



Program Information Document (PID)

Concept Stage | Date Prepared/Updated: 17-Feb-2022 | Report No: PIDC259246

**BASIC INFORMATION****A. Basic Program Data**

Country Zambia	Project ID P178372	Parent Project ID (if any)	Program Name Zambia Growth Opportunities Project
Region AFRICA EAST	Estimated Appraisal Date 20-Apr-2022	Estimated Board Date 27-Oct-2022	Does this operation have an IPF component? No
Financing Instrument Program-for-Results Financing	Borrower(s) Ministry of Finance	Implementing Agency Ministry of Agriculture	Practice Area (Lead) Agriculture and Food

Proposed Program Development Objective(s)

The Development Objective of the proposed Program is to accelerate inclusive growth in the agri-food sector in Zambia.

COST & FINANCING**SUMMARY (USD Millions)**

Government program Cost	1,600.00
Total Operation Cost	250.00
Total Program Cost	250.00
Total Financing	250.00
Financing Gap	0.00

FINANCING (USD Millions)

Total World Bank Group Financing	250.00
World Bank Lending	250.00

Concept Review Decision

The review did authorize the preparation to continue

B. Introduction and Context



Country Context

1. **Zambia is a large, landlocked, resource-rich country with sparsely populated land in the center of Southern Africa.** Its population, much of it urban, is estimated at about 17.9 million and is growing rapidly at 2.8 percent per year. After 15 years of significant socio-economic progress and achieving middle-income status in 2011, Zambia's economic performance has stalled in recent years. Between 2000 and 2014, the annual real gross domestic product (GDP) growth rate averaged 6.8 percent. The GDP growth rate slowed to 3.1 percent per annum between 2015 and 2019, mainly attributed to falling copper prices and declines in agricultural output due to insufficient rains, and insufficient policy adjustment to these exogenous shocks. The COVID-19 pandemic pushed into contraction an economy that was already weakened by recent persistent droughts, falling copper prices and unsustainable fiscal policies. The economy is estimated to have contracted by 2.8 percent in 2020-2021, the first recession for Zambia since 1998. Inflation remained in double digits throughout 2020 — averaging 15.7 percent — and reached a high of 22.2 percent in February 2021. High level of debt service has reduced the capacity to make critical investments in health, education, and infrastructure as well as the ability to service its debt. Timely achievement of macroeconomic stability will largely depend on progress on debt restructuring and fiscal consolidation efforts. The ongoing fiscal adjustment would require a combination of revenue mobilization, expenditure rationalization, reforms to strengthen overall fiscal management and tackling inefficient public investment programs and wasteful subsidies (agriculture and fuel), while rainfall variability remains a key structural risk to growth, affecting key sectors such as agriculture and electricity, and highlights the need to incorporate climate-smart solutions in Zambia's long-term growth strategy.

2. **Zambia's Vision 2030 sets an ambitious agenda for improvements in the living standards, targeting middle-income country (MIC) status by 2030.** It calls for sustaining high rates of economic growth and significantly reducing poverty. The principal policy document for meeting the national aspirations articulated in the Vision 2030 is the Seventh National Development Plan, 2017-2021 (7NDP), which outlines the Government's desired developmental outcomes and related strategies and programs. The 7NDP aims to create a diversified and resilient economy for sustained growth and socioeconomic transformation driven by agriculture, tourism, manufacturing, and mining sectors. This goal would be achieved through number of developmental outcomes, which revolve around economic diversification and job creation; poverty and vulnerability reduction; reduced developmental inequalities; enhanced human development; and improved governance. Importantly, the 7NDP also aims to move the country from sectoral-based planning to an integrated development approach that is more results-focused. It also recognizes the need to strengthen the capacity of country systems on program planning, implementation, and M&E. The Government is currently in the process of preparing the eighth NDP (2022-2026) (8NDP), which is expected to address the performance of the main sectors of the economy, including agriculture.

3. **The new Government led by the United Party for National Development (UPND), which won elections in August 2021, has emphasized its focus on the achievement of Zambia's 2030 Vision.** The new administration has been elected on a platform of job creation and private sector development and prioritizes agriculture as one of the key sectors for growth. Its 2021-2026 Manifesto provides the strategic framework for the 8NDP implementation plan with the focus on macroeconomic stability, economic diversification and growth, job creation, and improved results of the public sector investment programs for the support of economic transformation. Importantly, it has emphasized the urgency and significance of delivering tangible development results, which would require improving the public investment program/project delivery functions and related policy reforms. The strategic objectives of the proposed Program-for-Results (PforR) are therefore aligned with the broad outlines of the 8NDP and its implementation plan, to be released later in the 2022.



4. **Achievement of the Vision 2030 goals is challenged by the demographic trends and the rapidly expanding expectations of new entrants to the labor market.** Zambia, like many countries in Sub-Saharan Africa (SSA), is experiencing a challenge of dealing with employment creation for the growing number of youth in the country. Currently, the nation's unemployment rate stands at about 38.3 percent, while unemployment among the youth is about 45.5 percent, and even higher among the youth living in rural areas (52.4 percent). Zambia remains one of Africa's youngest countries by median age, with over 60 percent of the population being less than 25 years of age. The UN population projections provide annual population growth for the country of 3 percent until 2030, with the working age population growing by 3.4 percent. As such, Zambia needs to create at least 375,000 jobs on average each year by 2030, just to keep labor force participation rate and unemployment levels same. This almost doubles to 747,000 per year between 2030 and 2050. In other words, employment would have to increase by 3.1 percent per year between now and 2050, for unemployment and labor force participation remaining the same. This is a tall order considering that between 2000-2014, a period of rapid economic growth, employment rose by only 130,000 per year on average, a growth rate of 2.8 percent.

Sectoral (or multi-sectoral) and Institutional Context of the Program

5. **Zambia has considerable potential for economic diversification and job creation through agriculture expansion.** The country is endowed with a large natural resource base for agricultural production. While land and water resources potential remain relatively high compared to other countries, the key to agriculture contribution to economic growth and poverty alleviation is in intensifying land and labor productivity. Irrigation has an important role in sustainable intensification of the sector given the monomodal rainfall patterns of the country. Currently, only about 8 percent of arable land is under some form of irrigation. Zambia's strategic position bordering eight countries, especially the Democratic Republic of Congo and Angola, who have been traditionally significant importers of agricultural products, is an opportunity for markets for the country's agricultural commodities and value-added products. Zambia has ratified the African Continental Free Trade Agreement (AfCFTA), SADC and COMESA trade protocols, which provide opportunities for an expanded Africa to Zambian exports.

6. **Despite its potential, the contribution of agriculture sector to economic growth has remained limited.** This is partly because of the continued dominance of low productivity semi-subsistence farming systems, which contrasts with small but dynamic "emerging" and large-scale commercial farming systems. Annual average real agricultural growth in Zambia was -1.2 percent [in inflation-adjusted USD terms] over 2000-2019 period compared to 4.3 percent in Sub-Sahara Africa (SSA). As a result, the sector's share to GDP has declined from 16 percent in 2000 to 2.7 percent of GDP in 2019. Annual agricultural growth rates have fluctuated widely with the variations in rainfall received during the agricultural seasons caused by climate events such as El Niño and La Nina. This is because smallholder subsistence production is largely rain-fed and the advent of extreme events, that predominantly include drought, leads to crop failures.

7. **The agri-food sector has vast potential to create jobs, especially among youth and women in rural areas.** Agriculture accounts for the largest share of total employment (e.g., 22.2 percent for formal and 49.6 percent for both formal and informal employment in 2019), while tourism provides about 7.2 percent of formal employment, compared to only 2.7 percent of the total labor employed in mining industry. Due to their labor-intensive nature and potential for backward linkages, both sectors could have a significant contribution to formal and informal employment. For example, there has been a rapid growth in commercial farms operating between 5 and 100 hectares in Zambia, with their area under cultivation increasing from 46 percent to 62 percent between 2008 and 2014 (Jayne et al. 2016). Such small (5-20ha) and medium-sized (20-100ha) commercial farms generate in average 4 and 7 permanent jobs per farm respectively (IAPRI). This excludes jobs created in downstream sectors such as agro-dealers or processors. The government has also



targeted farm block development as an opportunity to generate agro-based jobs¹. If harnessed properly, farm blocks could create thousands of jobs across the country, accelerate agricultural growth, increase value addition, and generate export earnings by attracting foreign direct investment and business relations that benefit both the local investors and the surrounding communities.

8. **In Zambia, the labor burden of rural women far exceeds that of men.** It includes a higher proportion of unpaid household responsibilities related to preparing food, child-care, and collecting firewood and water. This is particularly the case in rural areas where women constitute 64 percent of the population and approximately 80 percent of food producers. Although there are policies that provide for the mainstreaming of gender equality in the agriculture sector, pervasive gender-based inequality in access to productive assets, such as land, and discrimination against women and gender-based violence, limits their participation in productive job market.

9. **Lagging agricultural growth in Zambia can be traced to ineffective policies.** In agriculture, the main challenges faced by agricultural markets in Zambia include the history of inconsistent trade policies in the form of ad hoc import and export bans on commodities, especially on maize and soya, combined with government interventions in maize market prices through the Food Reserve Agency (FRA) purchases, unfavorable tax policies and appreciation of the Kwacha, which have made Zambia's agricultural exports in the region uncompetitive. This has disincentivized private sector investments in agricultural production and processing, as evidenced by the exit of several large multi-national grain trading and agribusiness companies in late 2010s. In the tourism sector, private investments and scale remains constrained by poor enabling environment for competitive business, such as cumbersome investment approval processes and tax regime, and costly licensing procedures. There is also a lack of public support for marketing and tourism promotion activities to increase the country's share in the regional tourism market, and lack of credible sectoral statistics for better policy decisions.

10. **Inefficient fertilizer subsidies dominate public spending on agriculture in Zambia.** In 2019, the budget for the FISP (not included in the budget of the Ministry of Agriculture (MoA)) was larger than the rest of the total public expenditure on agriculture, and in 2020, climbed to almost 2.5 times the other budget for the sector – almost 3 times the budget of the MoA itself. Evidence shows that the FISP faces numerous challenges, such as low response rate due to low soil fertility which reduces yield response to increased fertilizer use, elite capture and politicization in the allocation of subsidy benefits. Unintended impacts from the FISP program include creation of negative incentives for developing private sector input supply networks and crowding out of other public spending on programs and investments that are demonstrably more productive. The over-sized commitment of resources to FISP severely limits the government's capacity to invest in other agricultural programs that are known to drive sector growth and job creation, i.e., adoptive agricultural research and technology development, effective advisory services and skills development, rural institutions (i.e., professionally managed producer organizations/rural infrastructure, market information, and access to credit. Scaling up support in these critical areas will enable Zambia to develop higher value agricultural subsectors for broad-based rural job creation and income growth.² As Zambia pursues economic recovery after the COVID-19 pandemic, under even tighter budget constraints, the government has a momentous opportunity to reform its agricultural support programs.

¹ In 2002, the GRZ initiated the development of farm blocks as the core of its poverty reduction strategy. The goal is to establish farm blocks in every province to spur agricultural growth and local economic development. The farm blocks are envisioned as large agricultural areas where the government will provide basic infrastructure, such as feeder roads, electricity, water for irrigation, and telecommunication facilities for private sector investments, both domestic and foreign, in commercial agriculture. Each block is planned to have at least one large core farm, several medium farms, and a large number of small farms. Production decisions are left entirely to the investors – it is envisaged that production will be both for export and domestic markets and cover the whole value chain including agro-processing - and there will be significant linkages with smallholders through out-grower schemes that will contribute to employment opportunities.

² For example, the contribution of smallholder horticulture to Zambia's rural economy is superior to that of maize: the value of production per capita at that national level is 1.4 times higher. It is also higher among female-headed households and smallholders



11. **Despite extensive use of trade restrictions and fiscally costly input subsidies and maize price support programs, food insecurity and malnutrition have remained daunting challenges in Zambia.** According to FAO Stat, over 2014-2020, the prevalence of severe food insecurity in the total population has steadily increased from 21.8 to 23.2 percent. The projections and latest data of IPC are even more alarming, as the levels of acute food insecurity (IPC Phase 3 or above) are projected to reach 29 percent in 2021 with COVID-19 further worsening an already dire situation. Some 35 percent of children are reported to have stunted growth due to poor nutrition, above the SSA average (32 percent)³. Production shocks due to flooding and pests, limited food availability at local level (despite national surpluses) and food price inflation are among the explanatory factors behind these trends.

12. **Zambia has prepared a comprehensive National Agricultural Policy (NAP), which provides good guidance for unlocking the sector potential.** The NAP is aligned with the Vision 2030 and with the 7NDP, as well as with the policy statements of the Zambia CAADP Compact (2011). It does not have a specific time limit and will be revised time-to-time to reflect the emerging priorities, including those of the 8NDP. The NAP is implemented through the periodic Policy Implementation Plans (PIPs), which are aligned with the election cycles. The PIPs provide a detailed list of activities which are accompanied by specific quantitative targets. The Second Policy Implementation Plan (2PIP) of the NAP for 2016-2021 has expired and the Third Policy Implementation Plan (3PIP) of the NAP for 2022-2026, to be aligned with the 8NDP and with the UNDP 2021-2026 Manifesto, is under preparation. It is expected that the 3PIP of the NAP draws closely on the activities identified under the 2PIP, but with updated performance targets. As such, the NAP, its current implementation plan, and the Manifesto will provide sufficient policy guidance until the 3PIP is completed.

13. **Restoring confidence in the growth potential of Zambian agro-food systems will require concerted actions both at the macroeconomic and sectoral levels.** The ratification by Zambia in February 2021 of the AfCFTA, that aims at the elimination of tariff and non-tariff barriers to regional trade, is an important step in this direction, which would assure that borders will remain open to encourage new private sector investments. The COVID induced fiscal and debt crisis provides opportunities for building more fiscal responsibility through repurposing public agriculture spending programs for job creation, productivity growth and climate adaption, while improving efficiency and effectiveness of such programs. Agro-processing and marketing companies remain the main drivers of growth in agriculture, but they need incentives through improved policy environment to attract new investments. To successfully solve these problems, complementary public and private investments in critical sub-sectors, coupled with policy reforms, are required. The new government is committed to refocusing the agricultural policies and programs, as articulated in the Manifesto, for the sector to become the driver for inclusive economic growth.

Relationship to CAS/CPF

17. **The proposed PforR is well aligned with the Zambia Country Partnership Framework (CPF) FY19-23 that aims to assist the Government of Zambia in its efforts to chart a high growth path that is more diversified, inclusive and sustainable.** The CPF acknowledges agriculture as the “economic motor of rural growth to increase income and employment opportunities and reduce rural poverty...”. The envisaged PforR actions are in line with the CPF Focal Area 1: “*more even territorial development: opportunities and jobs for rural poor,*” which centers on accelerating inclusive and sustainable rural development, fostering fiscal decentralization, enabling the rural population to increase resilience to shocks, and connecting lagging regions of the country to the main internal and external markets through improved

cultivating less than one hectare. Is Smallholder Horticulture the Unfunded Poverty Reduction Option in Zambia? A Comparative Assessment of Welfare Effects of Participation in Horticultural and Maize Markets”. IAPRI, Working Paper 96, 2015.

³ In fact, Zambia is experiencing the double burden of malnutrition with 5 percent of children under five years suffering from overweight and obesity (Zambia Statistics Agency et al. 2019).



connectivity and closing infrastructure gaps. The focal area lays out three objectives: (i) agri-food sector becomes less maize-centric, more productive, and better connected to domestic and external markets; (ii) selected rural communities become more resilient to climate and environmental shocks; and (iii) access to and quality of resilient infrastructure services (initial emphasis on electricity and roads) increases in selected rural areas and small towns. Through support for a selected range of growth-generating activities, including *inter alia*, adoption or streamlining of relevant policies and regulations, institutional enhancements, investments in improved services (e.g., provision of improved climate-resilient, productive technologies such as certified seeds in high value crops and farm mechanization; extension; agricultural research and development) and infrastructure development (e.g., irrigation), the PforR will contribute to unleashing the potential of the agriculture sector towards job creation and diversified, sustainable and inclusive economic development. Further, by using PforR as a lending instrument, the proposed operation responds to the CPF's aspiration of diversifying the range of financing instruments to the country and serving as a vehicle for sharpening government program formulation, the accountability framework as well as fiduciary and safeguards aspects.

Rationale for Bank Engagement and Choice of Financing Instrument

18. **The Program-for-Results (PforR) is the most suitable instrument for the proposed ZAMGRO Program.** The fiscal and debt pressures facing the Government requires a more efficient implementation of the government programs. Unlocking agricultural growth and job generation potential requires broader sectoral policy and institutional enhancements, which go beyond the relatively narrow scope of the Investment Project Financing (IPFs). A coherent package of policy changes and reorientation of public spending programs in agriculture is required to attain fundamental improvements in the policy regime, stronger institutions, and increased private sector investment in commercial farming and agribusiness sectors. The PforR instrument could offer incentives for repurposing of public resources towards productivity and jobs creating investments in public goods and services, such as technology development and dissemination, skills development, infrastructure, etc., while simultaneously addressing structural policy distortions. As such, the PforR instrument appears to be uniquely suited for delivering this kind of package of actions in the Zambian context.

19. **The PforR instrument is also useful to incentivize the Government to strengthen some of the technical aspects related to its own country systems.** The World Bank “Zambia Review of Country Systems to Support the Use of PforR” (2019) concludes that the PforR instrument, complemented with the specific program assessments, could offer incentives for strengthening the government institutional capacity for planning, executing, overseeing and monitoring of its program budgets; addressing some of the non-technical challenges by incentivizing behavioral changes, as well as coordination and collaboration within, and across, institutions and levels of government.

C. Program Development Objective(s) (PDO) and PDO Level Results Indicators

Program Development Objective(s)

20. The Development Objective of the proposed Program is to accelerate inclusive growth in the agri-food sector in Zambia.

PDO Level Results Indicators

21. Measurement of success towards the achievement of the PDO will be measured by indicators that have been drawn from the 2PIP of the NAP and from the 2018-2038 Zambia Tourism Master Plan. The indicators and their targets will be updated once the 3PIP of the NAP will become available. The proposed PDO indicators are as follows:



- Jobs generated in agriculture (Numbers)(disaggregated by women and youth)
- Crop diversification index (area planted to xx crops/area planted to maize)
- Increased private sector investments in the agri-food sector (as reported in GRZ information systems) (US\$ million)

D. Program Description

PforR Program Boundary

22. **The proposed PforR will be nested in the strategic areas of the NAP and its third Policy Implementation Plan (3PIP),** both of which are key elements of the 7NDP (and updated 8NDP) and Zambia Vision 2030. The proposed PforR would support the Government in the delivery of results in the areas regarded as critical to the contribution of the sector towards inclusive economic growth and job creation.

23. **The 3PIP of the NAP is expected to update its targets, although its programmatic framework is expected to largely follow that of the 2PIP.** This program provides a detailed information about the specific activities, expected results and indicative targets around the following ten action areas: (1) Production and productivity of crops and livestock (produce 160,000MT of various grain seed; 3,000 ha of land brought under communal irrigation); (2) Adaptive agricultural research (9 research facilities rehabilitated and one constructed); (3) Capacity building of agricultural training institutions; (4) Agricultural markets for inputs and outputs (Agricultural Marketing Bill operationalized); (5) Availability of and accessibility to agricultural finance credit facilities and insurance (250,000 farmers trained in banking services and credit repayment); (6) Private sector participation in agricultural development (review Food Reserve Act); (7) Food and nutrition security (increase Crop Diversification Index to 1.25); (8) Sustainable management and use of natural resources (78,750 farmers trained annually in conservation agriculture); (9) Mainstreaming of environment and climate change in the agriculture sector (establish a National Early Warning Call Centre); and (10) Mainstreaming of gender, HIV/AIDS, and governance issues in agriculture.

24. **The following areas of the NAP are excluded from the proposed PforR boundaries.** The proposed PforR excludes fisheries and livestock sub-sectors, which have already established a promising growth path despite limited public investments. These sectors are also relatively free from significant policy distortions. As such, the PforR would focus on crop sub-sector which received about 90 percent of the total agriculture sector funding yet is subject to major policy distortions and institutional and service delivery inefficiencies, which makes it suitable for the PforR interventions. Agricultural credit and insurance action area is also excluded as this is something government has little control over, as credit is provided by commercial banks. The regulatory and policy issues related to credit supply are covered under RA1.

25. **The NAP actions are not linked to specific government budget allocations.** Their implementation requires concentrated efforts from all stakeholders including government agencies (financed from budget), financial institutions and private sector. The proposed PforR will support a sub-set of the activities funded under NAP, with some exclusions. It will foster expenditure monitoring efforts to enable the government to report on budget allocation and execution of its major subprograms. Table 1 illustrates the scope of the proposed PforR within the Government's NAP.

26. **Program Result Areas.** To help sharpen the focus on achieving the Government targets, the Result Areas (RAs) of the proposed PforR cover a subset of the Government program activities, which are aligned with the government's own targets. The RAs were selected considering that they: (1) Have potential to make strong contribution to achieving the government's own targets; (2) Are linked to specific measurable results; (3) Provide "value added" of the program results in terms of their technical/institutional quality, efficiency and effectiveness; and (4) Incentivize behavioral changes. The Technical Assessment will identify specific activities under these Ras which will be targeted under the proposed PforR.



27. **Result Area 1: Enhanced policies and institutions for accelerated growth and job creation.** The goal is to support the related improvements in policy environment and institutional arrangements through better alignment of budget allocations with the stated program priorities and monitoring of the efficiency and effectiveness of program implementation. It would cover, *inter alia*, the following sub-activities: (1) Improving input/output markets through program design/implementation arrangements for FRA and FISP and operationalization of Agriculture Marketing Bill; (2) Development of comprehensive investment plan for the blocks (aligned with the OECD-FAO standards for responsible agricultural investments); (3) Incorporating green growth and climate resilience principles into agriculture sector programs (national agricultural early warning information systems, standards and guidelines for green investments); and (4) Strengthening the sector PFM and public procurement management processes, including improved and more predictable budget releases, M&E and results tracking (capacity building for improved budget management; establishment of data platforms for improved M&E).

28. **Result Area 2: Improved services for inclusive growth and job creation in rural areas.** The goal is to increase the level of human capital in the agriculture sector to contribute to development of food systems, tourism activities and climate resilience. It would cover, *inter alia*, the following sub-activities: (1) Improving adaptive and advisory services for climate resilience (adaptive technology and knowledge development; incorporating climate resilience into agriculture training and extension programs; enhancement of agricultural research facilities and restructuring of applied agricultural research and extension capacities to meet private sector needs); (2) Increasing the production of improved (resilient and diversified) seeds in rural areas; and (3) Building human capacities (scaling up training for off-farm employment in food systems; improving skills),

29. **Result Area 3: Improved infrastructure and assets for inclusive rural growth:** The goal is to support the delivery of targeted rural infrastructure to enhance agriculture and tourism sectors contribution to growth and job creation. It would cover, *inter alia*, the following sub-activities: (1) Rehabilitation and improvement of cost effective irrigation technologies and infrastructure assets; (2) Promotion of farm mechanization and establishing Farm Power Mechanization Centers; (3) Developing market centers infrastructure; and (4) Developing and enhancing storage facilities.

Table 1. The Government program and the PforR Boundary Comparison

	Government programs		Program supported by the PforR	
Objectives	NAP: An efficient, competitive, sustainable agricultural sector which assures food and nutrition security, increased employment and income.		To accelerate the growth of sustainable, diversified and competitive agriculture sector in Zambia for sustainable job creation and inclusive economic development	
Duration	NAP 3PIP: 2022-2026		2023-2026	
Geographic coverage	Nationwide		Nationwide	
Result areas	NAP: Actions 1 to 10		NAP: Actions 1-4, and 6-10, (except livestock and aquaculture sub-sectors);	
Overall Financing	US\$0.88 billion		US\$250 million	
	Priorities / sub-priorities for NAP		Included in PforR	Result Areas
	1	Increase Agricultural production and productivity		
	1.1	Crops. Promote improved and certified seeds	Yes	1
	1.2	Crops. Irrigation technologies & infrastructure for smallholders	Yes	3



Program areas	1.3	Crops. Promote efficient water use & high value irrigable crops	Yes	2
	1.4-5	Livestock. Promote re/stocking, production & disease control	No	
	1.6-7	Fisheries. Promote fish re/stocking and access to fish seed	No	
	1.8	General. Promote farm power and mechanization	Yes	3
	1.9	General. Promote development of farm blocks	Yes	1
	2	Improve Agricultural Research and Development		
	2.1	Promote alternative financing for agricultural research	Yes	2
	2.2	Strengthen institutional capacity for climate change research		
	2.3	Promote adaptive research		
	3	Strengthen Capacities of Agricultural Training Institutions		
	3.1-2	Increase staff levels, efficiency, effectiveness in ATIs	Yes	2
	4	Improve efficiency of agricultural input and output markets		
	4.1	Promote private sector participation in input/output markets	Yes	1
	4.2	Strengthen farmer groups and co-operatives capacity	Yes	2
	5	Promote agricultural finance credit facilities and insurance.		
	5.1	Promote broad based smallholder credit and financial delivery	No	
	5.2	Promote warehouse receipt system	Yes	1
	5.3.	Promote payback culture in ag. credit management	Yes	1
	6	Increase Private Sector in Agricultural Development		
	6.1	Strengthen agriculture legal and regulatory framework	Yes	1
	6.2	Strengthen ag. info. management systems and dissemination	Yes	2
	6.3	Strengthen coordination among all stakeholders in the sector	Yes	1
	6.4	Promote development of farm blocks	Yes	3
	7	Improve Food and Nutrition Security		
	7.1	Promote diversification of ag. production and utilization	Yes	2
	7.2	Promote on-farm agri-processing, value addition and storage.	Yes	3
	7.3	Reduce post-harvest losses	Yes	3
	8	Promote Natural Resources Sustainable Management & Use		
	8.1	Promote sustainable land management & conservation ag.	Yes	2
	8.2	Promote sustainable and climate resilient animal resources	No	
8.3	Promote sustainable fishing methods	No		
9	Mainstream environment and climate change in ag. sector			
9.1	Promote awareness to climate change mitigation adaptation	Yes	1	
9.2	Strengthen existing early warning systems	Yes	1	
9.3	Build individual capacity for climate change risk assessment	Yes	2	
10	Mainstream Gender, HIV/AIDS, Governance issues in Ag.			
10.1	Promote women and youth participation in agriculture	Yes	1	
10.2	Promote ag. technologies that mitigate HIV/AIDS impact	Yes	1	

30. **The specific Disbursement Linked Indicators (DLIs) and Program Action Plans (PAP) will be determined based on the technical assessments of the activities included in the PforR boundary.** The guiding principles for choosing the DLIs are: (i) Provide “value added” in terms of improved program quality; and (2) Cover activities under the NAP and the ZTMP which contribute to the inclusive growth and job creation. It is expected that the DLIs balance achievement of the on the ground results with policy enhancement and systems improvement actions. The DLIs, their values and verification protocols will be determined based on the Technical Assessments. In addition to the proposed DLI areas below, it is expected that there will be 1-2 DLIs related to the improvement of the PFM systems drawing on the findings of the Fiduciary Systems Assessments. The potential DLI areas could cover the following actions:



PforR Result Areas	Disbursement Linked Indicator (DLI)	Scalability
RA 1: Enhanced policies and institutions for accelerated growth and job creation	• Improvement of FISP design and management (i.e., move towards e-Voucher system)	Yes
	• Amendment of the FRA Act and/or operationalization of the Agricultural Marketing Bill	No
	• Reduced cost targets for the FISP and FRA programs	Yes
	• Investment plans for farm blocks (aligned with international standards for responsible agricultural investments)	Yes
RA 2: Improved services for inclusive growth and job creation in rural areas	• Number of farmers adopting climate smart agriculture technologies	Yes
	• Number of hectares cultivated with improved certified seeds	Yes
	• Numbers of rural people (women and youth) trained	Yes
RA 3: Improved infrastructure and assets for inclusive rural growth	• Number of hectares brought under irrigation	Yes
	• Increase in storage capacity (tonnage)	Yes

E. Initial Environmental and Social Screening

46. An Environmental and Social Management Systems Assessment (ESSA) will be conducted to assess the implementation and effectiveness of existing systems to ensure consistency with the six core principles outlined in the World Bank’s Operational Policy on the PforR Financing. The assessment will focus on the review of national legislature and associated guiding instruments that support environmental and social impact assessment processes in the MOA in a bid to attain sustainable development. Zambia has some 33 pieces of legislation which are directly or indirectly related to environmental management and sustainability, with the Environmental Management Act No.12 of 2011 has the principal law. The existence of multiple environmental and social legislation and statutory institutions presents a challenge in the management of environmental and social risks. Enforcement of laws remains relatively weak due to limited staff in statutory institutions.

47. Planned infrastructure improvements are likely to result in impacts related to land clearing, soil erosion, pollution, community health and safety, Occupational, Health and Safety risks, possible natural habitat and ecosystems disturbance that comes with new infrastructure, land acquisition and restrictions on land use for communities. These include: (i) development of farm blocks, (ii) construction and rehabilitation of research centers and irrigation schemes, and (iii) construction of office accommodation. Capacity to address risks associated with these activities is limited. MOA has previous experience in developing farm blocks and construction of irrigation schemes. However, implementation of resettlement activities has varied due to inadequacy in the ministry’s policy on compensation, absence of a comprehensive national policy that addresses involuntary resettlement and limited operational and technical skills⁴. There is need to

⁴ Significant delays have been experienced under the ongoing Irrigation Development Support Project (P102459) in completing resettlement activities due to non-release of counterpart funding. The project has also assumed responsibility for addressing legacy E&S issues including dam safety under the closed Water Resources Development Project. Continued Bank engagement has led to heightened attention to management of these risks and contributed to increasing client capacity. Further engagement through this PforR could further institutionalize risk management within key ministries.



strengthen existing pieces of legislation to ensure standard approaches in addressing resettlement impacts and develop procedures for voluntary land donations.

48. There is a likelihood of elite capture in program beneficiaries. The agricultural sector in Zambia is synonymous to women lagging in terms of access to and control of productive assets. Due to the nature of proposed activities to improve services and infrastructure in rural areas, women may be excluded from participating and benefits from program activities due to the existing social and cultural norms that perpetuate gender inequality. The risk of exclusion may extend to other vulnerable groups such as persons living with disabilities. To minimize this risk, the program design will promote gender mainstreaming and consultations with various groups to ensure their active participation through culturally appropriate means.

49. Program impacts are considered site specific and can be readily mitigated with appropriate remedial measures. The ESSA will therefore sharpen its focus on core activities identified in the PforR boundaries. Activities which may have some environmental and social risks will be assessed further during the preparation, but it is expected that they should not lead to changes in the PforR boundary. Such activities could include: (i) new small size service facilities and infrastructures which may require land acquisition or land lease; (ii) moderate physical resettlement; and (iii) participation and consultation approaches.

CONTACT POINT

World Bank

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