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Investing in rural people in **Zambia**

Over the past 15 years, Zambia's economic trajectory has fluctuated because of global and domestic factors. Despite its rich endowment in natural resources, Zambia has yet to fully leverage this potential for economic expansion. Currently, only 10 to 15 per cent of arable land is under cultivation, and a mere 7.2 per cent of available land is used for irrigation purposes. The agricultural sector, which engages over 70 per cent of the workforce, is recognized as a key area for development. However, it faces challenges such as low productivity, limited access to financial services, constrained market access and a reliance on rain-fed agriculture. These challenges have stifled the sector's growth, resulting in diminished household incomes. Additionally, the increasing frequency of extreme weather events poses a significant threat to the agricultural sector, jeopardizing livelihoods and the broader economic landscape.

The economic outlook is positive, with a projected annual growth rate of 4.5 per cent between 2023 and 2025, fuelled by the revival of key sectors such as mining, services and manufacturing. Nonetheless, potential challenges such as volatility in global fertilizer prices, escalating fuel costs, increased electricity tariffs and the ongoing threat of drought could adversely impact food security, agricultural productivity and household incomes. As a result of increased social expenditures, Zambia maintained its fiscal deficit of 8.1 per cent of GDP in 2023 and 7.3 per cent in 2024.

Opportunities for enhancing agricultural productivity, particularly in rural regions, are evident. These include facilitating access to advanced technologies (such as mechanized farming tools, improved seed varieties and fertilizers), establishing



market connections and providing training in contemporary farming techniques. Such actions would also aim to augment productivity and foster participation in non-agricultural sectors, including manufacturing and services, thereby contributing to sustained economic growth and development.

Eradicating rural poverty in Zambia

Despite efforts in education, healthcare, water, sanitation, employment and empowerment, Zambia still faces substantial poverty and inequality, especially in rural regions marked by poor nutrition, costly agricultural inputs, low income and limited capital.

Zambia's strategic Vision 2030 aims to elevate the country to middle-income status by the year 2030. This vision advocates economic diversification, reducing the nation's dependence on its copper industry. In support of this long-term goal, Zambia has adopted medium-term development plans, currently focusing on the Eighth National Development Plan (8NDP), covering the period from 2021 to 2026. This plan highlights the agricultural sector as pivotal for both economic diversification and poverty reduction.

To enhance poverty eradication, the Government of the Republic of Zambia launched the Comprehensive Agricultural Transformation Support Programme (CATSP), or Zambia's Second National Agriculture Investment Plan (NAIP II), which succeeded NAIP I (2014–2018). CATSP supports the 8NDP and aligns with Vision 2030, underscoring Zambia's development commitments.

IFAD's strategy in Zambia

IFAD's engagement in Zambia since 1981, with an investment of US\$355 million across 15 projects, underscores its commitment to rural development and poverty reduction.

The primary aim of the IFAD country strategic opportunities programme (COSOP) in Zambia is to increase the income, food security and nutrition of poor and vulnerable rural people through sustainable, diversified and climate-resilient rural livelihoods.

This overarching goal is enhanced by two synergistic strategic objectives:

- Increased agricultural production, productivity and commercialization to strengthen the resilience of small-scale production systems and enhance nutrition and food security.
- Develop efficient nutrition-sensitive agricultural value chains that increase the participation of small-scale farmers in markets and create rural employment opportunities.

IFAD's distinctive role is anchored in its dedication to advancing the commercialization of smallholder agriculture through enhanced production and productivity, improved processing techniques and expanded market access. Also prioritized is the development of sustainable and inclusive value chains that contribute to nutritional improvements. These initiatives drive rural transformation and are bolstered by strong support for policy development and the strengthening of institutional frameworks dedicated to rural financial services. IFAD's investments constitute a comprehensive array of programmatic efforts designed to uplift impoverished rural communities.

IFAD has sustained a long-standing partnership with the Government of the Republic of Zambia, offering a comprehensive support package encompassing loan and grant programmes, investment risk mitigation, oversight, network connections, capacity enhancement and institutional development.

Furthermore, by forging strategic alliances with other development entities for cofinancing prospects, IFAD can amplify its impact. Collaboration with these partners leads to a pooling of resources and expertise, enabling the execution of more extensive projects with wider scope and more profound effects.

Ongoing operations



Since 1981, IFAD has invested **US\$355 million** in Zambia across **15 projects**

Enhanced Smallholder Livestock Investment Programme (E-SLIP)

The Enhanced Smallholder Livestock Investment Programme (E-SLIP), initially set as a seven-year initiative from 2015 to December 2022, received a two-year extension and additional financing of US\$7.8 million from the IFAD Executive Board. This decision, prompted by the Government of the Republic of Zambia, aims to expand successful activities within its two technical components and achieve specific goals that are currently not on course.

The total cost of E-SLIP amounts to US\$59.2 million, which is funded by the government, IFAD and the OPEC Fund for International Development. The programme's primary goal is to enhance the production and productivity of key livestock systems for all small-scale producers, including women and youth. E-SLIP's ultimate aim is to sustainably enhance incomes for Zambia's rural poor households. To date, the programme has impacted over 260,000 households across the nation, with an anticipated reach of approximately 314,227 households by its conclusion.

E-SLIP has achieved significant progress in animal disease management. Notably, the programme has assisted the Central Veterinary Research Institute in the local production of stabilate for East Coast fever, a disease affecting 37 per cent of Zambian cattle. Additionally, E-SLIP is aiding the government in establishing a national hybrid livestock insurance scheme aimed at covering livestock asset replacement and protection.

E-SLIP has also advanced livestock production and productivity by focusing on forage production and rangeland management. Collaborating with seed companies and partners such as Germany's Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the programme has distributed seeds to small-scale farmers and formulated a seed supply strategy. This strategy is designed to connect farmers with seed companies, thereby ensuring the long-term sustainability of these efforts.

Rural Finance Expansion Programme (RUFEP)

RUFEP is an eight-year initiative with a total allocation of US\$26.315 million, financed through concessional loans. The funding is distributed as follows: IFAD provides US\$8.416 million, the Spanish Trust Fund US\$11.988 million, participating institutions US\$3.29 million, and the Government of the Republic of Zambia US\$2.613 million. The programme is scheduled to conclude in March 2024.

RUFEP has impacted over 700,000 households, enhancing the livelihoods of poor rural communities through sustainable economic growth. It supports enhanced access and use of sustainable financial services by poor rural people. The programme has expanded

Zambia's **strategic Vision 2030** aims to elevate the country to **middle-income status** by the year 2030

the reach of rural financial services provided by microfinance institutions and other financial service providers, improved the performance of these institutions and, in particular, enhanced the service delivery of community-based financial institutions. The target groups have embraced new financial products, services and models introduced by RUFEP.

Throughout its implementation, RUFEP has collaborated with 48 partners on 55 projects to innovate in financial products and services across three main areas: (i) linkages with community-based financial institutions; (ii) agency and mobile banking and rural finance equity; and (iii) the Innovation and Outreach Facility, which was aimed at developing the capacity of participating financial service providers to deliver demand-driven rural and agricultural financial products and services. Through these initiatives, RUFEP has leveraged US\$5.7 million in grants, which, in turn, have attracted an additional US\$5.6 million in matching contributions from the private sector. As a result, 25 new financial products, delivery mechanisms and alternative channels have been developed, including the digitization of savings groups, core banking systems, e-wallets, shared banking infrastructure, loans for savings groups, debit cards, self-service applications, business models and off-grid home energy solutions facilitated by digital financial services for rural populations.



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IFAD is an international financial institution and a United Nations specialized agency. Based in Rome – the United Nations food and agriculture hub – IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided more than US\$24 billion in grants and low-interest loans to fund projects in developing countries.

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Investing in rural people

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