

PMRC GOVERNANCE SERIES

SEVENTH NATIONAL DEVELOPMENT PLAN

(7NDP INFOGRAPHIC 2017 – 2021)



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Specific macroeconomic objectives for the period of the 7NDP are as follows:

- Achieve an average annual real **GDP growth rate of above 5 percent**
- Sustain single-digit inflation.
- Increase international reserves to at least 4 months of import cover by **Raise domestic revenue collections to over 18 percent of GDP.**
- Contain domestic borrowing to less than 2 percent of GDP.
- Reduce the budget deficit to less than 3 percent.
- Create **1,000,000 productive and gainful job opportunities** while improving the country's competitiveness.
- **Increase the share of earnings from non-mining exports to about 50 percent.**
- **Improve infrastructure development in the transport and energy sectors**, with emphasis on increased private sector participation.

ECONOMIC GROWTH STRATEGIES

Growth will be supported by policy interventions related to increased investments in growth sectors of agriculture, tourism, manufacturing and energy, supported by mining, public economic infrastructure in transport and communication, especially in the rural areas and continued investment for improved service delivery in education and health. Additionally industrialisation strategies will underpin the growth prospects in the Plan period. The focus of the Plan on these sectors is expected to have the following benefits:

- Creation of decent, productive jobs and increased incomes; climate smart and organic agriculture, sustainable forestry, sustainable construction and small-scale mining sectors which will be the areas of focus as they are labour intensive.
- Increased foreign exchange earnings from agriculture, tourism, and small-scale mining, thereby increasing the economy's resilience to external shocks and dilution of mining sector contributions to foreign exchange earnings.

FISCAL POLICY

The fundamental function of fiscal policy during the Plan period is to ensure financial restoration, prudence and sustainability. The Government's focus in the Plan period is, therefore, to restore budget credibility, transparency and ensure policy consistency. The thrust in the Plan period is to continue with fiscal consolidation both on the revenue and expenditure side to provide a supportive environment to unlock development bottlenecks and stimulate growth.

Key fiscal measures for the period include:

- Addressing the accumulation of high interest payments on public debt and the risks associated with it by, among other things, limiting domestic and foreign borrowing.
- Re-aligning infrastructure spending to ensure budgetary sustainability;
- Enhancing the credibility of the budget by strictly adhering to budget allocations and halting the accumulation of arrears.
- Continuing with the reform, review and/or better targeting of subsidies in fuel, electricity and agriculture.
- Developing robust funding systems that ensure adequate funding to revenue collection entities, introducing fiscal registers and strengthening tax administration including the increased interface between and among revenue collection agencies.
- Strengthening and rolling out collection mechanisms.

MONETARY AND FINANCIAL SECTOR POLICIES

During the Plan period, the Government's policy stance in the monetary and financial sectors will continue to focus on maintaining price and financial system stability.

- Maintaining a single-digit inflation level and a stable exchange rate for enhanced economic competitiveness will be critical to support growth.
- In the financial sector, government policy will be that of ensuring stability in the bank and non-bank sectors, including enhancing financial market deepening to stimulate increased access to financial services to support economic growth.
- The Government's priority in the Plan period will be addressing the cost of finance and giving direction to the financial sector by putting in place measures to improve credit provision to MSMEs.
- Harmonization and strengthening of various pieces of legislation governing the financial sector will be the main critical reform area in the monetary and financial sectors during the Plan period.
- The Government will develop a new policy and strategy on financial inclusion to drive the agenda of making financial services inclusive and affordable to all.

EXTERNAL SECTOR POLICIES

The emphasis will be to promote a diversified export base with more focus on non-extractive sectors, such as agriculture, forestry and energy, as well as to increase foreign direct investment inflows and build up international gross reserves to at least 4 months of import cover by 2021.

GOAL OF THE 7NDP

The goal of the 7NDP is to create a diversified and resilient economy for sustained growth and socio-economic transformation driven, among others, by agriculture.

Furthermore, this Plan responds to the Smart Zambia transformation agenda 2064 and embeds in it the economic recovery necessary for the actualisation of a Smart Zambia. This is in support of the UN 2030 Agenda for Sustainable Development and the African Union Agenda 2063.

The realization of this goal will be achieved through the contribution of a number of developmental outcomes and this makes the 7NDP as an effective guide towards Zambia's aspirations of being a developed middle-income nation.

The key outcomes include;



GLOBAL AND REGIONAL INTEGRATION

From the 7NDP the nation's development interventions will be harmonized with the regional and global development agendas, such as:

- The **AU Agenda 2063.**
- The **Regional Indicative Strategic Development Strategic Plan (RISDP).**
- The **Sustainable Development Goals (SDGs).**
- The **Vienna Programme of Action.**
- The **Istanbul Programme of Action.**
- The **Southern African Development Community (SADC).**
- **Common Market for Eastern and Southern Africa (COMESA) protocols.**

Through the 7NDP, the Government will create an environment to transition from the Millennium Development Goals (MDGs) to SDGs, given that the SDG domestication requires an integrated multi-sectoral engagement, with interlinking goals. This approach will be a catalyst to the promotion of partnerships in a transformative manner, recognising the fact that SDGs are universal, and should dictate new and equitable development interventions and cooperation architecture.

DEBT STRATEGY AND MANAGEMENT

- The Government will devise the Medium-term Debt Management Strategy and mechanisms for periodic reviews of the policy. The debt strategy is to continue with maximising the use of available concessional resources.
- As regards to domestic debt, the Government's strategy is to use more of long-term debt financing instruments than short-term. This is in an effort to reduce domestic borrowing using costly short-term instruments. The Government will put in place measures to reduce domestic borrowing so as not to crowd out private sector investments.
- The Debt Management Strategy will also consider various available financing options to ensure that the country does not default on its debt obligations falling due during the period **2022-2024.**

INTRODUCTION

The President of the republic of Zambia Mr. Edgar Lungu launched the Seventh National Development Plan (7NDP) on 21st June 2017. The 7NDP for the period 2017- 2021 is the successor to the Revised Sixth National Development Plan, 2013-2016 (R-SNDP) following its expiry in December 2016. The 7NDP is aimed at attaining the long-term objectives as outlined in the Vision 2030 of becoming a "prosperous middle-income country by 2030".

UNIQUENESS OF THE 7NDP

The 7NDP departs from sectoral-based planning to an integrated (multi-sectoral) development approach under the theme **"Accelerating development efforts towards the Vision 2030 without leaving anyone behind"**. Ultimately it is envisaged that the integrated development approach in the 7NDP will help change the focus of government line ministries from competing with each other to coordinated harmonization (working together).

INTEGRATED DEVELOPMENT APPROACH



Source: Seventh National Development plan (2017 – 2021)