



# KIVU INTERNATIONAL

## POLICY INFLUENCING CASE STUDIES FROM ZAMBIA

### CONTEXT

This note provides some case studies based on Kivu's policy influencing work in Zambia. It is intended as background reading for those attending the **Adaptive Management Community of Practice (AM COP)**. We will discuss some of these case studies at the AM COP.

For background Kivu ran a policy influencing programme in Zambia across 2016-2020. It had many similarities with BCEP. The aim was to work with Zambian CSOs and organisations to identify issues where there was potential for policy change, and then to develop strategies for influencing change. We will share some of the insights from this experience – and elsewhere – with you at the AM COP.

The case studies set out below detail some contrasting examples of different types of policy influencing we carried out in Zambia; and show what strategies were put in place to try and achieve change. The key point is that effective policy influencing demands a clear strategy for how influence will be achieved.

### POLICY INFLUENCING CASE STUDIES

#### (1) RAISING SALIENCE ON GOVERNMENT DEBT – AN EXAMPLE OF AGENDA SETTING

**Policy issue:** High and unsustainable levels of government debt.

**Nature of the policy influencing challenge:** This is an example of an issue which mattered but which was low salience – it was not being prioritised by decision makers. While the economic case for action on debt was clear, there was no political imperative to act: for a long time, government was not held accountable for high debt levels and their adverse impact on the economy. Public awareness of the risks of debt levels was low and there was a strong political incentive to continue borrowing, which the ruling party saw as being useful to fund an economic populist agenda and extract rent.

**Policy influencing strategy adopted:** The strategy was to change the underlying calculation of the ruling party that there was no *political* penalty for accumulating higher debt due to low public awareness of the issue. This required a salience raising campaign which sought to raise concern among influential groups and the electorate more generally and reflect it back to key decisionmakers. We convened an influential and broad coalition of organisations to join forces in publicising the negative effects of higher debt on Zambians' everyday lives – the magnitude of this collective action was unprecedented in Zambia. This coalition went *beyond* the "usual suspects" and included the church, business leaders, young Zambians, CSOs and research organisations. Different partners conducted complementary influencing activities – some more "insider" and some more "outsider". Insider voices included the church and business community intervening behind closed doors, while outsider work included substantial use of social media and uniting work across partners under a common brand (#DebtConcernsMe).

**Impacts:** Addressing Zambia's debt challenge is a long-term challenge and will require sustained action over years. The campaign, which ran from early 2018 to the end of the year, contributed to changing public views (survey data showed levels of awareness of debt rising from c.30% to c.60% between 2017 and 2018) and pressured government into confronting the scale of the issue and taking some corrective steps. In late 2018, government acknowledged the scale of the debt problem for the first time. Moreover, in 2021 a new government was elected with a core mission to address the debt situation, including seeking a loan with IMF, which is now in place.

## (2) STOPPING A BAD POLICY FROM BEING IMPLEMENTED

**Policy issue:** The Zambian Government announced its intention to replace VAT with a Sales Tax.

**Nature of the policy influencing challenge:** The challenge here was to stop a bad policy idea from being implemented. Zambian experts argued that if enacted the Sales Tax would have severe negative effects, including raising costs for businesses and consumers and causing job losses during an already difficult economic climate. However, there was strong and senior (Presidential) political momentum behind the changes making it difficult to overturn.

**Policy influencing strategy adopted:** The overall strategy was to (a) discredit the proposed reform and (b) offer alternative policy options. However, overcoming the political opposition required a phased approach. Kivu and our partners first concentrated on generating evidence on the likely negative impact of sales tax to delay implementation. This required framing around the politically salient government concerns of inflation and jobs, using a mix of insider and outsider advocacy to demonstrate the likely severe consequences of the sales tax on the economy. This pressure helped delay the introduction of the sale tax. Then a change in finance minister created an opportunity to advocate for the full abandonment of the proposed policy. The new finance minister was known to have doubts about the sales tax, so in order to exploit this our partners developed policy proposals intended to improve VAT, which gave the minister an alternative reform to sales tax.

**Impacts:** The proposed tax change was first delayed and then abandoned. In place of the move to a sales tax the government introduced reforms to VAT that had been recommended by Kivu's partners.

## (3) REFORM OF AGRICULTURAL SUBSIDIES – HIGH PROFILE ISSUE WITH STRONG POLITICAL BARRIERS TO REFORM

**Policy issue:** Agricultural input subsidies in Zambia are inefficient, expensive, and have not improved rural poverty levels in 30 years of operation.

**Nature of the policy influencing challenge:** The traditional Farmer Input Supply Programme (FISP), which saw government directly procure and distribute inputs to farmers at a subsidized rate was known to be very expensive and inefficient, and plagued with rent seeking and corruption. The case for reform was well recognised but achieving change was notoriously difficult given the scale of vested interests wedded to the FISP subsidy regime. This is an example of a policy influencing challenge which required in-depth understanding the *political barriers and blockers* to change.

**Policy influencing strategy adopted:** The overall strategy adopted was to develop *politically and technically* viable policy solutions and then actively advocate for them over a sustained period. We worked through a local partner, IAPRI, a well-connected and respected Zambian agricultural research institute to develop a proposal to replace the FISP subsidy. The solution proposed was an electronic voucher which would put the subsidy in the hands of farmers to decide what they wanted to spend it on. But a technical proposal alone was never going to be enough: IAPRI also had to work politically and negotiate with powerful interests. The strategy adopted was to call for the introduction of a pilot for the e-voucher, which would be less of a threat to vested interests wedded to FISP and use this as a basis for establishing the reform incrementally.

**Impacts:** The e-voucher was at one stage rolled out to all parts of Zambia, creating an estimated 23,000 direct jobs and leading to 15% fiscal savings. More recently it has come under pressure from vested interests and been scaled back.

#### **(4) SECURING PRO-POOR ENERGY TARIFF REFORM AND SETTING THE AGENDA FOR LONGER-TERM ENERGY SECTOR REFORM**

**Policy issue:** Electricity tariff reform to boost private investment in the energy sector.

**Nature of the policy influencing challenge:** Badly designed energy subsidies are regressive, costly and undermine private investment in the sector. The policy solution is relatively clear: higher “cost-reflective” tariffs. But the issue is highly political: the sector is hampered by a bloated state-owned power company which is a source of patronage and energy subsidies are popular amongst an influential group of voters.

**Policy influencing strategy adopted:** The policy influencing strategy was incremental and responsive. Local partners produced timely and highly political relevant work over a two-year period, nudged policy in the right direction. We worked with a combination of Zambian partners to advocate for reform, including a research institute that was well connected to the ruling party, and a CSO with a strong media profile. These two organisations combined using “insider” and “outsider” approaches to advocacy. For example, a well-connected local partner (PMRC) advocated for tariff reform which protected the poor. And another (CUTS) published and disseminated evidence of the regressive effect of some policy options under consideration. Partners have engaged in formal policy consultation processes, but more importantly they exploited their networks and engaged directly with policy makers.

**Impacts:** In 2017, PMRC, a local think tank, successfully advocated for increased tariffs, while proposing measures to limit the impact on the poor which were adopted by government. In response to an ill-judged proposal for tariff reform from the government in April 2019, CUTS produced evidence to demonstrate the potential impact on the poor. This led to government thinking again and, in line with CUTS’ recommendations, taking the politically more difficult action to reduce ZESCO costs and protect the poor. Longer-term reforms are now also back on the table as the energy legislation has been reintroduced, including PMRC recommendations to attract investment by strengthening energy sector regulation.

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Kivu International – March 2024.