT)) in order to support business expansion in the district.
- *Business Promotion and Marketing*: This is a new component (introduced in 2001) which grew out of the facilitation approach to allow increased emphasis to be put on comprehensive business identification and market research, finding ways for businesses to exploit these opportunities, and developing better links between producers, agro-processors, associations and business organisations. A more proactive approach will be taken than previously (rather than relying only on facilitation) in order to more actively support ideas in which there is strong confidence based on sound market intelligence and some experience.
- *Agricultural Extension Support and Networking*: A new component (introduced in 2001) aimed at production through facilitating the development of linkages for provision of extension and technical services to rural entrepreneurs.

(Source: EEOA Programme Documents 1995 and 1997, and Annual Reports)

Cross cutting issues relating to gender, the environment and HIV / AIDS are addressed throughout the programme. Programme management includes a strong monitoring and evaluation component which emphasises "action - reflection - action".

Of the total budget of just under 20 million SEK per year, approximately 48% goes on facilitation and District operations, 19% on REEF infrastructure, 3% on business management training, 4% on training of EEOA and government extension staff, 4% on monitoring and evaluation and 22% on management (EEOA 1997). Very little is now provided by EEOA for credit since MBT uses the funds recovered from loans.

The programme has a district focus, with each district programme working in four Facilitation Areas (and new districts expanding to six). The programme headquarters is in Lusaka. Each Facilitation Area has an EEOA 'Facilitator' and may include up to 1000 households. Work started in 1995 in Mpika and Chinsali Districts in Northern Province, and Petauke and Katete Districts in Eastern Province. The programme was extended to Isoka (Northern Province) and Chadiza (Eastern Province) Districts in 1998, and is now moving

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to Kasama and Mungwi Districts in Northern Province and Chipata and Nyimba Districts in Eastern Province (with minor activities in Lundazi and Mambwe Districts). The programme operates for three years in each Facilitation Area and a total of six years in a District. Activities are therefore phasing out in the first four districts.

The inherent flexibility of the programme has permitted a great variety of initiatives in different locations in response to particular local conditions and opportunities. This makes the programme complex and a complete description lengthy. The programme has prepared extensive documentation on all aspects. A detailed evaluation of EEOA was carried out in early 2001 (James et al 2001).

2.2 The underlying assumptions and design of the EEOA Programme

An understanding of the origins of the EEOA Programme is useful in better understanding the underlying assumptions and design of EEOA. The initial approach and design of the EEOA programme was developed from 1992-95 when Zambia was undergoing marked changes. The liberalisation process had been set in motion, government had largely withdrawn from input supply, credit and crop purchase, but the private sector had not yet started to function. By 1994, agriculture had almost collapsed in the more outlying areas and government began to take back some of these functions in a move to what was known as a transition to liberalisation.

A process was initiated in 1992 to develop some kind of follow-on to the IRDPs through discussions with government (MAFF). Two consultants Dr L. E. Birgegard and Dr Eriksson led these discussions. At this time, IRDP Eastern Province was following a planned phase-out process which was completed in mid-1993. The last coordinator for IRDP (EP), Dr H. Hedlund, was asked to prepare a concept paper to outline a possible follow-on project, to focus on a kind of demand-driven district-based development fund. A survey of all aspects of agriculture in Petauke, Katete, Mpika and Chinsali Districts (the first EEOA districts) was carried out in 1994 by Shawa and Simfukwe from MAFF, joined by Hedlund and Mothanda from Sida. The draft for the EEOA Project Document represented radical changes in approach and caused intense debate when circulated for comment. The EEOA Programme was eventually initiated along the lines suggested in 1995 (Source: Hedlund 1993 and personal communication).

The proposed programme was a direct response to the liberalisation policies being put in place by the government, and also drew on the experiences of the IRDPs. It was felt that while liberalisation had the potential to stimulate growth, areas away from the line of rail would be disadvantaged and less able to take advantage of the new opportunities. There would be a knowledge and understanding gap and farmers, input suppliers and traders would all need to adjust to the new situation. Smallholder farmers would be particularly disadvantaged by poor access to information, communication, credit, etc. The smallholder was then considered to be at the centre of Zambia's agricultural policy. In addition to improved understanding, information flow and a business focus, it was envisaged that infrastructure and credit would be needed in many cases to support economic growth. It was further considered that only real economic expansion could provide the resources for programmes to mitigate the effects of the Structural Adjustment Programmes.

The team leading the development of the EEOA Programme had an intimate knowledge of the IRDP (EP) and were very critical, particularly of the problems with ownership and maintenance of the infrastructure projects (roads, wells, etc), the apparent lack of impact from many years of capacity building within government and the growing aid/project dependence of government (Hedlund 1993 and personal communication). This understanding, reinforced by the decline and lack of direction of government at the time, indicated the need for EEOA to operate outside government. At the same time, although EEOA was seen as facilitating the adjustment of farmers and entrepreneurs to a liberalised economy and getting the private sector and market economy to work, it was also seen as important to get the government / District Council side to adjust to its new role and for the private and public sectors to work together and demand and provide services.

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Another relevant factor was that by 1994 the credit supply system had more or less collapsed. Government financial institutions had consistently had problems with loan recovery and so too had some other small-scale business support institutions such as Small Industries Development Organisation (SIDO) and the Village Industry Services (VIS). A number of reviews of the credit and savings situation in Zambia had been carried out and these were referred to in the first Project Document (e.g. ASIP 1994, Birgegard 1994, Henney 1992, IBRD 1993, Price Waterhouse 1994). Notwithstanding the obvious difficulties, credit (and savings) were seen as an important element in supporting economic growth and the "Credit Guarantee Fund" was established as one of the three key components of the EEOA. This assumed that viable, local, private and non-governmental microcredit institutions would be available or could be established to service the programme areas.

The period of programme preparation was one of intense change and uncertainty. The rapid liberalisation and privatisation of the agricultural sector in the early 1990s coincided with "structural adjustment" and very high interest rates. Government however continued to provide inputs for maize on unsecured credit and manipulated the purchase price in an unpredictable way. In spite of this and the fast pace of change, the broad assumption was made that the government would continue through to full liberalisation, the private sector would respond and develop capacity, and an enabling environment would be created. Some help would be needed especially for the less sophisticated farmers and entrepreneurs in the outlying areas. In order to cope with uncertainty, a high degree of flexibility was built into the design, with the Programme seen as having a process approach. The details of the facilitation process, selection of areas within districts, mechanisms for infrastructural funding and credit delivery, etc would all be developed during the course of the programme.

The first phase of EEOA was initiated as a development or "pilot" phase in mid 1995 with Dr Hedlund as the Coordinator. A second "consolidation" phase was planned to run from 1998 to 2001 and extended to the end of 2002 (EEOA 1994 and EEOA 1997). The approach, methodologies, instruments and linkages for the programme were developed during the pilot phase and have continued to evolve during the consolidation phase. At the same time, the situation in the private sector and marketing situation in Zambia has also been transmogrified. Although the fundamental premises of EEOA has not changed greatly, the components and activities have evolved considerably with the changing context.

2.3 EEOA as an Area Development Project

Key features of "Area Development Projects" (ADP's) are that they invest in specific, geographical areas which are generally rural and disadvantaged, in order to develop a range of linked or integrated activities across several sectors, largely for the benefit of the rural poor. Sectors may include agriculture (crops livestock, forestry and fisheries), water supply, health, rural infrastructure, etc (Rudqvist et al 2000 and World Bank 1999).

The current generation of ADP's have learnt from the many weaknesses and problems of the earlier Integrated Rural Development Programmes (IRDP's) and emphasise local and government ownership, links to macro policy, a process rather than blueprint approach, participation and sustainability (Rudqvist et al 2000). While some ADP's are truly multi-sectoral and cover well defined and relatively small geographical areas, others cover vast areas and follow a broadly sectoral and to a lesser extent multi-sectoral approach.

In this respect, EEOA is quite unusual. The programme has set up its own management structure, linked to but outside the Ministry of Agriculture, Food and Fisheries (MAFF). The sectors supported relate strongly though not exclusively to agricultural production, processing, marketing, and supporting infrastructure.. The districts selected have tended to be the more advantaged of those in the "outlying areas", and the Facilitation Areas have been selected for their development potential (production, access to markets, etc) and responsive population. Four or six Facilitation Areas have been selected in old and new districts respectively with generally 700 to 1,000 households per FA. A rough order of magnitude calculation indicates that the total households in all Facilitation Areas in a district would be around 10% to 30% of the rural population of a

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district, and something of the order of 10% to 15% of the households in Facilitation Areas would be direct beneficiaries, mainly through interest groups. This would mean that only around 1% to 4% of rural households in a district would be direct beneficiaries.

The term "outlying areas" was defined for EEOA in the Project Documents for the first and second phases as areas which are "disadvantaged" due to poor soils, low or very high rainfall, long distances from major markets, inadequate infrastructure, particularly transport and communications, and little or non-existent processing technology, and thereby put farmers at a cost disadvantage relative to other areas in the country being areas essentially those areas outside the line of rail. This would include the whole of Eastern, Northern and some other Provinces. Within Eastern and Northern Provinces, the first districts selected have been those along the main tarred national and international highways, and the Facilitation Areas within selected districts tend to be the higher potential areas nearer to these main highways.

2.3 Field methods

Information relevant to the main issues highlighted in the ToRs was obtained initially through literature review and interviews with key Sida and other personnel in Stockholm, and key EEOA, MAFF, NGO, private sector and donor personnel in Zambia. Field visits were made to the Provinces with EEOA programmes and various key individuals and groups interviewed as listed in Appendix 2. A check list of key issues was used for the interviews with key personnel as well as wide-ranging open-ended discussions. Field visits were made to Northern and Eastern Provinces where two and three districts respectively were visited. In each district, interviews were held with district EEOA staff and a variety of key government and public sector personnel. Visits were made to two "Facilitation Areas" in each district for discussion with a variety of groups benefiting directly under the Programme. After probing the particular focus of the group, the discussion was broadened to explore relevant issues. In addition, individual households were interviewed using a questionnaire. Households *not* involved with EEOA but in the adjacent 'multiplier' areas were interviewed as well as those benefiting directly (around 78% of the sample). Female-headed and poorer households were specifically targeted. Interviews were carried out by enumerators under the close supervision of the one of the core team members. Some of the household interviews were carried out directly by the core team members using the questionnaire as a base and a supplementary check list to explore relevant issues in more detail. Further interviews were held with EEOA staff, Sida and some key public and private sector individuals on return to Lusaka. A preliminary draft report was made and presented to a cross section of stakeholders at a one day workshop in Lusaka. This went through several cycles of revision before finalisation.

3. Background to Zambia

3.1 Recent History

Zambia became independent (from Britain) in 1964. Up to that time little attention had been paid to smallholder/village agriculture save for the introduction by the Department of African Agriculture of improved varieties of plants and livestock for subsistence purposes and some experimentation with co-operative marketing. Northern Rhodesia's traditional role in the Southern African economy had been as a supplier of labour for mines, industries and commercial farms. Those who resided in villages partly "subsisted" in a non-cash economy while receiving cash, directly or indirectly, from those who travelled as migrant labour to the Copperbelt, to the farms of the Southern Province and of Zimbabwe, or to the South African gold mines.

After Independence the development of the rural areas, and agriculture in particular, became one of the Kaunda Government's high priorities (see summary in Reed 2001). Political developments largely blocked the migration of Zambian labour to the south; and demand for labour in the Copperbelt had stabilised and was not significant as a source of new jobs for migrant labour. At the same time, a number of white

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commercial farmers who felt insecure under the new African regime migrated to Zimbabwe and South Africa, leaving a shortfall in maize production capacity. In any event, the dependence of the country upon white commercial farmers for supplies of the staple crop maize was considered intolerable in the light of the racially polarised Rhodesian war. Zambia's revenue base was strong, due to reversion of mineral rights to the Government and to high copper production in a strong market buoyed up by the Vietnam war.

Agricultural interventions in the following categories were pursued:

- The establishment of state farms;
- Agricultural production by the Zambia National Service (ZNS);
- Promotion of smallholder farming through co-operatives and the establishment of a subsidised national marketing system - NAMBOARD for maize, LINTCO for cotton and soya beans, TBZ for Tobacco, the Coffee Board for Coffee.

State farms and the Chinese-style production of the ZNS failed in due course. Support for smallholders, through fertiliser and seed loans, and through guaranteed pricing of maize persisted for some time. Although there was an attempt to introduce other cash crops, maize was still the core crop, providing food security and cash at the same time. It was at the heart of the "social contract" between Government and the peasantry. No other crops received nearly as much finance or guarantees of purchase from the State. Meanwhile, its price was heavily subsidised in the urban areas, and the price of mealie meal became the symbolic ground where the populace expressed its political discontent, and upon which the Government expressed its "caring" for the people.

By the late 1980s the input, transport, marketing, milling and retail subsidies of the maize industry were probably the major factor fuelling hyperinflation. The system was clearly unsustainable and started breaking down at all stages of its workings. It was "officially" brought to an end in 1992 by the new MMD Government that had removed the Kaunda government by a landslide victory in late 1991. The marketing of maize, seed and fertiliser was declared "liberalised" with the hope that the private sector would automatically take over.

In 1992 the extent of maize mono-cropping in the South, centre and East of the country was spectacular. The drought of 1992, which wiped out all maize in the southern half of the country, exposed the fact that the cultivation of all other carbohydrate crops had virtually ceased throughout the area. The proportion of land planted to maize in the Southern Province was estimated by air reconnaissance to be upwards of 98 percent. The new Government announced a policy of support for crop diversification.

The 10 years of MMD since 1991 have been marked by an evident gap between pronouncements and actions. The policies of liberalisation and diversification have gone hand in hand with the continued supply of fertiliser on unsecured credit for maize production. A variety of institutional and financial arrangements have tended to obscure the extent of Government involvement and insulate it from conditionalities imposed by donors. Periods of high maize prices have been characterised by the appearance on the market of maize meal that is obviously subsidised. The recent period of maize deficit that coincided with the run-up to the national elections of 2001 heavily featured various forms of price control not backed by law – including threats by Government officials to millers and retailers. The obsession with maize – as the only "real" crop and the only "real" foodstuff – still exerts its baleful influence.

The success of market liberalisation was threatened from the outset of the MMD period by macroeconomic policies of "structural adjustment". The first year of full, free maize marketing – 1993 - also featured Zambia's highest ever interest rates (rising to over 200 percent per annum). Such interest rates, and the fact that their future movement was unpredictable, were a powerful disincentive to the purchase and storage of all agricultural commodities including maize. They also acted as a powerful inhibitor of production – save where unsecured and thus non-repayable credit was available. The draconian interest rate regime was supposed to last for a transitional period of two or three years, following which the Zambian economy would enter a growth phase. However, the "transition" is still continuing, with current rates at over 30 percent in

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real terms. Rates have been kept high at least in part by the Government's desire to maintain an overvalued currency (the Kwacha is fully convertible) for the benefit of consumers. This in turn has depressed Kwacha commodity prices in both domestic markets (due to cheap imports) and export markets. In summary, *Zambia's macroeconomic policies of the past ten year have impacted negatively upon producers and upon traders in the slower moving commodities.* It is worth bearing this in mind when assessing the increasingly common allegations that the policy of liberalisation was too speedily implemented and has consequently "failed".

Agriculture has received a low priority over the MMD period. The Food Reserve Agency (FRA) has never been funded to carry out its functions of price stabilisation and the maintenance of a strategic reserve. The Ministry of Agriculture, Food and Fisheries MAFF – now the Ministry of Agriculture and Co-operatives MAC – has had seven ministers in 10 years. Response to dissatisfaction in the sector is by way of "human sacrifice" rather than through considered reform.

While Government surreptitiously continues subsidies to maize producers and consumers, the private sector, the NGOs and the donors have been attempting to get the new, ostensibly liberalised agriculture sector working. Results have been "promising" though hardly spectacular. Commercial farms and estates have made strides in the production of horticultural exports, sugar and coffee. The most significant success in the smallholder sector has probably been the increase in cotton production, brought about by outgrower operators such as Lonrho and others following the privatisation of the State owned LINTCO. The smallholder tobacco sector has yet to exceed a few thousand tonnes (a fraction of Malawian production) and production of groundnuts has yet to return to historical levels. The poor diversification in food crops is largely responsible for continuing seasonal food shortages made which are more widespread following a relative failure of the maize crop.

Following presidential and parliamentary elections during the last week of 2001, Zambia has a new President and a largely new Cabinet, although the Movement for Multiparty Democracy (MMD) party continues in power (though with only 28 percent of the nation wide vote – well down from the heavy majorities of 1991 and 1996).

In his inaugural speech President Levy Mwanawasa announced that his government will place priority upon agriculture. First indications were that it intends to "return to the past" rather than place trust in the market. The first measures included the renaming of the ministry to include co-operatives, its placement under the Office of the Vice-President, and the announced intention of re-establishing a national authority for maize marketing.

In his speech at the opening of Parliament of February 22nd 2002 Mwanawasa announced a number of specific policies that reinforce the picture of "nostalgia" for the socialist marketing system. These include:

- Strengthening of a (State operated) input-supply system.
- Establishment of a new "Crop Marketing Agency" to replace the existing Food Reserve Agency to act as a buyer of last resort for "specified crops" (in practice maize would dominate any list of specified crops).
- The use of co-operatives and "farmer associations" as vehicles for government intervention, with the purpose of rationalising and targeting service delivery.
- Cost reduction of agricultural inputs (presumably through some form of subsidy).

Although the importance of the private sector in the agricultural policy framework is stressed, it is also explicit that the attainment of "market liberalisation and commercialisation" is a "long-term" goal.

In his budget speech and budget, presented to Parliament on March 1st 2001 the Finance Minister Emmanuel Kasonde puts flesh upon these elements of policy. The total budget for the Ministry is increased from K88 billion to K231 billion – in real terms a doubling from US\$30 million to US\$60 million. Almost half of this – K100 million - is allocated to the purchase of 80,000 tonnes of fertiliser (about the maximum

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amount that the village sector has ever been able to absorb). K50 million from this amount is explicitly provided as a subsidy “on fertiliser sold to targeted small-scale but commercially viable farmers, with each expected to grow one hectare of maize”. One thus presumes that the imported fertiliser is to be provided at less than half price to those fortunate enough to be targeted. Since neither the President nor any Minister has stated that the unsecured credit system will be dismantled, we might further assume that the fertiliser will be supplied on credit and that repayment may continue to present a problem. What is different from the previous state of affairs is that the intention to import and to subsidise, the financial provision to do so, and the exclusive focus upon maize, are all made explicit “up front”.

K2 billion is provided for the establishment of the Crop Marketing Authority (though this is plainly too little to allow it to actually operate). K15 billion is also provided for support to out-grower schemes dealing in non-maize crops – a matter of some interest to EEOA since this will presumably take the form of “soft” money for small-scale commercial developments such as are already taking place in some areas of operation.

Since the budget, the Minister of Agriculture and Co-operatives has announced that Government will effectively buy up all maize produced in the current season. While this may initially alarm free-marketeers it should be noted that the crop has been severely drought-struck this year and that such maize as is produced (probably less than 400,000 tonnes) is a strategic commodity in the current context. Government took similar action following the drought of the 1991/92 season.

The gratifyingly frank presentation of Government reservations about liberalisation should remove any illusions concerning the context in which a project such as EEOA is operating. Farmers still look to Government to supply the most expensive input and to purchase the (maize) harvest. Government itself looks to fulfil both these functions. It is not surprising that many EEOA staff mention “Government” as a major impediment to the success of their work.

3.2 Demography and population composition

Zambia has a population of just over 10 million people according to the 2000 census. Very roughly, half of these live in rural areas and half in urban (Table 3). About half are children under 16 and half are adults. There is a very slight preponderance of women in the overall populations.

Table 3. Zambian population by province

Province	Status	Population
Central	Mixed urban/rural	1,007,000
Copperbelt	Urban	1,658,000
Eastern	Predominantly rural	1,301,000
Luapula	Rural	785,000
Lusaka	Urban	1,432,000
Northern	Rural	1,407,000
North-Western	Rural	611,000
Southern	Mixed urban/rural	1,303,000
Western	Rural	783,000
TOTAL	-	10,286,000

Source: National Census 2000

Population density in rural Zambia is exceptionally low for such a well-watered country. It averages one family per square kilometre, with lower densities still in the Northern and Western Provinces and higher in Luapula, Southern and Eastern. Mpika District, in Northern province, is larger than Holland but has a population of only 145,000. However land pressure, though moderate by some African standards, does exist in some parts and migrant farmers from the South are found in Northern Province mainly due to persistent drought and availability of land for settlement on retirement.

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Ethnically the vast majority of Zambians are Bantu-speakers, with fewer than one percent of the population being of other racial origin. (Northern Rhodesia was a protectorate not a colony of Britain and was thus not a favoured destination for European or Asian migrants). There are estimated to be some 80 tribes in Zambia, falling into seven language groups. They differ considerably in their political and cultural history – and they differ most particularly in their agriculture traditions and practices. The traditions and practices of people from the Eastern and Northern Provinces in which EEOA operates are considerably different.

Per capita income in Zambia is estimated at US\$300 per annum, with poverty more severe in rural areas. Selected indicators are given below (Box 1);

Box 1. Rural poverty in Zambia

- Dependency ratio: 0.98 dependants per adult
- 25% of households have a dependant child with neither parent in the household
- 25% of rural households (vs. 20% of urban) are female headed
- 33.5% of rural people over 6 have no education; 59% have only primary education.
- Median years education for rural people is 2.6 years (3.9 for men) vs. 6.3 for urban people (7.3 for men) 4% of couples have no school at all between them.
- Median time to reach water source for rural people is 20 minutes
- 55% of rural households have neither bicycle nor radio (vs. 28% in urban areas)
- 71% of rural women have no access to mass media (55% for rural men). For Northern Province the figure is approximately 80% for both sexes.

(Zambia Human Development Study 1996)

3.3 Agricultural economy

Zambia has a sub-equatorial climate with a single rainy season and ample arable land. However, farming it successfully does present challenges. Rainfall is generally adequate in the north but decreases in amount and reliability to the south of the country. The soils are generally low in organic matter content, of low inherent fertility, and poorly buffered against acidification by nitrate in rain or fertiliser. When not corrected by liming this last factor tends to lead to the deterioration of fields and their eventual abandonment. These soil chemistry problems are more marked in the North than the East or South of the country. In terms of mechanical properties, many soils readily cap and pan, presenting problems with timely adequate cultivation operations. Weeds, some notoriously difficult to control, develop rapidly in the warm moist conditions of the growing period. Likewise, a wide range of vigorous fungal, insect and other pests can afflict crops at critical periods in the year. Under these conditions, well-capitalised and managed commercial farms, equipped with the paraphernalia of heavy machinery, agrochemicals, hybrid seed, access to soil testing etc. routinely achieve crop yields that are amongst the highest in the world. But the difference between commercial and smallholder yield-per-unit-area is considerable – a fivefold difference is typical and tenfold unremarkable.

A similar story can be told concerning livestock. Zambian commercial ranches, practising selective breeding, tick and disease control, improved pastures, mineral supplementation and rotational grazing, are equal to anything in the US or South America. The traditional cattle areas that lie immediately adjacent to them were previously overgrazed, disease-ridden and of low productivity, but are now largely undergrazed due to the reduction in the cattle population from disease. Attempts to narrow this dichotomy or duality have been numerous – but they have uniformly foundered on an array of obstacles.

To successfully farm in Zambia requires a considerable degree of sophistication and an appropriate temperament. Given the low level of education characteristic of the rural areas, and that many individuals are farming by default and not from choice, it is perhaps not so surprising that many extension efforts, credit schemes, marketing initiatives etc. have failed to impact significantly. Poor infrastructure and the breakdown of rural governance are contributory factors. The prolonged recession in the Zambian economy, combined with difficulties of access to foreign markets, creates generally weak demand for the standard

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agricultural commodities. Furthermore, there is an absence of long-term credit for capital investments, placing additional strain on any farmer seeking to improve his or her lot.

Nonetheless, there are striking regional differences. The characteristics of two peoples in two provinces – the Northern and the Eastern, which correspond to EEOA's operational areas result in distinct outcomes for agricultural production. The Bemba in the North are ingenious "natural farmers", responsible for developing slash-and-burn methods of rotation between forest and crop or between grassland and crop. Bemba cultivation was described prior to the Second World War by Audrey Richards (1939) in a famous monograph that describes the *citemene* system of burning brushwood to keep the soil fertile. Traditionally, permanent fields hardly exist in the North. The area has high rainfall and generally weak, acid soils and does not naturally lend itself to permanent cultivation. Problems with breeding rot-resistant maize delayed the impact of NAMBOARD upon the Northern Province and it is less "addicted" to maize growing as a sole economic activity. Although small stock is kept, the Bemba do not keep cattle – traditionally obtaining much of their protein from hunting, especially in the game rich Luangwa Valley and Bangweulu wetlands.

The Nyanja-Chewa people that dominate Eastern Province are sedentary cultivators and cattle keepers. Since this was also the politically dominant tribal group during the Kaunda era, it tended to be well served by NAMBOARD and quickly adopted the maize mono-cropping pattern of economic activity. Earlier accounts make it clear that Eastern Province was once the grainbelt, a surplus producer of maize and groundnuts (Tembo 1992). However, the decline of production throughout the 1990s has made it a permanent deficit area, a trend which both the IRDP and EPAD (a World Bank funded agricultural development project that ran in Eastern Province through the 1980s) have failed to arrest.

Do Zambia's village farmers have any comparative advantage? The one advantage that has been, and continues to be exploited, is the availability of family labour. Mechanical picking of cotton cannot match manual picking for quality and Zambia has developed a niche in the world market for hand-picked cotton. Production is only economic because immediate and extended family, including young children, are available to do the harvesting. The return to such family labour is probably on the order of US\$0.20 per head per day. Commercial producers are obliged to pay more than this for labour – and as a consequence cannot produce hand-picked cotton profitably.

Another crop that taps family labour availability is burley tobacco. This is grown mainly in Eastern Province and represents a spillover from the Malawian burley industry. It has remained static for many years, however, because of the difficulty outgrower operators have in enforcing compliance with contracts. Farmers may receive loans from a tobacco company but then sell to another buyer without repaying the loan (sometimes prompted by poor prices or political incitement). The problems with burley are a good illustration of the legal-institutional weaknesses that impede commercial development in Zambian agriculture. Technically, the Tobacco Act controls unlicensed buying of tobacco, and the Agricultural Credits Act provides for lenders to register and enforce their loan repayments. In practice neither Act has teeth. The Tobacco Board fails to monitor or take action against "raiders" and the Credits Act lacks even the registries whose existence it calls into being. Most land in the Eastern province is not titled and thus cannot be used as collateral by lenders.

One of the fundamental problems with the maize industry is that the village producer has no obvious comparative advantage over commercial producers. It is for this reason that the government-sponsored support system for the crop was doomed to failure, even without the inefficiency and corruption that characterised it. Maize is working-capital intensive, with over US\$250 of inputs required for a correctly grown hectare. It is not labour intensive, and there is no premium on it when hand harvested. The crop is extremely sensitive to imprecision – dropping its yield sharply if planted late or planted unevenly. Year-by-year yields and market prices vary substantially – something a commercial operator can tolerate by dint of access to

medium-term financing but which threatens even the household food security of the small producer. Most especially, the economics of maize as a marketed crop are adversely affected by its low value per unit of weight. For a farmer who is not close to the end-user (as farmers in outlying areas are not by definition) the cost of transportation reduces the farm gate price very significantly. Poor road infrastructure often exacerbates the problem, increasing the cost per kilometre five-fold or more. The popularity of the crop is due almost entirely to historic subsidies and price-guarantees – and the perception or hope that these will continue.

Anarchy at the grassroots level is also the main impediment to livestock development. Eastern, Southern and Central Provinces are severely afflicted by strains of East Coast Fever, a cattle virus disease. In colonial times, and on commercial farms to this day, this was controlled by dipping against ticks. To be successful this requires that all cattle in the control area are dipped more-or-less simultaneously. In years past this was achieved through compulsory free dipping enforced through the authority of traditional chiefs and headmen. After Independence these powers were stripped away and transferred to government officials; the result has been nearly 20 years of high cattle mortality.

Oilseeds and legumes are promoted both commercially and by donor interventions throughout Zambia. There are various traditional varieties of bean and groundnuts that are steadily produced and find a ready market in urban centres. The groundnut industry once looked set to expand significantly in the Eastern province but has instead collapsed in the face of technical and marketing problems. Soya bean has been introduced to small farmers but is still grown on a very small scale. Sunflower, despite its negative rotational qualities, is perhaps the most successful of the oilseeds, with industrial mills contracting small producers (not without problems of crop raiding) and small expellers being used within villages. The crop is low-input, easy to grow and tolerates imprecise timing of planting to some extent.

Only “western” crops are statistically monitored by Government. There are undoubtedly significant crops and markets that are off the official radar screen. These include cassava – an extensively grown traditional crop¹ in the north, north-west and west of the country. It is found in all markets in urban Zambia but no accurate figures exist of production levels or market volumes. Another “invisible” crop is sweet potato. Production of this has boomed, particularly since the introduction of a high yielding acid-tolerant variety known locally as *chingovwa*.

Box 2. Registration and licensing of traders

“I also wish to emphasise that my Government cannot allow the culture of loan default to continue unabated amongst farmers, agri-business companies and politicians. This culture is un-Zambian and all concerned have no choice but to abide by the laws of the land on this critical issue....measures outlined require that we retain some control and regulation of farmers and service providers. From 2002, Government will establish compulsory registration and licensing of all farmers and service providers to improve planning and targeting of business related services.”

President Mwanawasa, Speech on the opening of Parliament February 22nd 2002

¹ Cassava is in reality no more traditional than maize, both being of New World origin. But Zambian government classification of crops is status-based rather than agronomic.

3.4 The private sector

3.4.1 The nature of private sector activities

The discussion in this section excludes direct commercial farming, except where this has an aspect of interaction with small farmers. Trade in agricultural commodities has always existed in Zambia. Cattle from Barotseland were driven southwards by commercial traders before the end of the 19th century. Asian traders in Eastern province purchased maize and other commodities at rural shops and trading posts from the 1920s onwards – often dealing in extremely small quantities. There are reports in the literature of outgrower style promotion of oriental tobacco growing in the North of Zambia, organised from a base in Southern Rhodesia (Zimbabwe).

The Zambian private sector has long had to contend with restrictions on and interference in its activities. Non-Zambians (in practice mostly Asians) were barred from small-scale trading in the early days of the Kaunda regime. During this era, marketing boards existed for many commodities and price controls were exercised on others. Tobacco, cotton, beef, sugar, wheat and even vegetables - as well as maize – were subject to the all-too-visible hand of Government. But, apart from the clandestine interventions in maize and fertiliser marketing discussed earlier, free market conditions currently prevail.

With respect to maize and fertiliser it is often claimed by Government that the private sector has failed to enter these areas (thus requiring Government intervention). But it is precisely the erratic and secretive nature of Government intervention that has deterred the private sector. The context in which the private sector operates at the present time is unfavourable in two marked respects. One is the monetary regime of high interest rates and taxes that continues to prevail. Another is the lack of a proper legal-institutional framework for the enforcement of contracts and standards, alluded to in the previous section.

In the export sector, where local monetary and fiscal factors are less important, the private sector has tended to be fairly vibrant. The cotton contracting and processing business has expanded considerably since liberalisation. There are four “outgrower operators” in the business, the leader being Dunavant. The legal-institutional problems that afflict tobacco are less significant with cotton because its value-weight ratio is such that it cannot be moved far as raw seed cotton but requires to be processed in an industrial ginnery. There are only a handful of these in Zambia, quite widely dispersed, and only a limited amount of co-operation between operators is needed to deal with the threat of “crop raiding”.

Dunavant

There is strong linkage in the private sector between a number of interrelated activities:

- input supply (sometime with credit)
- transportation
- processing; and
- marketing

Eastern Province has the most developed private rural trading system in Zambia, due to the large population of entrepreneurs of Indian origin around Chipata (and extending into Malawi). Northern Province by contrast is far less developed commercially and many small-scale producers market beans, groundnuts and even cassava by travelling 800 km to the Copperbelt to sell directly to retailers or consumers. Small traders – “briefcase traders” – have largely taken over the role of State supported institutions in the local purchasing of maize throughout the country. Although derided as *kaponyas* (thugs) and as unscrupulous middlemen there is little evidence of unfair profits being earned by them. Local maize buying is extremely time consuming – sometimes requiring that a trader stay put at his “depot” for a month or more in order to accumulate a 30-tonne load to justify bringing in the transportation. Traders also take in consumer goods, including second-hand clothing, and establish “supermarkets” close to their depots in order to encourage the sale of maize by villagers. The generally low prices paid for village maize in the first half of the marketing season in recent years are mostly due to the depressed nation-wide market, since they are also experienced by commercial producers with far less dependence upon marketing intermediaries.

3.4.2 Attitude of government towards private sector activities

The Zambian private sector is sometimes described as the “semi-public sector” since the larger part of private sector activity is traditionally related to supplying or servicing Government. Even the part of the private sector that relates to small-scale farming is dependent upon a measure of Government supply or subsidy. Omnia Small-Scale, for example, a subsidiary of the South African Omnia Fertilisers, has been dependent upon commissions from Government for the supply of fertiliser to small farmers. Sable also depends upon Government contracts / subsidies for the delivery of inputs and for the ongoing importation of maize from South Africa.

A common attitude in Government is that privatisation and liberalisation have been forced upon Zambia by international donors intent upon their global agenda. This is common amongst civil servants and politicians – and predominates over a genuine belief in the merits of the free market. Producers are generally respected, although commercial estates are sometimes subjected to vilification by politicians over labourers’ conditions and treatment. Lonrho Cotton, in the past, has been subjected to negative publicity over prices paid to cotton producers. The private sector is “easy meat” for self-appointed activists – but that is not uniquely Zambian. Small traders, as always, are easily identified as “exploiters” of small producers. The real costs in time, transportation etc. that are faced by such people, together with the need to meet them from a limited and uncertain turnover, are not readily seen.

To what extent is Zambia’s private sector affected by monopolies and cabals? The common suspicion is that certain classes of trader or producer do act in collusion to raise or lower prices. In the context of EEOA’s operational areas the most significant alleged group is the “Asian” traders of Eastern province (this is more fully discussed elsewhere). Farmers have attempted, formally and informally and on many occasions, to set minimum prices for their crops. They have always failed due to individuals breaking ranks. Although there is some a priori suspicion (due to their small numbers) that cotton or tobacco outgrower operators work in conjunction to reduce producer prices, there is little reliable evidence of this. The geographic spread of small-scale buyers leads to a degree of local monopoly – especially for low-value commodities such as maize. However, prices are fairly well standardised and, as mentioned earlier, largely dependent upon the supply and demand situation nationally.

Government’s actions are of more significance than mere attitude. So far, under the MMD, no serious assault on any private agricultural business, far less a nationalisation, has occurred. However, the view that the private sector is “not up to the job” is being increasingly expressed – and has been given great impetus by the recent threat on the part of the Anglo-American Corporation to pull out of the KCM mining company. This has serious implications for the relevance of the EEOA approach and the sustainability of activities facilitated by the Programme as discussed under Section 5.3 Sustainability.

3.4.3 Related NGO and other private sector programmes

One of the most successful results from liberalisation has been the growth of a variety of private sector driven “outgrower” schemes which facilitate production of specific crops such as cotton, sunflower, tobacco, paprika, soyabean, horticultural products, etc, mainly by smallholders. The provision of inputs on credit, extension advice and the availability of a market are key ingredients. These are provided by commercial companies for specific crops with which they are concerned (e.g. Dunavant for cotton, Dimon for tobacco). A number of NGOs and programmes including EEOA promote a wider variety of crops through different arrangements for credit, extension and marketing (e.g. CLUSA for paprika, sunflower, soyabean, Africare for cotton, sunflower, soyabean, groundnuts, etc). It has been estimated that there are 180,000 smallholders involved in cotton, 1,500 in paprika and 6,000 in tobacco (MAFF 2000).

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Credit for inputs is the most difficult area and is usually provided through distributor farmers or outgrower managers to groups of smallholders who pay back in kind. Whereas the commercial companies pay for this directly, NGOs tend to make arrangements with existing micro credit organisations. Extension and advice is important so as to achieve reasonable yields, and also to facilitate the use of improved varieties and seed treatment which allows a degree of commercialisation of what might be considered a traditional crop (e.g. beans in Northern Province). The commercial companies provide an assured market for their product (e.g. for cotton or tobacco) with different arrangements for collection and payment. NGO's tend to link producers to traders and agribusiness.

NGOs also tend to put more emphasis than the commercial companies on the formation of viable farmers groups, training in crop production, business management, marketing, group formation, etc, market information, developing links and networks, and sometimes processing and infrastructure. EEOA supports all these and has had good success with outgrower schemes. While EEOA does not focus on or promote any specific crop, commodity, or business idea, some NGOs tend to focus on a limited range of crops and the commercial companies of course only promote the crop in which they are interested. Some NGOs combine their agricultural work with health, HIV / AIDS, education / literacy, etc.

4. SL Analysis

4.1 Livelihoods portfolio/ diversification

Livelihoods analysis tries to get away from stereotyping rural dwellers as agricultural producers and present a more rounded image of the diverse sources of income they can access as well as the risks and choices they face in broadening their options in this way. The poor are now seen as producers, labourers and consumers rather than merely passive victims of a process of impoverishment. The study therefore explored the pattern of changing livelihood options in the EEOA areas and the extent to which these could be attributed to the introduction of innovative local-level processes.

The material in §3. documents the remarkable dependence on maize and the continuing obsession with its production by both smallholders and government, despite its very obvious agronomic and economic limitations. The liberalisation of the economy has brought a wider range of staples and other crops onto the farm, but the widespread prevalence of hunger suggests that this process is so far ineffective.

Agricultural income may also come from crops specifically grown for cash (such as cotton, coffee, etc) as well as selling surpluses of food crops, smallstock and very occasionally livestock. The opportunities for cash crop production appear to have improved during the last 5 years (albeit after the near collapse of smallholder agriculture) due to various initiatives including commercial Outgrower schemes (e.g. Dunavant cotton) and more locally, the Outgrower schemes facilitated through the EEOA.

Various opportunities for generating non-farm income were mentioned during the meetings and interviews though these do not seem to be widely and systematically used, with households generally relying more on agricultural income. The most common new sources of income mentioned during the interviews are shown in Table 4:

Table 4. New sources of income stated by interviewees

Selling new cash crops	Tailoring	Carpentry
Selling surplus food crops	Fish and fish farming	Seed multiplication
Grocery	Radio repairing	Lending money
Baking	Jam and juice	Long distance trading
Selling livestock	Remittance	Restaurant
Beer brewing	Charcoal sales	Employment
Blacksmith	Second-hand clothes	Outgrower manager

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Most of these are, of course, only new for individuals and many were cited by only one person. Selling crops, baking and brewing are by far the most common sources of income. Apart from this, it is useful to have some idea of the income-generation opportunities that people perceive to be available if they have money. Figure 1 shows their primary answers;

It is generally accepted that migration to the towns in search of employment used to be important, particularly in the north which traditionally provided labour for the copper mines. Information from the meetings and interviews confirmed that this may be less important than previously. The remark was made that some had returned to settle back in their village (possibly on retirement). The decline of the mining sector, the collapse of the parastatal sector and the increasing problems of making a living in towns are likely to be factors in this return to rural areas.

Working as casual labour on the more successful small farms or larger farms has and continues to be a source of income and more importantly, a survival mechanism in times of hunger. Payment is generally as food, often with a small cash supplement. This came across during the survey but was not captured as a new activity. The opportunities for this appear to have increased as a result of the greater business orientation of some farms in the EEOA facilitation areas.

4.2 Vulnerability

One of the key emphases of the rural livelihoods approach is its emphasis on reduced vulnerability at the level of both the household and the individual. Vulnerability can be in terms of food security, climatic variability, threats of violence and civil disarray and drains on household resources through long-term sickness. In contrast with the situation in the other country studies, political stability and personal security are not major issues in rural Zambia. Businesses, however, are the subject of violent robberies and security guards are ubiquitous; for larger enterprises, this is a serious cost. Rural areas and peri-urban areas are also adversely affected by theft of food crops in the fields and cattle rustling. These were reported in both Eastern and Northern Provinces.

4.2.1 Food security

Seasonal shortages of food during the rainy season remain a feature of life in the rural areas in Zambia. Indeed, during the period of field visits in January 2002, the newspapers were reporting projected food shortfalls and hunger in Central Province. There were problems in all areas visited during the survey, including the main towns. Eastern Province which has historically been a major grain producing area in Zambia (Tembo 1992) but is now experiencing some of the worst shortfalls. The causes are irregular input price and availability and lack of diversification in food crops, with very high dependence on maize as the main staple. Other staples, cassava, millet and sorghum, are both more common and more diverse in Northern than Eastern province. Without a range of crops suited to varied climatic conditions, and low levels of adaptability among farmers, the very heavy rains of the 2000/01 season and the low rains in 1998/99 and 1999/2000 have had serious consequences. However, the situation is exacerbated by government involvement in provision of subsidised fertiliser and seed credit² through the Food Reserve Agency (FRA). Availability and timeliness of delivery are unpredictable, but farmers would rather persist with irregular inputs than adopt risk-averse strategies that would lift them out of the maize-fertiliser nexus. Table 5 shows interviewees' perceptions of the change in food security over the last five years.

² Or effectively subsidised, since such weak efforts are made to recover loans.

Table 5. What changes have there been in food security over the last five years?

Prevalence	No.	%
Better	57	59.4
No change	12	12.5
Worse	24	25.0
No answer	3	3.1

Those answering 'better' were for the greater part either in Northern Province or were EEOA adherents, suggesting that there has been an overall deterioration in Eastern Province, a view confirmed by other aspects of the interviews.

In the village interviews, only a small proportion of people had received some form of direct food aid (6 out of 96 or 6.3%). This was not a systematic sample and so should be treated sceptically since food aid distribution is not always consistent, but is nonetheless indicative. Malnutrition is also reported as a problem with the poorer households in rural areas though this could not be assessed. In high-rainfall, low population density country like Zambia this is quite unnecessary and reflects the chronic mismanagement of the agricultural production system.

A key aspect of the agricultural production system is the use of draught oxen. Weak access to labour resources means that cultivating enough land to feed the household requires considerable effort. Ideally each household would own a pair of cattle, but in fact 66 (69%) of 96 households had no oxen at all. Tractors are unknown for this type of smallholder. A few households (6) could afford to hire oxen, but the great majority rely entirely on hand hoes. The mean number of oxen in all households was 0.82 and in the 30 households owning oxen it was 2.63. Table 6 shows the incidence of draught oxen use in the sample;

Table 6. How do you cultivate land?

	No.	%
Not a farmer	3	3.1
Hand hoe	57	59.4
Hired oxen	13	13.5
Own oxen	23	24.0

There is considerable evidence that the use of draught power has decreased in recent years due to the incidence of East Coast Fever, a tick-borne disease, whose prevalence reflects the collapse of the dipping system and the ineffectiveness of the animal health services.

4.2.2 Chronic sickness

HIV/AIDS has the potential to seriously affect household productivity and wellbeing through the loss of the most productive members and the time and money spent in caring for patients. This can seriously affect the poverty status of any household. Zambia is reported to be amongst the hardest hit countries in the world and it is expected that this should impact on the rural population. Although not a statistically representative sample, even in the areas visited, 26% of those interviewed reported caring for long term sick people. The following question (Table 7) was asked with the idea of determining the impact of HIV/AIDS, although not all those in this category were necessarily its victims, as asthma and other conditions were also responsible for long-term debility. However, it gives some impression of the pressure on household resources. This seems to reflect the generally accepted national rate of infection of over 20% of the adult population.

Table 7. Are there long term sick in the household?

	No.	%
No	71	74.0
Yes	25	26.0

4.3 Access to types of capital and income proxies

In the classic SL model, the relative access to natural, social, human, physical and financial capital largely determines the vulnerability of an individual or household to external forces. The conversion of surpluses into financial capital and its expenditure on a typical range of priority goods provides a useful tool for analysing both increases in absolute wealth and wealth stratification. In the light of this, interviewees were asked about income proxies, in other words their priorities for spending if their income were to increase.

Income Proxies

In a relatively homogeneous rural society, income proxies are usually similar from one household to another. Interestingly, those cited during the survey tended to be concrete and individual, typically, tin roofs and bicycles. Although education and health are considered important in other contexts, they are considered part of the state and not something to be influenced by individual spending, a view in sharp contrast to urban environments.

Credit

Credit in the rural areas in Zambia is most commonly available for crop production inputs, typically for maize, cotton and tobacco. This is provided by the government through the FRA for maize, various NGOs such as CLUSA and Africare, and microfinance institutions such as MBT (with EEOA support). Inputs are usually provided in kind to groups or through outgrower manager groups. Repayment is by an agreed proportion of the crop. Short term credit is also desired for operational capital to start up or expand small businesses such as groceries. Microfinance institutions such as MBT also provide longer term credit in rural areas for capital items such as oil-presses.

EEOA included credit as one of the three main components of its first phase through a "Credit Guarantee Fund" to be operated through the Zambia National Commercial Bank. There were many problems and only a handful of loans were disbursed. Collaboration with the Micro Bankers Trust (MBT) began in 1999. MBT is a trust funded from government loans and a European Development Fund grant. After initial problems with on-lending through a subsidiary, MBT agreed to set up offices in Mpika and Chipata for direct lending. EEOA provided loan capital (loan fund) and operational start-up support funds. The system is now in operation and appears to be working well with repayment rates around 90%. Although MBT extended its services to the outlying areas in collaboration with EEOA, it is expected to continue providing these services on its own.

Although most rural households feel that they need money in order to improve their situation through some kind of 'business', savings are minimal and credit is typically seen as the solution. Since recovery of loans has historically been extremely lax in Zambia³, credit is often stereotyped not as a business strategy but as a government handout. Requesting credit is thus a rational strategy even in the absence of a thought-out business plan. Nonetheless, credit is uncommon and the perception is that it is getting more difficult to access. Only 43% of households interviewed during the survey had received credit (Table 8), and a minority felt that it was easier to obtain credit than previously (Table 9).

Table 8. Have you ever had credit?

	No.	%
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³ For example, the recovery rate for fertiliser loans made by the FRA was 6% in 2000.

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No	55	57.3
Yes	41	42.7

Most householders do not perceive advances in kind, such as fertiliser distributed at the beginning of the cultivation cycle, as credit which they identify with a cash advance. This is probably accurate in the light of loan recovery policies.

Table 9. Access to credit

Access	No.	%
More difficult	38	39.6
No answer	30	31.3
Same	1	1.0
Easier	27	28.1

There is also a tendency for group formation to be credit-driven. This type of credit dependence was often noted in interviews and meetings. A significant number of Interest Groups registered after EEOA facilitation received credit and this was thought to be one of the key motivating factors in group formation. Such credit can only be accessed through membership of a registered group which is problematic for the poorest households. Although credit has been central to the impact achieved in many programmes in rural areas (e.g. CLUSA, Africare), the establishment of sustainable credit delivery institutions has been a problem for Zambia in the past.

Land tenure

Access to land for cultivation is not generally considered to be a constraint for the communities in the programme areas and over most of Zambia. Most villages have surplus land which can be allocated to individuals through the village headman according to customary land tenure rules. All those interviewed cultivated at least 2 hectares with a mean of 2.2 ha. (indicating a very low spread of wealth stratification). There is a gender aspect to land in that women in married, polygamous and female-headed households will be affected in different ways, reflecting their standing in the household and the community. Although, there are allegations in some quarters of discrimination against women, particularly in female headed households, no specific problems were raised during the meetings and interviews.

Land near to *dambos* (low lying and seasonally wet areas near streams) for *dimba* garden cultivation was reported to be limited in some areas in Eastern Province and not all households had all year round *dimba* gardens. Land which can be irrigated by gravity from water furrows (e.g. in Northern Province) is presently sufficient but will become limiting if more farmers wish to irrigate. Free range grazing in the dry season in some areas (e.g. Eastern Province) necessitates fencing of *dimba* gardens and can reduce the possibilities for improvements to the upland fields through management of the crop residue. In Petauke district it had been reported that the local Chiefs had been approached to encourage herding of livestock in the dry season.

Security of tenure through customary systems is generally felt to be adequate for small holders with allocation of land being essentially through usufruct, with the headman as arbiter and the chief as “court of appeal”. There are disincentives, based upon lack of security, to investment in land held on mere customary tenure. But given the generally low land pressure it can be said to work adequately. The latest lands act (LANDS ACT NO. 29 OF 1995) was supposed to make title deeds to smallholdings in customary areas easier for villagers to acquire. However, there has been almost no land converted by sitting customary occupants into titled state land since 1995. The process itself is expensive and cumbersome (requiring a survey for example) and land rent is required to be paid to the State thereafter. Further, from a credit point of view, title deeds are generally not useful to smallholders as collateral since commercial lenders do not want such small farms and the battles with the community that may follow upon their seizure. Following the passage of the Lands Act there appears to have been an increase the risk of alienation of customary land to outsiders – perhaps facilitated by its more rapid and easily manipulated procedures. There is particular agitation about the alienation of land to “investors” in the Southern, Copperbelt and Lusaka Provinces, and there have been

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notorious cases of individual members of a family acquiring title for customary land for themselves as individuals – and then evicting their siblings. However, controversy surrounding land acquisition was not encountered during the field work.

Social capital

Resettlement and social fragmentation appear to be a long-term element in these areas of Zambia (see e.g. Zgambo 1992). Authority of chiefs has been severely eroded and recent remigration of urban or Copperbelt workers back to the villages has exacerbated the lack of social cohesion typical of much of rural Zambia. The interviews explored the prevalence of CBOs in the villages and found that nearly half the villagers were not members of any CBOs (Table 10) and many of the CBOs were recently created. This is strongly contrastive, for example with Ethiopia, where almost all respondents are members of strong and deeply rooted CBOs.

Table 10. Are you a member of a CBO?

	No.	%
No	37	38.5
Yes	59	61.5

In addition, apart from the EEOA, there are surprisingly few linkages with other NGO-like bodies. In fact the great majority of interviewees has no contact with any NGO (Table 11);

Table 11. Have you had contact with an NGO?

	No.	%
No	78	81.3
Yes	18	18.8

Typically, the NGOs familiar to people were HIV/AIDS awareness NGOs, family planning bodies and credit/ extension NGOs such as LWF, Africare and CLUSA.

4.4 Resource flows

4.4.1 Goods and services

The most visible impact of increased access to resources is the flow of goods and services in and out of the rural areas. In sharp contrast to Ethiopia, for example, almost all the interviewees felt that they were seeing this type of increased flow. Typically, products going out were the newer cash crops, such as sunflower seed, paprika, new groundnut cultivars etc. Although there has been some spread of mechanical and powered oil-presses, these remain on very small scale. Moreover, the potential for cheap imports has meant that artisanal producers trying to sell to mills in Lusaka are competing with product from nearby countries with cheaper labour. Labour migration, always on a small scale since the decline of the Copperbelt, seems to have decreased still further. This may reflect slight increases in enterprise in the local area. Typically, few new products are reaching the districts but it does seem that there has been an acceleration of 'old' products such as grocery goods. The towns however, have seen a more dramatic shift in the commercial landscape with arrival of South African supermarkets in the last few years, which have in many cases outcompeted Asian shopkeepers and made a wide variety of new products available to regional consumers, as well as creating new markets for fresh vegetables and fruit.

4.4.2 Access / road construction

Access is generally acknowledged as being crucial for marketing of agricultural and other produce as well as for social contact, flow of information and ideas and social development. It was noted that although in Outlying Areas (districts), the Facilitation Areas within each district tended to be closer to the main roads. In the districts selected up to 2001, these main roads are tar roads of national and international importance. This is probably not surprising given that the criteria for selection of Facilitation Areas include potential for development and responsiveness of the local population.

The REEF component of EEOA supports amongst other things, the rehabilitation of roads and/or stream crossings. Access roads had been worked on in three of the four facilitation areas in Northern Province. In each case, improved access had increased opportunities for agricultural business. Three other Facilitation Areas visited had a main tar road or good all-weather gravel road passing through. The road to the most remote facilitation area visited (Chimtende) in Eastern Province was passable but not good. Surprisingly, this road had not been upgraded since the village had opted for construction of a market shelter, which has undoubtedly hampered the development of marketing in the area. Villagers provide around 20% of the cost of the infrastructure usually in kind. Contractors are usually obliged to employ labour locally (including an agreed proportion of women) to inject capital into the village.

4.5 Voice/articulatory

4.5.1 How familiar is EEOA to beneficiaries?

All the interviews were conducted in villages within the EEOA Facilitation Areas except for four interviews in a 'multiplier' village just outside one FA in Eastern Province. About half of those interviewed had heard about EEOA. In contrast, no people interviewed in the village just outside but along the main access road to one FA in Eastern Province had heard about EEOA. It would obviously require more work in extra-FA areas to establish the significance of this, but it does suggest that claims about multiplier effects and the diffusion of new ideas to other sites is slower than might be predicted from the literature.

4.5.2 Speaking up

Although women tended to sit together and to the side in most meetings, people generally felt free to express their opinions on all subjects. The greater problem however appears to be that few public meetings are held to discuss development or other village issues. Village headmen are responsible for calling meetings and solving problems but this seems to be a rather ineffectual structure in practice. In a sense then it could be said that people feel free to say what they want but few are listening. This is reflected in the situation of the national press; newspaper are diverse and uncensored, but their impact on governance is very limited. This is in contrast to the situation in the other country programmes studied where freedom of expression is felt to be constrained informally if not formally, notably in Ethiopia.

Villages should have Area Development Committees to formulate village plans but this has yet to begin. EEOA works almost entirely with Interest Groups formed for various purposes. There is some contact with traditional Chiefs and Sub-Chiefs after initial contact on entering a new area, probably reflecting their role in the community. For instance, they had been contacted in Petauke to encourage herding of livestock rather than free range grazing.

Language issues

A total of nine different home languages were recorded from the interviews (Table 12). The scatter of languages indicates the importance of settlement schemes and the movement of households to settle away

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form their home area. Chewa and Nyanja are mutually intelligible and dominate in Eastern Province. In the north it is assumed that Bemba is the common language as far as extension material goes, although the high numbers of Namwanga speakers argues that this language should be given more attention. It was reported that these could be spoken by all in their respective areas since they are the languages used in schools. A significant number of the more educated interviewees at village level were also able to speak English. Interviewees who had settled from outside the Northern or Eastern Provinces could all speak the local language. Linguistic issues are not considered in any documents consulted.

Table 12. Main language of household

Home language?	No.
Bemba	31
Namwanga	30
Chewa	18
Nyanja	5
Tonga	4
Ngoni	4
Tumbuka	2
Lala	1
Lamba	1

4.6 Attitudes to risk

Many of the elements of SL analysis can also be thought of as changing attitudes to risk. Economic diversification is about taking risks by moving into new activities that are unfamiliar and may require time and resources to master. Crop and livestock diversification lower risk but also increase pressure on labour and land resources. Speaking up and manifesting articulacy in a climate that has previously been hostile or indifferent undoubtedly represents a risk. Extremely poor populations typically are unwilling to take such risks and signs of a changed attitude therefore reflect improved conditions.

If the three projects are compared, Cambodia is notable for the extremely rapid pace at which local populations take advantage of reduced risk. As food and personal security have improved and the risks to returns on financial outlay have reduced, investment in new products and processes has been extremely rapid. By contrast, in Ethiopia, risk seems to have increased in the period of the project and as a consequence made beneficiaries more conservative. Zambia represents a situation that is somehow midway between these extremes, with some new businesses operational but a strong persistence of handout-dependence and a limited ability to think past the maize-fertiliser nexus. If this analysis is correct, continuing food insecurity will constrain risk-taking and thus slow down economic growth out of proportion to the natural resources available to producers.

5. Project design and Sida's larger goals

In promoting area development, Sida has in mind a broadly two pronged strategy. In addition to sustainable development and poverty reduction in the area itself which should be of direct benefit to the population of the area, the programme should develop concrete examples of best practices which feed into the national policy process. With poverty reduction as the overall goal, learning, integration, sustainability and capacity building are important issues which need to be addressed within programmes. Sustainability is probably the most difficult to assess, especially if the project has only been active for a short period in some districts. Assessment also has the benefits of hindsight and improved understanding of issues from advances in development thinking. This is particularly the case with poverty reduction where the understanding of the multidimensionality and other aspects of poverty have improved considerably amongst development specialists since EEOA was designed.

5.1 Poverty reduction

5.1.1 Impact of the EEOA programme on poverty reduction

The Rights of the Poor (1996/97), a Swedish Government report, describes three dimensions of poverty: capabilities, security and opportunity. These are defined as follows;

- **Capabilities** are mostly understood as (a) economic capacity: including income, assets, savings, and (b) human and social capacity: including health, knowledge and skills.
- **Security** against unforeseen events such as sickness, accidents, injustice, economic and political crises etc. Remedies can be achieved, for instance, through social networks and security systems, enactment of legislation, etc.
- **Opportunities** for taking control over one's life refer to possibilities and options for participation in decision-making, in economic activities, etc.

The segmentation of beneficiaries and the relative emphasis on individual groups is left uncategorized. However, recent theory has underlined the importance of this type of analysis if poverty reduction is to be achieved. Poverty reduction was never one of the stated goals of EEOA, and this stance has been re-iterated in a number of documents and briefings by its staff. The focus is on economic growth through working with self selecting, articulate, literate households in accessible areas. The assumption must be, in terms of Sida's priorities, that such growth acts as an engine of area development and that this in turn will benefit the poor. Poverty reduction could therefore be considered as an implied goal. This is supported at least in the programme document for the first phase which includes improving the "economic environment of smallholders" and that "rural village households" are part of the target group. It would seem important therefore that the programme should acknowledge poverty reduction at least as an implied goal and take steps to understand how the economic growth facilitated by the programme may or may not reduce poverty.

5.1.2 PRSPs and the EEOA programme

The current drafts of the Poverty Reduction Strategy Paper (PRSP) for Zambia, being produced under the auspices of the Ministry of Finance, emphasise the role of economic growth as the key to poverty reduction. The mechanisms through which economic growth will reduce poverty are not elaborated, and neither are possible contrary effects. The subject of welfare, in the classical sense of benefits for the disadvantaged, is scarcely mentioned.

The focus of our PRSP is for the Zambian economy to grow over a sustained period of time at between five and eight percent per annum. A growing economy that creates jobs and tax revenues for the state is a sustainable powerful tool for reducing poverty. This growth should as much as possible be broad based, thereby promoting income generation, linkages and equity. It will also reduce the dangerously high dependence on aid. Poverty could rise sharply if aid is withheld.

Poverty Reduction Strategy Paper, DRAFT, September 2001 pp. 5-6

The development of a PRSP is an IMF conditionality for Zambia's accession to full HIPC status and it reflects Fund thinking, even though the writers are Zambian experts. A new draft is expected in March 2002 but it is unlikely that there will be any change of focus.

The PRSP draft identifies 25 specific interventions divided into categories. Some of these are well outside the EEOA scope (e.g. "high level energy provision....rural electrification"). However, a number of EEOA compatible interventions are identified, including;

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- Physical infrastructure rehabilitation and construction
- Promotion of agribusiness through training, reorientation of extension services, business training.
- Promotion of small-scale irrigation, and crop marketing and storage skills amongst small farmers
- Promotion of crop diversification and conservation farming.

The PRSP team's vision of rural Zambia is a private sector oriented and commercialised one. There is only one mention of the "vulnerable" and it is imprecise: "Establishment of support system for vulnerable households."

Part of the difficulty with evaluating the PRSP, especially in draft, and evaluating approaches against it is that it pays due deference to the role of every sector in poverty alleviation and reads almost as a check-list of sectors and sub-sectors, as well as a wishlist of possible interventions. At this stage it seems fair to say that there is no overall workable poverty reduction policy in Zambia – let alone one backed with political will. In this respect, ADPs can develop practical experience of best practice on the ground. Political will is still required to incorporate this into a wider poverty reduction policy.

As with many countries, considerable effort has gone into the identification of the poor in Zambia. The Ministry of Community Development and Social Services has conducted substantial numbers of Participatory Poverty Assessments (PPAs) in all regions of the country. Poverty proxies are hard to identify consistently, because of varying climatic and access conditions (Harlan p.c.).

5.2 Learning

Learning and taking action from the lessons learned is important for all programmes and projects. This is particularly the case with EEOA, which has put considerable effort into developing sound approaches so as to achieve a critical mass of agriculture-related entrepreneurs which can drive sustainable economic expansion. Learning is important within the programme, between EEOA and other programmes and to feed into national level processes such as the PRSP. Given that the original premise and justification for EEOA was the need for smallholders to adjust to and take advantage of the liberalised economy and agricultural sector, particularly in less favoured outlying areas, something like the activities facilitated by EEOA are needed in all outlying areas. Knowledge is like manure; not good unless spread.

The main mechanisms for learning within the programme revolve around the monitoring and evaluation (M&E) system. This starts with the *annual workplans* which are developed in each District and compiled at headquarters. These are broken down into six-weekly and quarterly plans against which *progress reports* are made. The reports are compiled from information from the routine monitoring of activities on a daily basis using various forms for each type of activity. The achievements for each activity / indicator based on the log frame are extracted for each district and compiled for the programme using a simple spreadsheet. In addition to the standard planning and progress reports, a number of studies are carried out;

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- **Baseline studies** are now carried at district level on entry into a new district, and at community level as the first contact with each Facilitation Area. This uses various participatory rural appraisal (PRA) techniques and a standard reporting format. When starting to work with households some weeks after entry to a FA, a more detailed household profile baseline survey is carried out for the 30 plus households which make action plans. Baseline data is updated for the purpose of impact assessment on phasing out from Facilitation Areas and Districts.
- **Case Studies** review the impact of specific interventions with a selection (2 per FA per quarter) of households. These studies are carried out by the national M & E Coordinator together with district EEOA staff. Short reports are produced.
- **Simple Tracer Studies** follow progress made by a small selection (2 per FA) of the households having action plans which have received training or undertake a specific initiative of interest. A short report is produced for each household and compiled into a district review. This is done by district EEOA staff.
- More **complex Tracer Studies** carried out by external consultants follow the progress made by a larger number of households 2 or 3 years after phasing out from a FA.
- **Impact assessment studies** are carried out by external consultants to assess the impact of EEOA support at phase out of each FA. A detailed report is produced for each study/FA with both qualitative and some quantitative information. This would include information on changes in attitudes, practices, production, incomes, etc, impact of the REEF projects, assessment of linkages, the multiplier effect, and so on.

An attempt had been made to set up a computerised database with household information from the household profile and action plan information. However, the cost-benefit analysis exercise triggered a re-think of the data and reporting requirements and the data collection forms have been revised. It is intended to adjust the computerised database accordingly and maintain all the detailed household records on computer.

The various reports are circulated internally and to MAFF, Provincial and District officials as well as some NGOs and private sector organisations. A whole series of meetings are held to review, plan and adjust the programme and activities. These include various district and HQ management meetings, the DAC-SEE meetings, quarterly reviews (district and HQ staff), the National Programme Committee meetings and Sida / MAFF meetings. In addition, Sida commissions six monthly supervision missions and a more detailed evaluation was carried out in 2001.

The M&E system succeeds in producing and distributing considerable information on a timely basis on most aspects of the programme. The quality of the data appears to be generally good. The lack of appropriate baseline data has been criticised in the past and this is now collected as the first task when entering a new area. It will not be known if this is adequate however until detailed evaluations against the baseline are carried out; always a difficult area. The system as operated at present is well within the capabilities of staff. Steps will need to be taken that the computerised system is designed appropriately in this respect. The system has been set up and is run almost entirely by employed project staff. Sustainability is not an issue. The M&E system as such is owned and driven by the programme and will stop when the Programme stops. Local stakeholders (notable the DAC-SEE and farmers groups) participate strongly in the planning of activities and targets which feed into the M&E system, and in discussing and instituting any necessary changes to the programme. The National Programme Committee, MAFF and Sida participate in the supervision / guidance missions, SWOT analysis, etc. The system is relatively time consuming and expensive and must therefore be justified through its usefulness. The quality of the analysis of the data and its interpretation depend as much on the people involved as the systems.

There is no formal and foolproof system for thorough scrutiny, synthesis and analysis of all data to develop the most appropriate corrective actions. This is not an exact science and still depends on the capacity and diligence of the management and M&E staff, and formal and informal interactions between staff and collaborating farmers and entrepreneurs. With the programme ethos of "action - reflection - action", ideas may be brought to many of the fora mentioned above. The most creative in this respect appears to be the quarterly combined district / HQ review meetings where issues are specifically raised and discussed. While it is not always possible to attribute particular leaps in understanding to specific parts of the M&E system, there has undoubtedly been considerable learning within the project. Important changes were made to the

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programme at logframe level for the second phase including greater emphasis on marketing and the specific mention of agriculture. The first phase was regarded as a pilot phase to develop the facilitation process amongst other things. Even more substantial course corrections have been made during the second phase including a restructuring of the programme components from three to six as mentioned above, a complete change in the credit institution and delivery system, closer collaboration and capacity building with MAFF, and even greater emphasis on marketing. Comments from household studies led to the greater emphasis on marketing, while the analysis of individual REEF projects enabled the programme to identify and focus on the more successful types of projects. It would appear then that learning within the programme has been effective and the programme has been able to respond.

Learning between EEOA and other Programmes is generally informal. Reports are circulated and there has been some coordination on the ground, particularly in trying to work in different geographical areas (e.g. Africare and CLUSA in Eastern Province). In some cases, programmes with similar activities to EEOA have been interested to move into certain Facilitation Areas (e.g. Chimtende) when EEOA phases out, in order to build on the work already done by EEOA. There has been great interest in the facilitation process which EEOA has developed and this has been an influence in shifting the MAFF from the previous top down approach (based on the Train and Visit system) to a more participatory, bottom up approach known in the Ministry as the "Participatory Extension Approach". On a more general level, staff from the different programmes all seem to know about each other and exchange information and ideas on an informal basis. The EEOA experience has also been of interest to Sida programmes in Zimbabwe, Tanzania and Mozambique resulting in information exchange and study visits.

A possible area for further collaboration is worth reviewing in some detail. It appears that the EEOA approach has worked better in Northern Province than Eastern Province. This is perhaps surprising considering that Eastern Province has historically been a strong agricultural province while Northern Province provided much labour for the mines. This may be explained in part by the very heavy reliance on maize in the agriculture of Eastern Province and the consequently much higher damage caused by the collapse of credit and marketing institutions after liberalisation and subsequent continued government interference in this crop. In the northern provinces there is less dependence on maize and so less damage would have been caused. Another aspect is the difference in the structure of the markets in the two Provinces. In Northern Province, the market is less complex and has smaller players, and it was easier to identify sound business ideas which could be successfully developed. In Eastern Province, it appears that the markets are more sophisticated and controlled to a large extent for some commodities by a strong Asian business community in Chipata. Margins are kept low and there is less room for farmers and the smaller entrepreneurs to manoeuvre. This is reinforced by the widespread cultivation of maize and the negative effects of government interference in this crop. Although EEOA Programme staff say that there has been good progress in Eastern Province, there is clearly a need to go further and operate at a higher level with a more in-depth understanding of the complexities of the market. CLUSA concentrate on a small number of well researched "best bet" commodities (groundnuts and paprika) and have actively developed the market for these from the inside and in competition with the Asian businessmen. There has been some success in raising the farmgate prices. This contrasts with EEOA's pure facilitation approach which it is argued could be complimented with a more proactive approach on certain "best bet" commodities with in-depth market research and development of the market from the inside. There are signs that EEOA is moving towards such a role (e.g. with the lime initiative being discussed) and much could be done through more active and direct collaboration on these issues with the other NGO's involved.

The value of the M&E system and the whole area development programme is hugely improved if the lessons learned are fed into wider national policy and practice. The Agricultural Commercialisation Programme (ACP) is a major part of the draft agricultural policy and *"has been designed as the main vehicle for implementing the agriculture component of the PRSP"* (MAFF 2001). The main thrust is economic growth through strengthening liberalisation to facilitate private sector led agricultural development which should ensure improved food security and increased income. The similarities with the EEOA Programme reflect the thinking in Zambia and the experiences from EEOA have undoubtedly been taken on board at least in the ACP where senior EEOA staff participated in the "Marketing and Agribusiness" and "Sector Development

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Coordination" working groups. How the policy and programmes will be translated into ground reality and how collaboration and cross learning will continue remains to be seen. Earlier remarks about policy versus reality and the intentions of the new government towards liberalisation seem to indicate that learning from EEOA at the national level will be constrained by the political agenda. The greater integration between EEOA and MAFF at District level will help to build understanding and experience within the Ministry which would be expected to influence thinking as politics allow, and provide the foundation for future change when needed.

Sida would normally expect to learn from the programmes it supports and the learning element with EEOA is proving particularly useful. The fact that EEOA was selected for this forward looking Area Development Study and the Private Sector supplementary study (which will feed into a broader forward looking study on the Private Sector in rural development) is a clear indication of this. It is also said that the EEOA approach will feature strongly in the unified agriculture sector programme to be supported by Sida from 2003.

5.3 Sustainability

In a country such as Zambia, sustainability of institutions depends on the political will of government. No amount of capacity-building, facilitation or training will make any long-term impact if government is not committed, as many projects have learnt to their cost. But government has historically proven highly fickle, changing policy on a whim and saying one thing and doing another. Moreover, support to rural institutions has always been poor because of the urban constituency whose obsessive interest in micro-politics has been fuelled by Copperbelt revenues. It is this perception that drove the design of EEOA as a separate structure focussing on households and individuals innovating in the private sector.

It is this same structure that makes the sustainability of EEOA's activities hard to assess. Institutions built by programmes are easier to evaluate, because they have structural design features that are or are not likely to persist into the future. Interviews with staff can assess their understanding and motivation. But training individuals in business techniques is rather like dropping a pebble in a pond. Quantifiable results may take a decade to come through; for the ripples to reach the shore. EEOA depends for its credibility on "sustainability", and because of the stated idea of developing a *"critical mass necessary for sustainable economic expansion"*, on the spread of economic growth at least into and for some distance outside the Facilitation Areas. Important questions then are what is it that should be sustained and what sort of spread is it reasonable to expect. Ownership and integration of functions into existing structures are related issues.

The EEOA Programme can be thought of as having essentially four main linked components which produce corresponding outputs.

- Facilitation and training of farmers and entrepreneurs are at the heart of EEOA and are largely responsible for producing an enhanced capacity to generate and implement business ideas in the community and (together with the other components) a core or "critical mass" of farmers and entrepreneurs with viable business running and linked to other relevant players in the market.
- Infrastructure support (through the REEF) which should put in place supporting locally owned and maintained infrastructure being mainly roads, irrigations canals, local markets, dip tanks, etc.
- Financial services and more specifically a source of credit through the MBT. This is almost entirely through groups so the establishment of groups through facilitation is an important part of this.
- Training of core MAFF and some other government staff to enhance capacity to support farmers. This is a relatively new component which while still small, has been growing in importance over the last two years to support the introduction and spread of the EEOA-like approaches. Use of MAFF staff was strictly limited during the first years of EEOA.

The EEOA Programme moves into a district for six years and operates in each Facilitation Area for three years. EEOA is set up with a parallel or by-pass structure which is not part of but works alongside its collaborators such as MAFF and MBT. While in operation, the EEOA "machine" straddles the public - private divide, with MAFF and other local government institutions constituting the public side of the

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equation. The private side includes the various entrepreneurs and groups which have been mobilised, the credit institution (MBT) and the improved infrastructure. Very crudely, EEOA can be considered as a cranking machine applied across the public - private systems in an area to wind them up and get things moving. When the "machine" is removed, things should keep moving and actually accelerate.

Therefore, when EEOA phases out from an area, what should be left behind which sustains itself are the main outputs mentioned above being namely:

- The core of individual farmers, groups and entrepreneurs with businesses running and with links and capacity to facilitate further development, and a core of further understanding and capacity in the community to facilitate spread.
- Various infrastructure and especially access roads in place and being maintained.
- The MBT running and providing financial services including credit.
- Improved capacity in MAFF, DAC-SEE, etc to provide market oriented extension support to farmers and enhance the spread of the EEOA effect.

In principle then, the EEOA "machine" is removed and is not intended to be taken over as a whole and sustained. During the course of the Programme's intervention and at phase out, many of the different parts and functions which the EEOA intervention had produced are taken over and then "owned" by the various public and private sector players. EEOA as such is therefore not owned by any single organisation public or private, and the nature of EEOA generally changes as the programme develops in a district. There is a tendency to say that the government, in this case MAFF, should own the programme and while this may have some validity at national level it could be misleading at district level. While the (MAFF) District Agricultural Coordinator may incorporate some of the business orientation and free market ideas and approaches supported by EEOA into normal extension work, and this should help to consolidate and spread the ideas introduced, there is insufficient capacity to continue with much of the overall EEOA programme. A greater role than this would also be questionable since the public sector is generally not good at leading private sector development and should concentrate on providing a regulatory framework and an enabling environment.

Returning to the issue of sustainability, what should be self-sustaining are the four outputs mentioned above. Indications are that many of the various individual and group businesses established and the groups themselves should be able to sustain themselves and even grow so long as supporting services (e.g. credit, access, etc) remain if needed and the economic climate remains stable. The test of time will show if they can withstand the unpredictable economic environment. The infrastructure is in place but maintenance, as ever, is not effective and although ownership is supposed to be guaranteed by community contributions, without corresponding political will from government, the potholes will continue to get larger.

EEOA expects that MBT will be able to continue running in the districts where it has established operations, but this is a problematic assumption. EEOA provided loan funds to MBT as start up grant capital to get the institution running on a sustainable basis. MBT's move into these areas was EEOA-funded and EEOA is in practice strongly involved in both facilitating loans and supervising the groups that must repay. Microfinance institutions in rural areas are notoriously fragile and without the backbone provided by EEOA, collapse must be considered a possibility. The Zambian government has a poor record of enforcing loan repayment in other rural arenas and other agencies have ceased for analogous reasons. Morale within MAFF is low and although the training and improved capacity will be made use of in some areas, it would be unwise to expect too much.

Spread however is a much more difficult issue. Although there has been insufficient time to see if the critical mass ideas really works, it would be reasonable to expect that there would be some spread within a Facilitation Area. However, unless the "enabling environment" is improved throughout the districts, it is hard to see how the effect would spread naturally very far beyond the surrounding areas, even to cover the rest of the EEOA supported districts. The enabling environment would include access, a supportive environment for the private sector, lack of government interference in input supply, pricing and marketing of

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maize or other crops, and availability of credit, marketing information and reasonable extension advice. It should be appreciated also that the EEOA supported Facilitation Areas were selected because of greater potential and responsiveness and that they had support with infrastructures and credit which will be difficult to extend to the rest of the district. EEOA is in a sense able to uplift the economic and trading environment and most significantly, give people the understanding and extra confidence they need. It is hard to avoid the conclusion that unless the government consistently supports liberalisation and withdraws from market interference, confidence will not be generated, the private sector will not provide the services to rural areas and the spread of EEOA-like developments will be extremely limited.

In principle however, the understanding and ideas are valid for the rest of the country. It is argued that this issue needs to be addressed in order to add value to the EEOA Programme. This is not a task for EEOA, but EEOA has a voice through its own staff and collaborating farmers, NGO's etc, and through the National Programme Committee in many fora. The importance of government commitment and leadership are obviously important.

5.4 Capacity building versus service delivery

Programmes or projects may provide inputs and services directly to beneficiaries (service delivery) or provide inputs and services to some kind of organisation or institution to build its capacity (capacity building) to provide services to the ultimate beneficiaries. The aim of EEOA is to give a core of interested farmers and entrepreneurs the understanding, knowledge, skills and contacts and therefore the **capacity** to set up and run their own farm business or related enterprises, in order that this may act as a catalyst and lead the economic growth in an area in a variety of ways. This includes the development of markets, and the linkages and networks necessary for the markets to operate. It is this capacity building purpose and limited time period for provision of inputs (after which capacity should have been achieved) which are important here. From the point of view of EEOA then, capacity building is the heart of the programme. This is reviewed in terms of the four key components or inputs outlined above.

EEOA provides **facilitation and training of farmers and entrepreneurs** at every level in order to build farmers' understanding, skills and capacity to enable them to develop and run a variety of businesses. This should form a "critical mass" of farming and related businesses necessary to lead economic expansion. Training courses in all types of business activity, leadership, maintenance are offered, as well as intensive household interviews and household planning. In addition, links are encouraged and facilitated between farmers and traders and amongst farmers in the different farmer groups. Tracer studies are then used to establish the extent to which those trained make use of the courses. EEOA trains trainers some of whom are attempting to become private, self-financing trainers, an optimistic gamble in the present economic climate. Because EEOA works at the household level or with Interest Groups, this is not building capacity in the institutional sense; but this type of individualist working was built into the original design. In a sense, it is the core or critical mass of businesses which become established which is the "institution" which should lead economic expansion. However, an alternative interpretation could be that this is still a type of service delivery; where the programme provides externally funded training, etc to farmers and entrepreneurs to help them establish their businesses.

The **infrastructure support** through the REEF however is clearly a service delivery component. EEOA contributes around 80% of the costs for various related infrastructure projects requested by the communities in Facilitation Areas and approved by the DAC-SEE. Projects include roads, bridges, irrigation canals, markets, dip tanks, etc. This is regarded as a one off investment to support communities in building viable business and trade. Training of the communities which should "own" the infrastructure would however be regarded as a capacity building element in that aims to give the owning community the capacity to maintain, operate and if appropriate replace the item.

The establishment of MBT in the programme areas as a provider of **financial services** and credit is, from the point of view of EEOA, a capacity building component. EEOA provided loan funds to MBT as start up

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grant capital to get the institution running on a sustainable basis. MBT now operates largely from repaid loans and interest. From the point of view of farmers and entrepreneurs, the provision of financial services and credit is of course a service.

Capacity-building within government and particularly MAFF has been given increasing attention over the last two years in order for staff to be able to support the initiation and spread of EEOA-like ideas. Very few government staff were involved in the first years of EEOA. Training of core MAFF staff involves around 11 staff in each district. In most districts, MAFF has continued with minimal support from EEOA to train the rest of their district staff.

Capacity building at this level is not an easy matter. It requires changes in attitude away from the often mentioned "dependency syndrome" towards a more self-reliant culture, as well as transfer of knowledge and skills. A feature of many of the field visit meetings arranged by EEOA staff was the testimony offered by those it has worked with. Whether expressed in song (Women's' Co-operatives) or speech, no critical note enters the praise offered by its acolytes. As one of those interviewed put it '*We thank the EEOA for opening our eyes. We had no hope before they came to us*'. This pattern arises from similar practices instilled in officials and others in the Kaunda era, when a one-party state tolerated little dissent. These undiluted paeans are partly sabotaged by the content of the following speeches; for example, one woman explained at great length how she had been taught self-reliance through an EEOA course and then proceeded to list her requests for material assistance in some detail. Given the emphasis placed on training by EEOA, the lack of realism this illustrates is a less than ideal prerequisite for effective business operation. This practice should be discouraged by EEOA because it only creates a fog of uncertainty as to its real achievements and makes the task of monitoring and evaluation all the more difficult. There is more work to be done here and this will take time for some people.

6. Conclusions

6.1 Summary

Sida commissioned ODI and its partners to conduct a study of poverty alleviation through Area Development using a Sustainable Livelihoods Framework. Three countries were chosen as case studies, Zambia, Ethiopia and Cambodia. Fieldwork was first tested in Cambodia before being carried out in Ethiopia and Zambia in a broadly comparable way. This is a preliminary draft report of the Zambian study.

The economy of Zambia was based on a centrally-planned system with arbitrary pricing and state supply of inputs to agriculture until 1991. Financing was based largely on copper mines, whose output has gradually declined. Liberalisation of the economy after that date has failed to produce the expected increases in output, and indeed food security continues to be a problem throughout the country. Food shortages were widespread in the country during the visit of the team.

The effect of Sida's support to co-operatives over many years was largely wiped out when the cooperatives collapsed after liberalisation. Sida support to IRDPs in Eastern, Northern and Luapula Provinces was brought to a close in the early 90's. A new approach was developed from 1993 resulting in the EEOA (Economic Expansion in Outlying Areas) Programme being initiated on a pilot basis in 1995. A second consolidation phase started in 1998. It is due to end in 2002, to be replaced by a programme that unifies Sida's somewhat disparate agricultural support programmes in Zambia.

The underlying assumption of EEOA is that development should be private sector and market led, and the key to development is a major re-orientation of smallholders towards a business outlook. This is to be achieved by "facilitation" and training at the level of the individual, the household the Interest Group and small entrepreneurs. The aim is capacity building rather than service delivery, although the REEF (Rural Economic Expansion Facility) is a facility that has funded some infrastructure, while EEOA has facilitated loans to Interest Groups through MBT (Micro-Bankers' Trust).

EEOA operates in selected districts in two provinces, Northern and Eastern, and selects four or six 'Facilitation Areas' for detailed operation. In theory, EEOA conducts its operations in each FA for just three years, before moving on. EEOA's primary focus is on wealth creation and increased income through working with self selecting articulate and literate households in accessible areas, considering that they are the best engine of economic growth. This is very much in line with the Draft PRSP presently in circulation. It is argued that the EEOA Programme should acknowledge poverty reduction as an implied goal, take steps to understand how the economic growth facilitated by the Programme impacts on poverty, and develop actions to enhance the positive and avoid the negative effects. In addition, it is recommended that the food security issue needs to be addressed more explicitly or the business orientation efforts may be undermined.

EEOA has a relatively intensive system of self-examination and review and has significantly re-oriented its component structure, some activities and the monitoring and evaluation system itself during its existence. Intensive review missions from Sida have been crucial to this process and this type of learning has been very effective. EEOA liases or collaborates with a variety of external bodies, notably NGOs, though it is suggested that this should be more structured and at a deeper level to obtain synergy for specific purposes as needed in Eastern Province.

EEOA was originally conceived as a 'bypass' project, since MAFF was considered too weak to implement the programme and the Programme would go beyond the normal MAFF functions in dealing with the private as well as the public sectors. EEOA is like a "machine" which sits across the public - private divide and "winds up" different parts of these to get things moving. After three years in a Facilitation Area and six years in a District the "machine" is removed. What should remain operating and owned by the different public and private sector entities concerned are various farmers and entrepreneurs with a core of operating businesses, some infrastructural improvements (especially roads, markets, irrigation, etc), the links to MBT and MBT itself, and an improved market oriented extension service through MAFF. The collaboration with MAFF has been intensified over the last two years so as to improve impact, area coverage and spread, even after the Programme has phased out. However, the capacity of MAFF however remains a problem, with further loss of staff to the private sector or through retirement or sickness, serious morale problems and lack of recurrent funding.

This somewhat unusual bypass setup and the arrangements for ownership and integration of different functions appear to be valid considering what EEOA is trying to achieve, but are only really justified if the achievements are self sustaining and more so if the effect spreads. While it is still too early to assess this definitively, it appears that many of the enterprises initiated in the Facilitation Areas should be able to sustain themselves if the economic situation remains relatively stable. MBT is expected to continue operating after EEOA Phase out but credit institutions in Zambia have had a poor track record. Additional infrastructure is in place but the maintenance problem has not yet been solved. Some spread of the business focus and the more attractive initiatives should be feasible within a Facilitation Area but will be more difficult outside. Since the understanding and ideas are in principle valid for most of rural Zambia, it is important to learn carefully from the real effects of the EEOA intervention and feed the lessons into wider processes. Area development programmes are of limited value and may not be justified if the lessons learned are not spread more widely or feed into higher processes.

The incomplete liberalisation and poor development of an "enabling environment" restrict the possibilities for spread and require greater effort on the part of the Programme in the programme areas than would otherwise be the case. The critical mass idea and partial coverage of districts for a limited time period imply a greater spread effect than seems realistic. In the light of the importance of spread and the partial failure of a core assumption of the programme, a review of the project logic and clearer statement of the expected outcome and spread would be in order.

Capacity building is at the heart of the Programme and individual EEOA beneficiaries have certainly improved their business understanding and skills, and developed the links and capacity to run a variety of businesses. The household survey indicated improved levels of economic diversification. There has also

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been an improvement in the capacity of MAFF to provide market oriented extension support to farmers and enhance the spread of the EEOA effect. The MBT has successfully been established in the Programme areas and is currently achieving credit repayment rates in excess of 90%. The main service delivery function of the Programme is direct support for agriculture and market related infrastructure with around 50 projects implemented to date.

Information and market intelligence are central to developing successful businesses. While the "facilitation" approach and neutral business idea generation (which does not promote specific ideas) has worked well in the Northern Province, it does not appear to have worked so well in Eastern Province where an in-depth understanding of the more complex market is needed and there is need to break the monopoly of local Asian traders in some commodities. It is suggested that the facilitation approach should be supplemented with high quality market intelligence in a limited number of "best bet" technologies and more proactive development of the market where needed in collaboration with interested NGOs etc. Systems for more generalised market information also need to be developed.

A major aim of the Programme is to orient farmers and entrepreneurs to think of farming as a business and to get away from the often mentioned "dependency syndrome" fostered during the years of one-party rule. The "dependency syndrome" however remains strong, with many speeches to the team by EEOA beneficiaries including requests for funding, somewhat at variance with the ethic of self-reliance. The continued but unreliable government interference in maize input credits, marketing and pricing must take a lot of the blame for this, as well as the continued high reliance on maize, lack of diversity in food crops and continued seasonal food shortages.

Zambia represents a problematic example for lessons in Area Development, due to the ineffectual state and the mismatch between the rhetoric the government addresses to the donors and policy realities, which continue to promote the values of the command economy. EEOA works with the self-selecting, articulate and literate households in accessible areas, relying on a multiplier effect for poverty reduction. The extended time schedules required to make this effective suggest that a more segmented and pluralistic approach is required if its impact is to be in line with Sida policy. The tendency to select the more accessible and higher potential areas in a district effectively excludes the less favoured areas which is unusual in design terms and contrastive with Sida's policy elsewhere. The poor, almost by definition live in inaccessible areas and have restricted voice; depending on any sort of multiplier or trickle-down effect is a dangerous presumption. Development agencies surely have a commitment to reach disadvantaged groups in the here and now, sometimes in a way that may be unsustainable or even unviable economically. However this is framed, 'social protection', 'beneficiary segmentation' etc. it is surely imperative that some element in a project addresses deprivation and vulnerability immediately rather than postponing them to the finale of a lengthy process, even assuming there is empirical evidence to suggest that this process is effective.

6.2 Design considerations for Area Development

The defining characteristics of Area Development Programmes are:

- An areal focus as opposed to country wide or sectoral focus, concentrating on remote or economically disadvantaged areas.
- They are holistic or integrated in the sense of including different sectors and aspects of development. They often have a strong agricultural / natural resources focus, and can include various sectors (e.g. production, processing, trade) while straddling the public and private sectors.
- There is usually a strong poverty focus. The selection of rural and probably the less advantaged (e.g. through access) rural areas represents a broad level targeting of poverty since there are strong links between poverty, rural location, access, etc.
- They can include capacity building and service delivery such as infrastructure.
- A flexibility to allow adjustments for different situations and changing circumstances over time.

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ADPs are preferred to sector wide approaches both to target the poor in the here and now, and to develop ideas and models for wider application and feeding into policy and mainstream practice. Selecting defined areas allows more holistic approaches to be followed which can better respond to varying needs. The experiences from the implementation of the EEOA programme as discussed above suggest the following design considerations for future Area Development programmes;

- j. Baseline studies are essential not only for understanding impact, but also for the ‘course-corrections’ that are part of a process project. The transition from a different programme should not be an excuse to omit the collection of baseline data. This especially true where development is to be market-driven; no effective business can run without reliable data and documentation.
- k. Effective poverty reduction will not occur unless this is designed into the programme at its inception. In particular, proposed mechanisms of trickle-down and diffusion to reach the poor must be based in socio-economic reality not development rhetoric.
- l. Time-scales are important. If a segment of the population is poor and disadvantaged, then one element of the any intervention should address their immediate needs rather than planning for this to occur at the end of a lengthy process
- m. If the market is the presumed engine of economic growth then the programme strategy has to be based on a realistic description of the market and of government policy, neither of which may correspond to their rhetoric.
- n. Design in clear and fully justified (cost effective) procedures for M&E
- o. Give more thought and if possible design in mechanisms for feeding ideas and lessons learned into wider processes.
- p. Greater attention to sustainability; either through transferring project methodology to government where capacity exists or devising means for civil society to carry through once the project finishes
- q. Area Development can promote wealth stratification (‘elite capture’), actually impoverishing the poor rather than benefiting them. Although this is probably not occurring in Zambia, this issue was not considered at the design phase.
- r. Over-concentration on promoting programme rhetoric at the expense of programme reality can lead to misleading evaluations and an absence of effective business thinking among beneficiaries

6.3 Design matrix for Area Development

The previous section is intended to capture design issues in a narrative form, emerging from the Zambian survey. However, to relate the findings, Table 13 presents a matrix organised in terms of Sida’s broader objectives.

Table 13. Zambia ADP project: matrix for design features

Sida objective	Original assumptions	Current assumptions	Relevant actual design features	Reality
Poverty reduction	Not explicitly a poverty reduction project: promotes wealth creation rather than poverty reduction.	Not explicitly a poverty reduction project: promotes wealth creation rather than poverty reduction.	1. Strong emphasis on literacy and articulacy among beneficiaries 2. Beneficiaries largely self-selected	1. Overall ar may have inc especially in Province 2. Food secu problem
Sustainability	Private sector strong enough to take over when project leaves	Private sector strong enough to take over when project leaves	Strong emphasis on capacity building and linkages Contact with a wide range of stakeholders	Inertia of pri sector is stro estimated Political inte with free ma continues
Learning		Experience has led to regular course corrections	Strong M&E component	Internal learn effective; lea from externa organisation strong
Integration	EEOA a by-pass organisation with limited time of operation: Different parts absorbed by different structures.	MAFF can take over some extension functions	Strong facilitation and training	MAFF capac remains extr limited in mo regions and i thus of limite
Capacity to inform wider processes such as PRSPs	Not applicable	Not applicable	Perhaps not designed towards this end, but may still be possible to draw some out	Government commitment sector and po consistent

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Appendix 1. Some data on the household survey

Table 14. Interviews in each province

Province	No.
Northern	66
Eastern	30

Table 15. Interviews in individual villages

Village	No.
Azele Kacheka	4
Chakumba	2
Chazombe	1
Chilikisha	15
Chiphawafu	2
Kalungu	16
Kapale	2
Kasenga	3
Katete	7
Katongo Kapala	2
Kaumba	15
Kawama	1
Kazimule	1
Luchindashi	3
Lufeyo	5
Mufubushi Centre	9
Nachitema	2
Zemba settlement scheme	4

Table 16. Enumerators and interviews

Enumerator	No.
Chris Mufwambi	3
Elton Banda	31
Nancy Kaenga	14
Sandson Banda	15
Sarah Chilekwa	32
Steve Gossage	1

Table 17. Does village have access road?

	No.
No	5
Yes	91

Some household characteristics

The mean age of effective household heads was 38, uncharacteristically low for Africa and reflecting the 'absent male' syndrome. Interviewees were divided between the sexes as follows; female 42 and male 54. Mean household size was 7.77.

Table 18. Is interviewee household head?

No.	%
No	21
Yes	75

About half the households had someone away, either at school, working in the city or on labour migration (Table 19).

Table 19. Averages of household members absent

Category	No	Average
Households with no-one absent	50	0.00
Households with members absent	46	2.59
Total households	96	1.24

Table 20 shows the literacy rates recorded among interviewees. These are far higher than rural literacy rates in Zambia as a whole, which are around 30% and illustrates the preponderance of literates among those in contact with EEOA.

Table 20. Literacy rates

	Can you read?	Can you write?
No	10	11
Yes	86	85

Appendix 2. Interviews with individuals

Table 21. Sida officers and others concerned with the ADPs interviewed				
Date	Place	Name	Position	Organisation
18-12-01	Stockholm	Stefan Molund	Acting Director, Dept for Evaluation and Internal Audit	Sida
18-12-01	Stockholm	Margaretha Sundgren,	Senior Programme Officer, NATUR: Desk officer for SIDA Zambia until December 2001	Sida
18-12-01	Stockholm	Anders Hook	Senior Programme Officer, NATUR: Desk officer for Sida Zambia from December 2001	Sida
18-12-01	Stockholm	Camilla Bengtsson	Technical Advisor on Microfinance, Finance and Capital Markets Division, INEC	Sida
18-12-01	Stockholm	Per Dans	Programme Manager, Private Sector Development Division, INEC	Sida
18-12-01	Stockholm	Mirjam Hast	Programme Coordinator Opto International: formerly Financial Services Coordinator, EEOA	Opto International
18-12-01	Stockholm	Hans Hedlund	Ass Professor / Manager, Opto International: Formerly Coordinator for EEOA	Stockholm University and Opto International
19-12-01	Stockholm	Kalle Hellman	Desk Officer for Zambia, Department for Africa, Sida	Sida
19-12-01	Stockholm	Per Ronnas	Chief Economist, Policy Division	Sida
19-12-01	Stockholm	Jerker Thunberg	Assistant Director General (Sida), Director, NATUR	Sida
19-12-01	Stockholm	Gun Eriksson Skoog	SIDA Evaluation Dept	Sida
19-12-01	Stockholm	Eva Lovgren	SIDA Evaluation Dept	Sida
19-12-01	Stockholm	Eidi Genfors	Head of Division for Rural Development Department for Natural Resources and the Environment	Sida
15-01-02	Lusaka	Christina Rehlen	Swedish Ambassador to Zambia	Swedish Embassy, Lusaka
15-01-02	Lusaka	Dr Torsten N Andersson	First Secretary, Nat Res & Environment.	Swedish Embassy, Lusaka
15-01-02	Lusaka	Kristina Kuhnel	Counsellor Economist.	Swedish Embassy, Lusaka
15-01-02	Lusaka	Davies C Chitundu	Ass Programme Officer, Agriculture	Swedish Embassy, Lusaka
16-01-02	Lusaka	Olle Otteby	National Coordinator	EEOA Programme
16-01-02	Lusaka	Dr Henrietta Kalinda-Chilumba	Monitoring and Evaluation Coordinator	EEOA Programme
16-01-02	Lusaka	Edna Maluma	Facilitation Coordinator	EEOA Programme
16-01-02	Lusaka	Paul Kapotwe	Financial Services. Coordinator	EEOA Programme
16-01-02	Lusaka	Godfrey Munyoro	Business Promotion and Marketing Coordinator	EEOA Programme
16-01-02	Lusaka	Lyson Phiri	Agric Extension Support and Nnetworking Coordinator	EEOA Programme
16-01-02	Lusaka	Reynolds K Shula	National Coordinator	Land Management

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				and Conservation Farming Programme
16-01-02	Lusaka	Lars Ove Jonsson	Senior Adviser	Land Management and Conservation Farming Programme
16-01-02	Lusaka	Par Oscarsson	Development Adviser	Land Management and Conservation Farming Programme
16-01-02	Lusaka	Dr Anthony Mwanaumo	Coordinator	Agricultural Consultative Forum Secretariat
17-01-02	Lusaka	Jim La Fleur	Executive Director	Zambia Agribusiness Technical Assistance Centre
17-01-02	Lusaka	Charlotte Scott	Technical Advisor	Dept of Social Welfare, Lusaka
17-01-02	Lusaka	Barbara Cillinson	Formerly Facilitation Coordinator with EEOA	EEOA Programme
17-01-02	Lusaka	Cliff Wang	Consultant working on Sida unified agricultural sector programme	Sida
18-01-02	Lusaka	A K Banda	Director of Planning and Cooperative Development Department	Ministry of Agriculture Food and Fisheries
18-01-02	Lusaka	J J Shawa	Deputy Director, Policy and Planning Branch of Planning and Cooperative Development Department	Ministry of Agriculture Food and Fisheries
18-01-02	Lusaka	I Akayombokwa	MAg Director of Field Services	Ministry of Agriculture Food and Fisheries
18-01-02	Lusaka	George Allison	Rural Group Business Programme Coordinator	Cooperative League USA (CLUSA)
21-01-02	EOA District HQ	Melvin Siwale	Field Facilitator, Northern Prov	EEOA Programme
21-01-02	EOA District HQ	Doris Kangwa	Head Facilitator, Mpika District	EEOA Programme
21-01-02	EOA District HQ	Patson Mwasila	Facilitator, Mpika District	EEOA Programme
21-01-02	Mpika town	Mike Merrit	Manager	Mutinondo Ltd
22-01-02	Katongo Kapala, Mpika District	Bridget Mwindilila	Camp Extension Officer, MAFF	MAFF
22-01-02	Mpika town	Mrs J Musawa	DAC-SEE member and local entrepreneur	
22-01-02	Mpika town	George Mwape and Andrew Chansa	Directors, J M Trading	
22-01-02	Mpika town	Andrew Banda	District Agricultural Coordinator, Mpika District	MAFF
22-01-02	Mpika town	Michael Chomba	District Marketing and Cooperatives Officer, Mpika District	MAFF
22-01-02	Mpika town	Vincent Siakwale	Vincent Siakwale: Savings and Credit Promoter, Northern Province	Micro Bankers Trust
23-01-02	Isoka town	Francis Silwizya	District Coordinator, EEOA	EEOA Programme

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23-01-02	Isoka town	Emmanuel Kashinge: Head Facilitator, EEOA	Head Facilitator, Isoka District	EEOA Programme
24-01-02	Isoka town	Ms Betty Nakapundu	DAC-SEE member and member of Tailor Savings Group	
24-01-02	Kalungu, Isoka	Mr Alinold Simukonde	Camp Extension Officer, MAFF	MAFF
24-01-02	Isoka town	Mr Paul Sichamba	Mr Paul Sichamba: District Administrator, Isoka District	
28-01-02	Katete	Mr John Musimuko	Field Facilitation Advisor, Eastern Province	EEOA Programme
28-01-02	Katete	Mr Venancia Sakala	District Coordinator, Nyimba District (Formerly Katete District)	EEOA Programme
28-01-02	Katete	Peter Mutale	Head Facilitator, Katete District	EEOA Programme
28-01-02	Katete	Ms Christine Chiwala	Facilitator, Lundazi District	EEOA Programme
28-01-02	Katete	Mr Moses Mtonya	Facilitator, Nyimba District	EEOA Programme
30-01-02	Chadiza	Mr Wilson Mazok	District Administrator, Chadiza District	District Administration
30-01-02	Chadiza	Mr Leslie Masamba	District Coordinator, Chadiza District	EEOA Programme
30-01-02	Chadiza	Mr Alfred Chibinga	Head Facilitator, Chadiza District	EEOA Programme
30-01-02	Chadiza	Mr Rogers Chimeke	Facilitator, Chadiza District	EEOA Programme
30-01-02	Chadiza	Mr Felix Tembo Navirule	Facilitator, Chadiza District	EEOA Programme
31-01-02	Chipata	Mr R Mulangala	Senior Agricultural Specialist, Technical Services Branch	MAFF, Eastern Province
31-01-02	Chipata	Mr T Mbuzi	Senior Technical Advisor, Technical Services Branch	MAFF, Eastern Province
31-01-02	Chipata	Dr Mathew N Kabeta	Project Coordinator	Africare, Eastern Province
31-01-02	Chipata	Mr Paul Sabok	Management Information Soecialist	Africare, Eastern Province
31-01-02	Chipata	Misheck Sakumpna	Agricultural Manager	Dunavent
31-01-02	Chipata	Mr Charles Mjumphi	General Manager	CLUSA, Eastyern Province
31-01-02	Chipata	John Heermans	Programme Coordinator	CLUSA, Eastyern Province
01-02-02	Petauke	Mrs Nachili Kaira Mwale	District Coordinator, Chipata (Formerly Petauke District)	EEOA Programme
01-02-02	Petauke	Ms Brenda Moono Sinyangwe	Facilitator, Petauke District	EEOA Programme
01-02-02	Petauke	Mr Mabvuto Banda	Facilitator, Lundazi District (Formerly Petauke District)	EEOA Programme
01-02-02	Petauke	Mr Gibson Chilala	Facilitator Mambwe District (Formerly Petauke District)	EEOA Programme
04-02-02	Lusaka	Joyce Banda	Business and Mnagement Training Coordinator	EEOA Programme
04-02-02	Lusaka	Jeff Godson	Director	Food Reserve Agency

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Village / group meetings or interviews

Date	Facilitation Area or Village	District	Province	Details
21-01-02	Mufubushi Facilitation Area	Mpika	Northern	Individual interviews and meetings with Luchindashi Women's Group, Outgrower Managers, Mufubushi traders, REEF Ccommittee
22-01-02	Katongo Kapala Facilitation Area, Chilikisha Village	Mpika	Northern	Household/individual interviews and meeting with Katongo Kapala Vegetable Growers, REF Committee
22-01-02	Mpika town	Mpika	Northern	Meetings with Mpika Poultry Farmers' Society and Musakanya Women's group
23-01-02	Kaumba Facilitation Area	Isoka	Northern	Household/individual interviews and meeting with Outgrower Managers, Coffee Growers, Seed growers
24-01-02	Kalungu / Nachitema Facilitation Areas	Isoka	Northern	Household/individual interviews and meetings with seed multiplication, conservation farmers and REEF Committee members, and Kalungu Market Society
28-01-02	Katete town	Katete	Eastern	Meeting with Chipangano Women's Coop Society
29-01-02	Chimtende FA, Chipopela Vge	Katete	Eastern	Individual/household interviews and meetings with Community Extension Agents group, and Market Committee members
30-01-02	Chadiza town	Chadiza	Eastern	Meeting with business entrepreneurs, buyer, trainer and contractor
30-01-02	Mangwe Facilitation Area	Chadiza	Eastern	Household/individual interviews and meeting with Community Extension Agents, Outgrower Managers and Trainers
31-01-02	Kazimula, Zemba Section	Chadiza	Eastern	Household/individual interviews