REPORT BRIEF

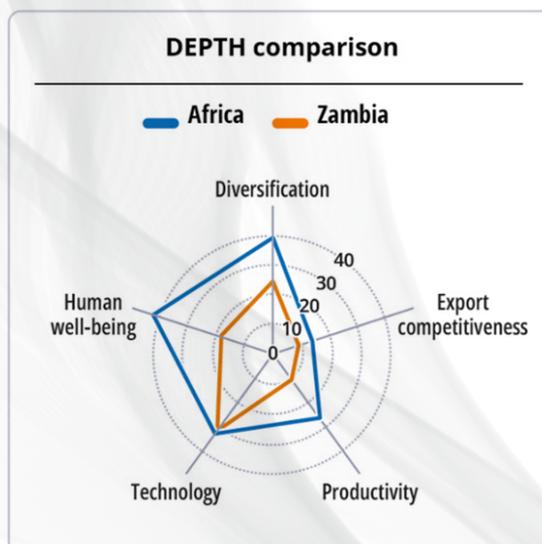## COUNTRY ECONOMIC TRANSFORMATION OUTLOOK (CETO) REPORT FOR ZAMBIA

Mbewe Kalikeka, Margret Mbewe, Joseph Phiri, Thomas Mwimba, Ignatius Masilokwa, Mwape Mungu, Katongo Chileshe, James Mulenga, Helen Sakala, Peter N Mumba.

ZIPAR
Zambia Institute for
Policy Analysis &
Research

Overview and objectives

Zambia has adopted the "Vision 2030" plan to become a middleincome country, with the mission to gradually transform the structure of the economy away from its high dependence on copper. In a bid to realize this vision, the country has implemented successive National Development Plans (NDPs), from the Fifth NDP (FNDP) to the current Eighth NDP (8NDP), focusing on diversification, industrialization, job creation, and poverty reduction. After decades of NDP implementation, progress has been inconsistent.

Further, according to the African Transformation Index, the Zambian economy has lagged in terms of transformation with an overall score of 18.4, below the African average, and showing poor performance on its various dimensions except productivity.

2020 SCORE 18.4 /100

CHANGE ▼ -4.6 SINCE 2000

DEPTH comparison
— Africa — Zambia

Diversification · Export competitiveness · Productivity · Technology · Human well-being

Zambia's DEPTH scores, 2020

		Score	Change
D	Diversification	23.7	▼ -18.7
E	Export competitiveness	10.2	▼ -1.8
P	Productivity increases	11.1	▲ +0.6
T	Technology upgrading	28.2	▼ -1.6
H	Human well-being	18.8	▼ -1.5

CHANGE FROM 2000 TO 2020, SCORES OUT OF 100

Insights from the 2023 African Transformation Index

The economy remains largely undiversified, with high unemployment at 12 percent and economic inequality reflected in a Gini coefficient of 0.507. With only five years to realize the Vision 2030, achieving this ambitious goal has become increasingly elusive, highlighting the urgent need for Zambia to take immediate and decisive steps toward economic transformation. In light of these challenges, the Zambia Country Economic Transformation Outlook (CETO) provides a comprehensive assessment of Zambia's economic transformation progress and challenges, offering policy recommendations to both public and nonpublic actors
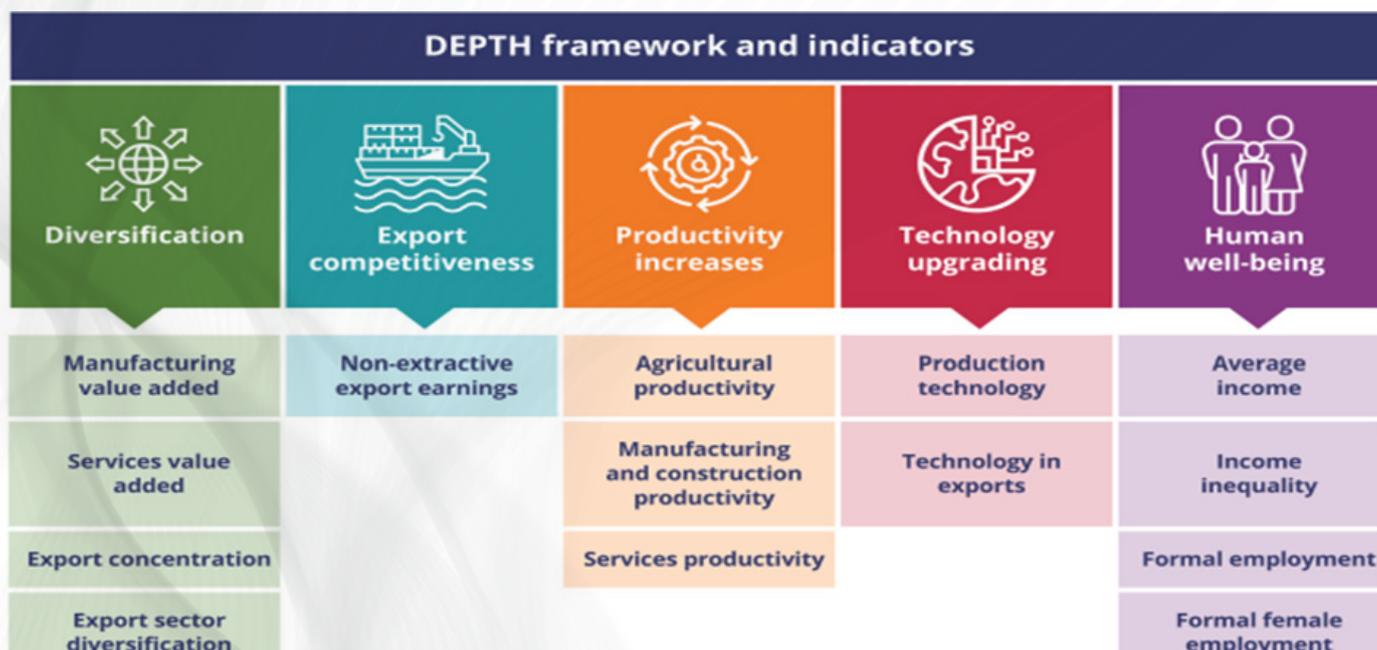
Objectives

The general objective of the CETO is to support economic transformation at the country level by:

- Undertaking a comprehensive diagnostic of a country's economic transformation progress and challenges at the micro-level using the Growth with DEPTH model.
- Mainstreaming gender into the research, analysis and recommendations.
- Exploring potentially key sectors through which the CETO could enhance economic transformation.
- Engaging country governments and national think-tanks in this process, using the DEPTH approach with a view to promoting continuity in policy dialogue and effective uptake in national development planning and policies for manufacturing, tourism and the digital economy.

Methodology and analytical framework

The analytical framework used for the CETO is ACET's "Growth with DEPTH" framework, which recognizes that real economic transformation happens when growth is underpinned by economic diversification, increased export competitiveness, increased productivity, technology upgrading and improvement in overall human well-being.

DEPTH framework and indicators

Diversification	Export competitiveness	Productivity increases	Technology upgrading	Human well-being
Manufacturing value added	Non-extractive export earnings	Agricultural productivity	Production technology	Average income
Services value added		Manufacturing and construction productivity	Technology in exports	Income inequality
Export concentration		Services productivity		Formal employment
Export sector diversification				Formal female employment

KEY FINDINGS	Opportunities and Recommendations Summary
Diversification Structural transformation remains weak, with a reliance on minerals, poor export diversification, inadequate industrial infrastructure, and limited economic inclusion for women.	**Diversify the Economy** Zambia should pursue modern industrial policy in agro-processing, manufacturing, tourism, and digitalization, with infrastructure upgrades and support for women-led businesses to drive inclusive growth.
Export Competitiveness Zambia's exports are still commodity-driven with little value addition. High operational costs and regulatory hurdles reduce competitiveness, while gender norms and market barriers limit women's participation in export sectors.	**Expand Export Competitiveness** Adopt a "one province, one product" strategy to boost exports by using regional strengths. Improve trade infrastructure, streamline procedures, expand MFEZs, and support women entrepreneurs with targeted, gender-sensitive export policies under the AfCFTA.
Productivity Zambia's low productivity stems from limited capital, technology, and skills, with minimal sector improvements and gender gaps in access to resources.	**Boost Workforce Productivity** Promote climate-resilient agriculture and education reforms in STEM, ICT, and vocational skills. Ensure gender inclusion, align training with market needs, and support the informal sector through digital tools for better access to credit, skills, and jobs.
Technology Upgrading Digital infrastructure has improved, but tech exports are low and declining. Manufacturing focuses on medium-tech goods, while weak innovation, limited STEM skills, and low female tech participation hinder high-tech growth.	**Advance Technology and Innovation** Promote ICT adoption with incentives and public-private partnerships. Attract goal-aligned FDI, support local firms in joint ventures, invest in digital literacy especially for women, and connect entrepreneurs with tech providers to drive innovation.
Human Well-being Over 60% of Zambians live in poverty. Despite rising female formal employment, informal underemployment and gender gaps in wages, education, and healthcare persist. Social safety nets help, but access and financial literacy remain limited.	**Invest in Human Capital** Build a strong social protection system for informal workers. Promote gender equality through reforms, improve education and job access, support formal employment via training, and expand digital finance along with online education and healthcare.