

**Reflections on evidence based trade
policy formulation in Zambia.**

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Outline of the presentation

- Introduction
- Overview of economic developments in Zambia
- **Evidence based trade policy formulation in Zambia**
- Challenges of evidence based Trade Policy formulation in Zambia
- Concluding remarks



Introduction

- Zambia has continued to maintain a liberal trade policy regime aimed at enhancing productivity and competitiveness of Zambian products in both the domestic and international markets.
- The overarching objective of Zambia's trade policy is to contribute to economic growth and national development through the creation of viable and competitive export sectors in the economy.
- This objective has been enshrined in key national policy documents such as, the current Commercial, Trade and Industrial Policy, the Fifth National Development Plan (FNDP) and the Vision 2030, which articulate the country's long term development objectives.



Introduction cont.

- The major thrust of the FNDP is to foster a competitive and outward-oriented economy; and improving infrastructure and social service delivery.
- The purpose of this paper is simply to reflect on instances that government has relied on research to guide and inform trade policy formulation, and implementation in Zambia.



Overview of economic developments in Zambia

- Despite the past efforts by government to diversify the economy away from heavy dependence on copper exports, the mining sector still plays a major role in Zambia's economy.
- It exercises a major influence over growth, job creation, poverty reduction, and the external accounts.



Overview of economic developments in Zambia cont.

- From 2003 to mid 2008, Zambia's economy moved from stagnation towards steady growth, and better access to foreign investment.
- Real GDP grew at an annual average rate of 5-6% led by the mining sector.
- FDI inflows increased nearly six-fold, reaching an estimated US\$1.3 billion by 2007



Overview of economic developments in Zambia cont.

- merchandise exports accounted for between 25% and 40% of GDP, with Copper exports accounting for over three quarters of total exports
- However, some diversification has occurred as non-traditional exports have been growing at an average annual rate of 20% since 2002 although their share of total exports in value terms declined from 38% in 2002 to 21% in 2008.



Evidence based trade policy formulation in Zambia

- Ministry of Commerce, Trade and Industry is the lead policy institution in trade policy formulation and implementation in Zambia.
- The private sector and civil society associations are also part of the trade policy making and implementation .



Evidence based trade policy formulation in Zambia cont.

- Government uses research/evidence to :
 - (a) inform the design and choice of policy
 - (b) forecast the future
 - (c) monitor policy implementation
 - (d) evaluate policy impact



Challenges of evidence based Policy Formulation

- Insufficient financial resources
- Time
- Politics
- Confidentiality
- Capacity constraints



Concluding remarks

- In concluding the discourse on evidence based policy formulation, this paper makes the following remarks:
 - Policy should be informed by a wider breadth of evidence in order for governments to be able to effectively respond to challenges that frustrate achievements of policy goals and objectives.



Concluding remarks cont.

- Zambia has, to a large extent relied on research findings to inform trade policy formulation.
- Time and financial resources have, in most cases affected mechanisms available to mobilise research evidence for policy formulation.



Concluding remarks cont.

- There is a greater need for governments to establish formal networks with national and regional research institutions in order to improve the availability of research findings to policy makers in a timely manner.
- Academic research is vital in terms of throwing new light, and evidence .

