

Poverty in the midst of the market: the Zambian scenario

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At present, 73% of the population live in poverty. Of these, close to 59% are extremely poor, with the majority being women and children. In addition to income deficiency, the poor lack access to adequate food, health and educational facilities, safe water, clothing and shelter. The PRSP is a weak response to poverty's alarming proportions, while agriculture liberalisation has not benefited domestic farmers, due to high tariff walls and heavy subsidies in Western markets.

Poverty trends and aspects of poverty

Who are the poor?

While at independence in 1964 the economy was one of the strongest in sub-Saharan Africa, Zambia today is ranked as one of the poorest nations of the world. Poverty is more prevalent in rural (83%) than in urban areas (56%). However, recent statistics show that poverty is rapidly urbanising. Between 1996 and 1998 urban poverty rose by 10%. Land tenure, sanitation, garbage disposal and access to water in suburban areas, where most of the poor reside, are serious problems. To a large extent, poor sanitary conditions are responsible for high incidences of cholera and diarrhoea outbreaks in urban areas during the rainy season.

Child poverty has increased significantly in the last ten years, mainly as a result of the HIV/AIDS pandemic. Close to 75,000 children have become street beggars to support themselves and their siblings. Recent reports show that the number of child-headed households stands at 11,500. Children and youth between ages six and twenty-four survive under extremely harsh conditions, which include physical abuse, child labour, and prostitution.

Socio-economic indicators show that women are poorer (65%) and experience more deplorable conditions than men (52%). Poor women generally lack economic opportunities and the struggle for survival has forced them into dehumanising activities that expose them to high health risks. Prostitution as an economic activity is rampant. Maternal mortality is exceptionally high for women. Gender roles, combined with some traditional and cultural norms, increase women's vulnerability. The lower position of women in society coupled with cultural factors (such as «sexual cleansing» in which, in some cultures, surviving spouses are expected to have sexual relations with relatives of the deceased) expose them to higher risks of contracting HIV/AIDS.

Basic needs and vulnerability

In addition to income deficiency, the poor lack access to one or more of the basic necessities of life, such as adequate food, health and educational facilities, safe water, clothing and shelter. This material and social deprivation makes the poor vulnerable to external factors such as natural calamities, like droughts and floods, and economic shocks. The combined effects of poverty and HIV/AIDS leave Zambia with a large population at risk in case of a food shortage.

Base line malnutrition levels for children under five are high, and the majority of children, therefore, have a narrow margin of tolerance for any disruption of food and water. Considering that Zambia has experienced several years of successive drought and occasional isolated flooding, many communities today have a limited capacity to withstand new or repeated natural or environmental shocks. Also, the poor are major victims of disease outbreaks (e.g., cholera), and lack resources to procure medical services for preventable and curable diseases, resulting in particularly high mortality levels among them.

In 1992 government removed subsidies on farming inputs and marketing support. Over two million people in the Southern Province are now facing famine, as a result of market policies and drought. People in the Southern Province are eating dogs or dying.

HIV/AIDS and poverty

The HIV/AIDS pandemic has devastated Zambia. Life expectancy at birth, which had reached 54 years in the mid-1980s, is now down to 37 years. Recent statistics show that one million (10%) people are living with the HIV/AIDS virus. Close to 20% of the economically active age group (15-49 years) are infected with the disease. The annual number of AIDS-related deaths is estimated to be 99,000. There is an increasing number of orphans, most in areas where the incidence of poverty is highest. The impact of the epidemic goes beyond the individual level, increasing the burden on families and society at large through rising costs for health and social security systems, loss of production capacity and depletion of the human capital base.¹

Poverty Reduction Strategic Plan: a weak response

Today, an increasing number of the poor, as well as government officials, civil society organisations and the donor community are placing the blame for the country's increasing poverty largely on poor political and economic governance. Appropriate targeting of the poor and the vulnerable did not take place in the last 10 years of the Chiluba administration and earnings resulting from the privatisation programme and other national incomes have not been equitably shared. There is a widespread consensus that although economic growth cannot in itself alleviate poverty, Zambia cannot successfully fight poverty under a stagnant economy.

The national agenda for tackling poverty for 2002-2004 is set forth in Zambia's Poverty Reduction Strategy Paper (PRSP), which was approved by the Cabinet in May 2002 and endorsed by the IMF and World Bank. The document recognises that the current poverty levels are the result of weak economic growth, inadequate targeting of the poor and insufficient budgetary allocations.

Consequently, government has concluded that poverty alleviation through growth stimulation should be complemented by measures that shield the poor from adverse impacts of economic reforms. The focus of the PRSP is on achieving a sustained economic growth that creates employment and generates tax revenues, which in turn can be used to improve the provision of basic social services.

¹ Former President Kenneth Kaunda has set up a foundation, the first one in the country, to promote awareness about the dangers of HIV/AIDS and to fight the scourge. Recently, the business community launched an HIV/AIDS initiative, but their efforts are limited to their concern about HIV/AIDS among the working population. Although younger age groups have shown some reduction in new infections, society will have to fight HIV/AIDS more actively.

One sector that is perceived to combine the virtues of growth and equity is agriculture. Consequently, the PRSP tries to give priority to enhanced agricultural productivity. Equally important is the renewed commitment to democratising decision-making, ensuring efficiency and the equitable and transparent management of public resources. The PRSP drafting process was hailed as «highly participatory». Indeed, a first draft of the document was prepared and discussed at a national summit in October 2001 with input from a large number of stakeholders. A network of civil organisations conducted their own parallel process, resulting in a comprehensive shadow report produced as an input to the formal process.

However, the PRSP was conceived and written without the participation of the poor. During a human rights workshop held by Women for Change (WFC) in July 2002, more than 200 participants drawn from across the country knew nothing of the paper. There was no involvement of ordinary people in the discussions and negotiations for the paper, which undermined the legitimacy and integrity of the process.

Despite this weakness, the PRSP is considered a good basis for analysis of Zambian poverty. It applies a multi-dimensional perspective and explores avenues for combating poverty in this context. Most of its policy statements are sound. However, some of the interventions proposed are clearly exaggerated. The possibilities for implementing the rather ambitious development agenda may be questioned, both from a financial perspective and from a human resource perspective, not least in light of the HIV/AIDS pandemic. It is not clear how the government is to procure the resources it proposes to spend on poverty reduction as outlined in the PRSP. Similarly, the document has a weak financing plan and lacks a realistic time frame. The macroeconomic assumptions underlying the PRSP—especially real growth of between 5% and 8%—may also be challenged given the uncertain economic conditions facing Zambia.

Economic restructuring

Privatisation

Privatisation started during the era of President Kaunda as reform «with a human face». The full-blown privatisation of President Chiluba, whose government was completely wooed by the so-called market magic, removed any pretence of projecting a human face on the market. The enactment of the Privatisation Act in 1992 created the Zambia Privatisation Agency (ZPA) as the machinery for the privatisation of the economy.

The ZPA is responsible for developing the Divestiture Sequence Plan, a list of State Owned Enterprises (SOEs) scheduled for privatisation with a timetable for each. After the Cabinet approves the sales, tender advertisement, asset valuation, bid evaluation, and the initiation of independent negotiations take place. Finally, agreements are signed between parties. In all of these procedures, there is no public involvement, the process being largely technical.

The privatisation programme is one of the most ambitious programmes in the post-Cold War period. Beginning almost from zero in 1991, Chiluba's Movement for Multiparty Democracy (MMD) Government sold 244 companies and units by 31 May 2000.² According to the latest information on the Privatisation Status Report, a total of 254 companies and units have been privatised as of June 2002. In one year alone, from November 1996 to December 1997, a total of 52 companies and units were privatised. From March to May 1997, a mere three months, the ZPA privatised eight companies.³ The MMD government measured success of the privatisation process on the basis of speed; the Zambian privatisation was the fastest in the world. Little attention was paid to other important factors, such as social impact.

² See <http://www.zpa.org.zm/qzampart.htm>

³ See <http://www.zpa.org.zm/summary2.htm>

Thousands of jobs have been liquidated, often without severance pay. Following Zambia Airways' privatisation, government simply denied ex-employees their rights to severance pay. A subsequent compensation package was worked out without the participation and consent of the workers. The government then paid the money through the company of one of the Ministers and Members of Parliament. In the cases of the United Bus Company of Zambia (UBZ) and several other SOEs companies, there was no severance package at all. The majority of former employees of the state cotton company (LINTCO), which was privatised in the early 1990s, have still not been compensated. In cases where compensation has been forthcoming, it has either been late or grossly inadequate. The ZPA has consistently refused to intervene in disputes between ex-employees and the government or managers of privatised companies.⁴

Agricultural devastation

The government has praised itself for increasing agricultural productivity, especially for export sectors such as cotton, sugar and dairy products, by liberalising agricultural markets. The claim that liberalisation has benefited farmers is laughable. The Western markets for which their products are destined remain closed behind high tariff walls. In addition, these products in Western countries are heavily subsidised, making it difficult for farmers to compete in the market.

Domestic agriculture, on the other hand, has been almost completely destroyed during the last ten years. The switch to free markets and the discontinuation of government loans has ruined village farms that depended upon fertilisers and non-traditional seed maize. Millions of farming households have no food because they cannot afford the high prices of seed and fertiliser. Meanwhile, during good seasons when farmers produce high yields, most products go to waste since the government no longer subsidises or markets the produce.

Governance and constitutional reforms

Bad governance has clearly exacerbated poverty and is largely the result of a Constitution that concentrates power; it severely restricts legislative action and allows the president to govern virtually alone. Corruption of presidents and their ministers has been a common complaint.

President Mwanawasa first proposed and then dismissed the idea of carrying out a fundamental review of the Constitution. His reversal came after civil society welcomed the announcement and suggested how the process should be conducted. Without a fundamental alteration of the Constitution, it will not be possible to have a real democracy or to solve the problem of poverty in Zambia. ■

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⁴ Perhaps the greatest scandal in the privatisation process came with the privatisation of the copper mines—the jewel of the country's wealth. Whereas the privatisation of other sectors was substantially conducted pursuant to the ZPA, the Zambia Consolidated Copper Mines (ZCCM) were privatised outside of the law. President Chiluba instituted an illegal committee, which he tasked with the responsibility of selling the mines. Cabinet Ministers were divided on whether to sell the ZCCM as a single block or to divide it into units, as it used to be before nationalisation in 1969. Those Ministers and officials who advocated the sale of the ZCCM as one block clashed with President Chiluba who favoured division. Some of those who disagreed with Chiluba were disciplined or even dismissed. In the end the Chiluba side triumphed; the illegal committee led by Francis Kaunda floated the mines to bidders as different units.