
4th July 2008

Background

The launch of the Growing Inclusive Markets (GIM) Report took place on Friday 4th July in Lusaka at the Holiday Inn Hotel. The report was launched jointly by the UN Country Team in Zambia and national representatives in the business community. On behalf the United Nations system, International Labour Organization led the discussion by highlighting the main tenets of the report, while the Zambia Business Forum (ZBF) facilitated the event.

The launch involved a working lunch with a series of presentations and drew participants from the banking/financial sector, media, small- and medium-sized enterprises, as well as institutions involved in fostering private sector-led development initiatives in Zambia. Actors present shared common cause with the theme of the country’s Fifth National Development Plan (FNDP) i.e. “broad-based wealth and job creation through citizenry participation and technological advancement”. In Zambia this has taken the form of promoting private sector-led development initiatives in which enterprise development features prominently.

Growing Inclusive Markets Initiatives in Zambia

Despite Zambia’s record of improving macro-economic performance, poverty levels have not declined significantly. One explanation for the weak growth-poverty relationship is that, recent growth has been concentrated in mining, wholesale and retail trade and construction. These are mostly urban-based and capital-intensive aspects of the economy (Fifth National Development Plan 2006-2010).

In order to facilitate the creation of wealth and employment as a means of promoting pro-poor growth policies, the most recent initiatives with regards to promoting citizenry participation in private sector development has been the formalization of the Citizens Economic Empowerment Commission (CEEC). This was enacted by Parliament as law in 2006. The Government of Zambia (GRZ) has followed up by allocating 150 billion Kwacha as seed money for empowerment of, among others, targeted citizens. The funds, whose cost of borrowing will be below the market rate, will be made available in all nine provinces of Zambia and will be accessible to economically-disadvantaged citizens of Zambia.

In this regard, the citizens economic empowerment initiative can be considered as an inclusive market initiative for engaging the poor in doing business as a means of improving their economic prospects.

Furthermore, again in line with the theme of the FNDP, the Government of Zambia has declared a Multi-Facility Economic Zone (MFEZ) in the Copperbelt Province with financial support from Japan and technical support from Malaysia. The
development of the MFEZ has already begun with a Chinese firm and currently 3,000 people are employed with investments so far amounting to US$ 80,700,000. It is envisaged that the zone, once fully operational, will create 6,000 jobs and inject a total of US$ 900 million investment outlay. Lusaka and Kabwe are likely to be announced as the two next venues for new MFEZs.

**UN efforts**

The United Nations system in Zambia is currently supporting national efforts to re-energize the domestic microfinance industry. Based on comparator experiences in over 20 countries, the UN recognizes that the social and economic empowerment of the poorest of the poor will not be easy to achieve, especially in remote areas, without the liquidity provided by micro-financial instruments such as micro-credit and micro-insurance. This is why, under the leadership of the Bank of Zambia and Ministry of Community Development and Social Services (MCDSS) and in potential partnership with Standard Chartered Bank among others, the UN in Zambia is seeking to establish a ‘bank for the Poor’ to Zambia through the possible establishment of a Grameen Bank operation (Opening Remarks at GIM Launch, Officer-in-Charge)

In addition to this, the UN System in Zambia, through the International Labour Organization (ILO), actively engages in enterprise development activities through the Women’s Entrepreneurship Development and Gender Equity (WEDGE) Program while promoting decent work.

**Presentations**

The presentations delivered during the launch included:

1. Market Information and Physical Infrastructure, Zambia National Farmers Union (ZNFU)
2. Access to financial products and services, Zambia Development Agency (ZDA)
3. Knowledge and Skills, Zambia Federation of Women in Business (ZFAWIB)

The presentation by ZNFU on the short message services (SMS) crop marketing facility is reflective of including the poor in business particularly in a country like Zambia where the livelihood of the majority of Zambians depends on agriculture related activities. Agriculture in Zambia has great potential for enhancing economic growth and reducing poverty.

According to ZNFU, the SMS facility has improved small-scale farmers’ access to markets, better prices for commodities and enabled them access profitable markets where they are available. The near-absence of public extension service provision and poor rural infrastructure remain a major challenge to rural farmers such that most small-scale farmers still lack access to up-to-date, cost-effective and actionable market information due to poor rural communication and transport infrastructure. Through
this facility, farmers are now able to negotiate for better prices and know where, when and what price to sell to buyers.

**Way Forward/Conclusion**

The UN System in Zambia, through the Strategy and Policy of UNDP, has since distributed copies of the report in order to ensure the widest range of coverage. The main consensus during the launch of the report was the need for follow-up activities in order to promote initiatives that include the poor in business activities.

The organizations present during the launch also pledged their willingness to collaborate with the UN in future engagements that foster the development of small and medium sized enterprises as the country strives towards the achievement of the Millennium Development Goals.
ILO Country Director Mr. Gerry Finnegan