

Shaping a Viable Future – Inspiring others to build an inclusive and sustainable route out of poverty in Zambia.

The global picture

The new Sustainable Development Goals aim to eradicate extreme poverty by 2030. This means that over 800 million people have to no longer live beneath the extreme poverty figure of \$1.25 per day by 2030. As I write, in mid-2016, 1:10 fall into the category of living in extreme poverty, a fall of over 1 billion since 1990. However, a substantial number of the 1 billion, who have risen above the extreme poverty, live in China and their ways of addressing poverty may not necessarily be either possible or popular in a country such as Zambia.

How can we offer strategies that affect all and remain firmly sustainable? That is the challenge of Shaping a Viable Future – 2017.

Those of us who know Zambia are aware of disparities, some of which mean that people have to live on what they can find as the dry season draws to its close. Yet we also know that it has considerable natural resources and a talented potential workforce.

Let's return to the case of China, which successfully reached the MDG target relating to extreme poverty. Part of its success was based on:

- **Radical land reform**, which gave all access to some land. This has meant that someone leaving a rural area to work in an urban centre has a 'secure alternative' at home – namely, some land.
- **One child policy**, which kept population growth as low as possible.

Both of these policies would be difficult to impose in a democracy and China has recently announced the end of the one-child policy. It needs more workers, so it is allowing people to increase their re-productive outcomes.

China still has to address about 75 million people who live beneath the international poverty line of \$1.25 a day. This will not be easy, as a high proportion of these people live in areas with very limited economic resources. However, the authorities are confident that they will have eradicated extreme poverty before the SDG target date of 2030.

What can Zambia learn from the above?

Can Africa, with 54 separate countries and governments achieve what China has done and in a similar time frame?

Estimates suggest that 4:10 Africans live beneath the \$1.25 a day threshold. If growth rates across the continent continue at their present rates, the best forecast of extreme poverty elimination is 2060. By 2030, the date set for the SDG target, most experts consider that Africa will still record nearly 3:10 people living beneath the international poverty line.

It would seem that it is the quality of economic growth that affects the ability of any nation to meet the SDG objectives. Much will rest on job creation, especially in the value-adding manufacturing sector. This means drawing more into the wage economy, especially women and combining this with good governance that focuses on providing the infrastructure on which such economic growth will depend.

But, is this threshold of \$1.25 a day too low? How vulnerable will people remain if they manage to creep over what is an international number?

The \$1.00 a day was created by The World Bank in 1990. It was set deliberately low, so as to encourage donors. They could see their assistance programmes achieving measurable ends. But what is the real improvement in someone's quality of life if they reach \$1.30 a day? Should global targets, which first entered our collective consciousness in Harry Truman's second inaugural address in 1949, be based on a narrow number? Why don't we focus our attention on broad-based and ambitious definitions of poverty that reflects what people actually want? In most countries, the poor seldom have a real voice in policy decisions. Maybe listening to them and looking for ways of blending traditional ideas and ways of, for example growing food, with the scientific developments associated with the 'modern' world will allow a genuine and wider definition of poverty to be addressed. Put simply, is success simply allowing all to have a minimum of a half a kilometre walk to a water pipe, or is it better to focus on ways of storing water more effectively and using simple solar power to allow people access to hot water – so important in both health and personal hygiene?

None of us are unrealistic optimists! Most countries set poverty reduction objectives above the \$1.25 a day target. But we live in times of extreme uncertainty and we need to be aware of this. The official objective for all contributing countries is to pledge 0.7 of National Income to International Assistance. Of the current G7 members, only the UK meets this target. We now have to cope with a huge international refugee crisis, so assistance versus humanitarian aid is a major decision for all governments. The continued prosperity of developed economies rests on building a growing middle class in developing economies – these people will drive demand as the twenty-first century proceeds.

Into this mix we must put: natural disasters, conflict and bad government – a disturbing list. But look at the case of Ethiopia and Rwanda. Both experienced all three of these problems and yet they have halved extreme poverty and aim to eradicate it by the 2030 SDG target date.

We have to strive to discover ways **of inspiring people** to actively work towards the eradication of poverty. The alternative is not one which many would want to consider.

I hope you can all see the underlying emergence of the theme of **Shaping a Viable Future** – looking at cost-effective ways of bringing to people what they would want to improve the quality of their lives and those for whom they are responsible.

Like all economists, I tend to consult too many numbers but one has to have a starting point. I am trying to build a simple website for Shaping a Viable Future but I am not an expert in this field. If I am successful I will upload ideas etc. that incorporate inclusive, simple and sustainable ways of benefiting all Zambians and not just a minority.

Till then, I hope this short paper enthralls you and I look forward to receiving your comments. I stress that this is simply me sitting in front of a PC – I want your contributions, as in doing so it is you who is shaping what will be on the Agenda in April 2017.

John

Some current numbers

One professional assessment of the current prospects for the Zambian economy is: An expected recovery in copper prices will support growth in 2016. Also, more precipitation in the north of the country has offered hope that low-water levels, which have impacted hydro electrical generation in the country, could soon. It is expected that the economy will grow by 3.3% in 2016. For 2017, some hope that a rise in world copper prices will allow it to expand by 4.8%.

Zambia Economy Data

	2011	2012	2013	2014	2015
Population (million)	13.6	14.1	14.5	15.0	15.5
GDP per capita (USD)	1,730	1,811	1,898	1,792	-
GDP (USD bn)	23.6	25.5	27.6	26.9	-
Economic Growth (GDP, annual variation in %)	6.3	6.7	6.7	5.6	-
Industrial Production (annual variation in %)	-	-	-	-	-
Fiscal Balance (% of GDP)	-1.8	-2.8	-6.2	-6.0	-
Public Debt (% of GDP)	20.8	24.9	26.5	35.1	-
Money (annual variation in %)	19.9	30.0	11.8	11.3	24.9
Inflation Rate (CPI, annual variation in %, eop)	6.0	7.3	7.1	7.9	21.1
Inflation Rate (CPI, annual variation in %)	6.4	6.6	7.0	7.8	10.1
Policy Interest Rate (%)	9.10	9.30	9.80	12.50	15.50
Exchange Rate (vs USD)	5.13	5.20	5.55	6.40	11.00
Exchange Rate (vs USD, aop)	4.86	5.14	5.39	6.16	8.66
Current Account (% of GDP)	2.3	2.3	0.3	1.5	-
Current Account Balance (USD bn)	0.6	0.6	0.1	0.4	-

	2011	2012	2013	2014	2015
<u>Trade Balance (USD billion)</u>	1.9	0.6	0.4	0.1	-1.8
<u>Exports (USD billion)</u>	9.1	9.4	10.4	9.4	8.1
<u>Imports (USD billion)</u>	7.2	8.8	10.0	9.3	9.9
<u>Exports (annual variation in %)</u>	36.8	2.7	11.4	-9.4	-14.3
<u>Imports (annual variation in %)</u>	47.0	21.3	13.9	-6.9	6.2
<u>International Reserves (USD)</u>	2.3	3.0	2.7	3.1	3.0