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1 INTRODUCTION

In 1992, in common with much of the rest of Southern Africa, Zambia was hit by a severe rainfall failure. Although total rainfall for the 1992/93 agricultural season was not much below the levels of recent years, a cessation of precipitation for almost two months, coupled with a period of abnormally high temperatures in most of the southern and eastern areas of the country, resulted in a failure of the maize crop, the main food staple for almost all the population (World Bank 1993). The impact of this climatic shock was exacerbated by a high level of structural poverty, resulting from more than 15 years of poor economic performance and declining incomes, and by previous policy regimes which had given priority to the production of maize at the expense of more drought-tolerant crops. The shock also occurred at a time of substantial political change. The emergency was announced within four months of the installation of a new government which had taken office following the first multi-party democratic elections for more than 20 years.

In the classification adopted for this Bulletin, the 1992 shock in Zambia can be identified as a slow onset emergency, triggered by a rainfall failure. It was a slow onset emergency in the sense that, although the shock occurred in January and February 1992, its impact was not felt until the harvest the following year in May and June 1993. The nature of the emergency was complicated, however, by the widespread level of poverty in both urban and rural areas and by the process of political and economic change. This in turn had important implications for both the immediate response to the shock and the organization of the relief effort.

An analysis of the links between relief and development in Zambia is important for three main reasons. First, it demonstrates the role of development policy, especially in relation to agriculture and food security, in determining the extent to which people are vulnerable to climatic shocks. Second, it illustrates the immense potential of community organizations and non-governmental agencies when provided with adequate resources and an appropriate framework for action. The need to organize and

deliver a massive relief programme at a time when government institutions were in a state of flux resulting from the move from a one-party state to the democratic system of the Third Republic meant that the burden of response inevitably fell on the non-governmental sector. And, third, the apparent success of the relief programme in averting famine, together with the establishment of a successful partnership with community based organizations, has resulted in a consensus about the need to move from relief to development. There is now widespread support in Zambia for the development of an effective social safety net involving government, donors and the non-governmental sector.

2 DEVELOPMENTS PRIOR TO 1992

2.1 Economic progress

The Zambian economy grew rapidly in the immediate post-Independence period. During the copper price boom between 1964 and 1973, revenues from copper were used to finance extensive investments in both economic and social infrastructure. By the early 1970s, Zambia was considered to be one of the richest countries in Eastern and Southern Africa (Seshamani 1990). The economy was vulnerable to fluctuations in the world economy, however, and was hit by the oil price shocks of the middle and late 1970s and by a collapse in the copper price. Between 1973 and 1984, the commodity terms of trade declined by more than 77 per cent; between 1975 and 1980 import volumes declined by 30 per cent.

The initial response was to treat the shocks as temporary and to maintain consumption levels by increasing borrowing, resulting in a rapid build up of external debt. The structure of the economy, which was highly centralized and import dependent, meant that adjustment to the shocks was both difficult and slow. The reduction in imports resulted in a substantial decline in productive capacity, which in turn was fed through to incomes and food security.

From about 1980 onwards it was clear that a more structured response was needed, and the government introduced a series of economic reform and

adjustment measures throughout the 1980s and early 1990s. These seem to have been driven by two conflicting pressures: externally, from the IMF and World Bank, to adjust to imbalances and liberalize the economy; and, internally, to protect the consumption levels of key groups, especially urban, formal sector workers (Pearce 1989). As a result there was considerable policy instability, and major changes in direction occurred a number of times in this period.

As a result of lower prices for copper and the policy instability, output remained largely static and inflation increased rapidly. Investment was not sufficient even to maintain the capital stock, let alone result in new productive investment. Formal sector employment remained static between 1980 and 1990, and declined as a percentage of a rapidly expanding labour force (PIC 1991). The maintenance of employment levels was financed mainly through substantial falls in the real value of wages.

2.2 The impact on people

As a result of the poor economic performance and rapid population growth, real per capita GDP fell to less than a third of its previous level between 1974 and 1984 (Seshamani *op cit.*). Zambia is now officially classified as a least developed country. It displays many of the characteristics of other countries at similar levels of development (World Bank 1993), the main difference being that many people can remember significantly better times.

The poor economic performance has been reflected in measures of poverty and welfare. For example, under-five mortality was about 190 per 1,000 live births in 1992 (Gaisie *et al.* 1993). While this level is comparable to other countries, with similar levels of GDP, it does represent an apparent increase in young child mortality of about 20 per cent since 1980. Zambia appears to be one of the very few developing countries (other than those affected by war) where the improvements in child survival seen elsewhere in the 1970s and 1980s have not only slowed down, but seem to have been reversed. High mortality levels are also associated with the increasing impact of AIDS/HIV.

Food insecurity and malnutrition have increased: for example, a 1991 study showed that an average household spent more than 70 per cent of its budget on food (PIC 1992). Comparison with earlier studies indicates that this proportion has been increasing,

indicating greater pressure on households. In 1991 more than 60 per cent of households were apparently unable to afford a nutritionally adequate diet, and these data were collected at a time when levels of subsidy on the consumer price of maize meal were high. Subsequently subsidies were removed and over a 12 month period, the nominal price of maize meal increased by more than 10 times.

The economic decline has also affected the ability of the government to continue to finance basic social services. Between 1987 and 1991, real government expenditure declined, but expenditure on some social services was reduced at a proportionally faster rate (Kelly 1991). In particular, the proportion of the budget devoted to general administration and subsidies increased, while that allocated to education fell and the health budget stayed the same.

Much of the immediate impact of the decline in incomes has been experienced in the urban areas, although urban incomes are still higher than in the rural areas (CSO 1993a). As a result, income inequalities in Zambia have apparently declined. As urban incomes have been squeezed, the disparities between urban and rural areas have reduced (World Bank 1993). Even so, the most deprived people are still in rural areas, especially the more remote locations away from the line of rail. In these locations, more than 50 per cent of pre-school children appear to be nutritionally stunted and infant mortality is among the highest in Africa (Gaisie *et al.*, *op cit.*).

2.3 The safety-net in the Second Republic

During the period of the Second Republic, from 1970 to 1991, the explicit aim of food policy in Zambia was to protect the food consumption of key population groups, especially formal sector employees in the urban areas. Food policy concentrated on maize and had two potentially conflicting objectives: to meet market demand for maize from domestic production; and to maintain a flow of cheap food to the towns to help reduce pressure on wages (Pearce, *op cit.*). The policy instruments used to achieve these objectives included: control of the maize marketing system; administrative setting of prices on a pan-territorial and pan-seasonal basis; nationalization of the large-scale millers; and the use of a range of subsidies on production inputs and for transport and marketing costs.

One outcome of these policies was to make the urban consumer price of maize meal politically

sensitive. Major policy changes have been forced on the government in the past as a result of political pressure resulting from price increases. The policy dilemma at the macro level has been mirrored by the problem of managing food policy at the sectoral and micro levels. Here the trade-offs have been between the need to maintain low food prices and tight controls on maize marketing, against the cost of subsidies and pressures from donors for market liberalization. The main effect of the subsidies seems to have been to encourage maize production in areas where it probably did not have comparative advantage and to transfer income from rural producers to urban consumers (World Bank 1992).

At different times, attempts were made to reduce the cost of subsidies, of which the most important was the introduction in 1989 of the food coupon system, a loosely targeted food stamp programme in urban areas. While this did achieve the fiscal objective, there is little evidence to suggest that the coupons were an effective means of protecting food security (Pearce, *op cit*). Rural households were excluded from the coupon system, even though most evidence suggested that they were poorer and less food secure than their urban counterparts.

In the period of political pressure leading up to the elections in 1991 the consumer price of maize meal became an important political indicator. In an effort to retain popularity, the government re-introduced general price subsidies and the price was kept constant for a period of almost 15 months, at a time when retail price inflation was in excess of 100 per cent per year. At the time of the election, the fiscal cost of price subsidies had again become prohibitive and there was considerable pressure from donors for a change in policy.

2.4 The Third Republic

The first multi-party elections for over 20 years in 1991 resulted in a change of government, and the Movement for Multi-Party Democracy (MMD) took office with a clear mandate for policy change. This included a rapid move to market liberalization, the reduction of subsidies and greater efficiency in the delivery of social services. An early priority was to eliminate food subsidies and this was done over a 12 month period. The effect was to increase the nominal consumer price of maize meal by more than ten times from the pre-election level. At the

same time, the food coupon system was abolished and not replaced with any alternative food security measure. The priorities of the new government were to address the problems of the external and internal imbalances, to promote growth and to reduce the scope of government involvement in the economy.

Although the problems of poverty and food insecurity were acknowledged by the new government, no formal poverty strategy was developed. A Public Welfare Assistance Scheme (PWAS) was set up to provide grants and other assistance to the long-term destitute¹, but had a limited impact. In the first year of operation, less than half of the funds allocated were distributed. At the same time, the government abolished the Prices and Incomes Commission (PIC), the only institution with a mandate and the capacity to undertake analysis of poverty and food security issues.

3 THE 1992 DROUGHT AND THE RESPONSE

3.1 The magnitude of the emergency

The 1992 drought occurred within four months of the election of the new government. Maize production for the 1991/92 season was estimated at about 5.4 million bags², compared with market demand in a normal year of about 16 million bags (PAM 1993). This production failure occurred at a time when national stocks were already at a low level, because of poor harvests in the previous two years.

The impact of the drought was undoubtedly made worse because of past agricultural policies (World Bank 1993). The emphasis on maize production for sale and the existence of a pan-territorial and pan seasonal pricing system had encouraged the planting of hybrid maize even in areas where it was not really suited. Local storage and processing was discouraged, which meant that few families had sufficient stocks, even in areas which were known to be drought prone.

At the beginning of the drought emergency, it was estimated that about 835,000 tons of food imports were needed in order to stabilize prices and meet food requirements. Of this, about 117,00 tons were needed for humanitarian assistance for up to 1.7 million people whose livelihoods had been directly affected (PAM *op cit*). This would be distributed

¹ Defined as the disabled, sick, elderly and households with no able-bodied adults

² 90 kg bags.

in three ways: as a wage on food-for-work, by means of subsidized sale by NGOs, and free to those worst affected. The remainder (almost three quarters of a million tons) was required to stabilize maize prices and to maintain food supplies in urban areas at adequate levels. Both government and donors saw this second objective as crucial and, initially, it was identified as the top priority. The stability of the new government, of the democratic reforms and of the economic adjustment programme all required that maize should continue to be widely available in urban areas. Both politicians and officials still had fresh memories of civil disturbances in urban areas, prompted by rapid increase in food prices in 1987 and again in 1990.

The response to the emergency, both by the government and donors, was remarkably rapid. Zambia was the first country in the Southern African region to issue an appeal to donors for assistance. The donor community, led by the United States, responded very quickly, at least by the standards of previous emergencies. As a result, Zambia had obtained most of the pledges it needed before the SADC appeal was officially launched in June 1992. The food import gap was officially closed as early as September 1992 and, from May of that year onwards, food demand in urban areas was largely met from food aid shipments.

Bulk imports of grain were managed by an extra-governmental agency, which was supported by technical assistance from the United States. This body was established by the Minister of Agriculture, reported directly to him, and bypassed normal government channels. In part, this arrangement reflected the fact that official institutions were weak and were to some extent distrusted by the new government. In addition, the government was able to finance some food imports itself and agreement was received from the key donors to relax some of the fiscal and monetary targets for the economic adjustment programme.

Despite the perceived need to maintain food supplies to urban areas, the government remained committed to the subsidy reduction programme. It was decided, however, in agreement with donors, that imported maize (almost all of which was yellow maize and thought not to be preferred by consumers)

would attract some subsidy on transport costs. This was done so as to ensure that yellow maize was sold at a discount compared with white maize. It also reflected the very high transport costs on imports from outside the Southern African region.

The monetization of large quantities of imported maize generated substantial levels of counterpart funds. Some of these were used to meet the internal transport, handling and storage costs (ITSH) for the humanitarian relief programme. The management of the counterpart funds remains an important issue for both macro and sectoral policy in Zambia.

Setting up the humanitarian relief programme took a little longer. However, with support from WFP, the Government established the Programme for the Prevention of Malnutrition (PPM) to distribute relief by May 1992 and the first shipments of food took place in June and July. PPM was established from the start as a partnership between government, donors and NGOs. A policy decision was made by Cabinet to deliver all relief through non-governmental organizations. This was in part a recognition that local structures were very weak and that, local government was largely non-existent³. It also reflected the desire of both donors and government to eliminate political interference with the targeting and delivery of relief. Lead NGOs were identified in each area affected by the drought and they were given the responsibility for identifying beneficiaries and for delivering assistance (PAM, *op cit.*).

Previously in Zambia, drought relief had been delivered as food handed out to recipients identified through the local party (UNIP) structure. In 1992, a key policy decision was to restrict the distribution of free food. While drought relief was still to be made available in the form of maize, the desired forms of distribution were either local sale by NGOs, with subsidized transport costs, or wages for people employed on public works programmes. In fact, free distribution was limited to 10 per cent of the total relief and NGOs were instructed to undertake detailed local assessments in order to identify people who qualified for this assistance.

³ Elections for local councils were not held until towards the end of 1992. The previous system of appointed party (UNIP) officials was largely discredited.

As with bulk imports, the management of PPM was delegated to a new institution, the Programme Against Malnutrition (PAM) which was established as an NGO, outside normal government structures. PPM and PAM reported directly to Ministers and had access to decision making at the highest levels. The major constraints encountered during the relief operation were concerned with logistics, transport, accurately accounting for and reporting resources used, and some political interference (PAM, op cit.). In the last case, the problems were usually dealt with by referring them to the national level. The partnership of government, donors and NGOs in general proved very effective in resisting political interference in the management of the programme.

3.2 The impact of the relief programme

Although no formal assessment of the relief programme has been undertaken, most observers agree that the response to the drought was remarkably effective. In urban areas, food prices were generally stabilized, and maize was generally freely available throughout the emergency period.⁴ In the rural areas, famine was averted and there were no reported deaths directly attributable to starvation or famine related diseases. Although there was some local movement of people, mainly in search of water, there were no large-scale population movements. About 50,000 jobs were created under PPM and almost 250,000 tons of maize was distributed to an estimated 2.5 million beneficiaries, over twice the amount of 117,000t originally foreseen. Given that Zambia had had very little previous experience of large-scale food-for-work projects, this was a remarkable achievement.

Key lessons learned from the management of the relief programme included the need to ensure flexibility of response. While overall policy and guidelines could be set at the centre, there was a need for flexibility in their operation at the local level so that the variety of conditions encountered in rural Zambia could be catered for. The need for the effective transmission of information from remote areas to the centre and vice-versa was highlighted. The importance of community participation in the identification of appropriate relief projects and in their management was also made clear. The success of many of the projects was undoubtedly due to the fact that local people had a direct stake in their success.

A food security monitoring system was established with assistance from donors. Results from this support the impression of an effective relief programme (CSO 1993b). Food prices in most communities were stabilized and food was available in most areas, although many people were dependent on food aid for a year or more. The monitoring system did identify other problems, however, which will require attention in future emergency programmes. In particular, a worrying increase in the level of child malnutrition was recorded in most areas and this continued in the post-drought recovery period. It is not clear whether this increase reflects a real trend in rural areas as a whole or is related to an increase in clinic attendance. It is likely, however, that the drought did place pressure on household livelihoods, even when relief food was fairly readily available. Other factors, including greater time pressure on women, who were the main participants in food-for-work projects, will also have been important.

The monitoring system also identified health problems in the drought affected areas. There were increases in morbidity of diseases such as measles, and, in the post-drought period, epidemics of cholera and meningitis were recorded. The management of the relief programme placed considerable strain on the primary health care system, which meant that regular programmes, including mother and child health, immunization and health education, were constrained. Requests for assistance for the non-food needs for drought management were not identified as early, as the appeal for food aid and donors were not able to respond in quite the same manner. By the time needs were identified and transmitted to donors, many budgets were already fully committed.

3.3 From relief to development

The success of the relief programme, and especially the partnership between NGOs, donors and government through PPM, has resulted in a reappraisal within government and the donor community of the possibilities for a more proactive poverty and food security policy. Two major positive benefits have arisen from the drought experience in Zambia. First, there is now a greater realization within government that many people in all areas of the country are food insecure and at risk from external shocks.

⁴ In fact maize prices rose steadily throughout the drought emergency, but this was largely in response to the removal of subsidies and to rapid general inflation.

Economic growth and efficient markets will not, on their own, solve these problems and direct action is required to sustain an adequate safety net. Second, the success of PPM demonstrates that it is possible to do something effective, that resources can be mobilized and that a combination of community action and appropriate policy can be successful (PAM 1994). In the context of the experience towards the end of the Second Republic, these are very important changes.

The need for direct action to address poverty is certainly clear. Even if the economic reform and adjustment programme achieves its stated objectives, it is unlikely that effective markets and renewed growth will solve the poverty problem in the short term. With population growth in excess of three per cent per year, it will take 40 years of sustained growth at five per cent per annum simply to get back to the average income levels of 15 years ago. It is also difficult to see how the majority of Zambians will be able to benefit from renewed growth without more investment in both human and physical capital. Without policies to ensure that the rural population is able to participate in the economy in the future, the previous inequalities are likely to re-emerge once growth restarts.

In rural areas, the poor are constrained from being able to take advantage of the opportunities afforded by the reform programme by a number of factors. These include: a shortage of labour in rural areas; gender biases, especially against women acting as heads of households (female-headed households are disproportionately represented among the poor); and the need to guard against shocks, including market failure, sickness and death and drought. There is considerable evidence to suggest that the risks faced by the rural poor are increasing, from market instability as government intervention is reduced, from AIDS and from possible climate change. If the poor are to be encouraged and supported to make productive investments for the future, both in their own skills and education and in productive assets, then action to help reduce risks, for example, through an effective government sponsored social safety net is likely to be needed. An important factor in assessing alternative mechanisms for delivering the safety net, therefore, will be the extent to which they help to promote investment as well as protecting consumption.

4 CONCLUSIONS

The links between development and relief in Zambia are clearly illustrated by the extent to which previous policy distortions have resulted in increased vulnerability to drought, especially for the rural population. Over-emphasis on a single policy goal, national self-sufficiency in maize production, has led to a production pattern which does not represent comparative advantage and which has resulted in the weakening of indigenous strategies to reduce the impact of drought. In the future, it will be important to ensure that food policy addresses the problem of food security at the level of households and communities and does not just concentrate on national self-sufficiency. This will require a sustained approach involving research, extension, marketing policy and the strengthening of community level organizations. In principle, this has been accepted by government, although the policy yet to be put into action. For example, the recent Agricultural Sector Investment Programme (ASIP), developed by the government with World Bank support made little mention of household food security or the threat of drought.

Following the drought period, renewed attention in Zambia has been given to the development of a medium-term poverty strategy. This is probably the most positive outcome of the emergency and indicates how successful relief programmes can lead to a more sustained development process. Pressure from donors has played a part. For example, the World Bank has undertaken a detailed poverty assessment in order to develop such a strategy and the latest round of structural adjustment lending has applied conditionality to social policy for the first time. However, the momentum towards developing a poverty strategy undoubtedly derives in greatest part from the success of PPM and the partnership with the non-governmental sector.

Although the formal strategy still needs to be established, it is clear that three main strands will be involved: improving the access to and delivery of basic social services; helping households to invest by providing price incentives and by improving access to productive assets; and the provision of an effective social safety net. The success of PPM has led to moves to establish an ongoing safety net funded by government and donors, but very largely delivered by communities and NGOs. In the immediate

⁵ Originally PPM was established only in the 27 (out of 56) districts directly affected by the drought.

post-drought recovery period, PPM has been continued and indeed expanded to cover the whole country⁵. Food-for-work and other public employment schemes have been seen as key delivery mechanisms. They have widespread political support and are likely to be maintained in some form. Over 11 million dollars have been provided by donors and the government for post-drought recovery activities, including the provision of agricultural inputs, development of on-farm storage, rehabilitation of infrastructure and direct assistance to the destitute (PAM 1994).

A number of important issues remain, however, and these will need to be addressed in the near future. In particular, key questions include: how the relationship between government and NGOs can be managed on a continuing basis; how to design public employment schemes to enhance investment, especially in human capital; how to address the problem

of time pressure on women; and how to finance the programme on a sustained basis. The partnership developed through PPM was unique and was remarkably successful. It is not clear, however, how easy it will be to sustain this now that the immediate pressures of dealing with an emergency have been removed.

As a case study, Zambia highlights some important issues for other countries and for future research. The 1992/93 relief programme was successful, but a key question is how much of the success was due to the donor response. While the conditions of 1992 imposed special problems, they also represented a special set of circumstances which meant that all the key players were highly committed to the success of the relief programme. Failure would not only have meant famine, it may well have resulted in the collapse of the democratic reform and the economic adjustment programme.

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