

# **FSRP PHASE II POLICY RESEARCH FOR ORGANIZING AGRICULTURAL COMPETITIVENESS, TRADE, AND A VIBRANT ECONOMY (PROACTIVE)**

**A Proposal Submitted by the Department of Agricultural Economics at Michigan State University to USAID/Zambia and to SIDA/Zambia to support:**

**The Ministry of Agriculture and Cooperatives,  
the Agricultural Consultative Forum, and  
other Public and Private Sector Organizations Influencing  
Zambia's Agricultural and Natural Resource Sectors**

**October 4, 2006**

## **1. Introduction and Summary**

This concept note lays out a 46-month (45 months for SIDA) program for sustained research, “rapid-response” policy analysis, information outreach, and capacity-building to support public and private decision-making in the agricultural sector. This program is proposed as phase II of the Food Security Research Project (FSRP) currently operating in Zambia. The ultimate objective of the program is to promote sustainable agricultural sector development, food security and rural income growth in Zambia, through applied research, quick-response policy analysis, training to build analytical capacity in the relevant public and private agencies affecting agricultural decision making, and policy outreach. The program recognizes agricultural development as the engine for poverty reduction. Because on-farm production growth requires access to well-functioning processing, distribution and market systems, the work likewise realizes that successful efforts at promoting agricultural expansion will require policies and investments supportive of on-farm production growth as well as trade, investment and private sector development further upstream in the value chain. The proposed FSRP Phase II program of work “Policy Research for Organizing Agricultural Competitiveness, Trade, and a Vibrant Economy” will be referred to hereafter as PROACTIVE

The program builds on the foundation established by the FSRP Project, a local policy analysis unit based in Lusaka, which has become known as an objective, trusted, and empirically-based source of policy analysis and advice among both public and private stakeholders in Zambia's agricultural sector. The FSRP was established in 1999 as a collaborative effort between the Ministry of Agriculture and Cooperatives (MACO), the Agricultural Consultative Forum (ACF), and Michigan State University (MSU), which provides intensive analytical and capacity building support. The FSRP has been financially supported by USAID/Zambia through the current Associate Award under the Food Security III Cooperative Agreement.

Agricultural and food security policy in Zambia revolve around the widely accepted goals of income growth, food security, protection of the environment, and equity considerations. But progress toward these goals can rarely be achieved without an understanding of how the

agricultural economy really works, which requires up-to-date information, analysis, and subsequent dissemination and education. This proposal is based on the premise that improved empirical information about the behavior of farmers, consumers, and marketing agents can improve agricultural sector decision making, private sector performance and private/public sector partnerships in Zambia. It also recognizes the need for information to be converted into local analytical capacity and understanding, through intensive collaboration with influential public agencies, through brokering understanding and trust between government and private sector stakeholders, and through the nurturing of sustainable agricultural policy analysis units within one or more of these agencies.

Current funding for the full set of FSRP activities is due to run out in early 2007, at which time all of its major terms of reference will have been achieved. These terms of reference have been:

- The provision of information and capacity building-support of the Ministry of Agriculture and Cooperatives, such that its policy decisions have been more consistent with national development and food security objectives. Concrete examples of FSRP's role in collaborating with MACO to enhance the effectiveness of its decision making are documented at:

FSRP 2005 Annual Report

[http://www.aec.msu.edu/agecon/fs2/mgt/3175-zambia/FSRP\\_annual\\_report\\_2006-with-annex.pdf](http://www.aec.msu.edu/agecon/fs2/mgt/3175-zambia/FSRP_annual_report_2006-with-annex.pdf)

- Provision of capacity building support for the Central Statistical Office, so that it collects and makes available improved and more relevant agricultural information in its annual Crop Forecasting and Post-Harvest Surveys;
- Improving knowledge and understanding among public and private sector actors and decision makers of how the agricultural sector works in Zambia, and what kinds of investment and policy decisions are needed to promote further growth.

Experience over the past four years, combined with a changing policy environment, has underscored some important un-captured synergies and potential to make FSRP more effective in the future. These aspects, which are proposed to be incorporated into the new PROACTIVE phase of the FSRP Program (December 2006 to September 2008) include:

***a) Building Zambian institutional policy analysis capacity for the long-term.***

PROACTIVE will facilitate a process to identify an appropriate Zambian institution that could best take on and absorb project activities for the long-term. Although no commitment can be made at this stage, it is likely that the Agricultural Consultative Forum will be identified as the most suitable institution. During the first year of the new phase, the identification of the institution will be confirmed and capacity building and other requirements will be assessed. The goal will be to better equip the institution with human capacity and physical assets, enabling it to attract public and private funding in return for expert services in the field of policy analysis, dialogue, outreach, and advisory services. This will be the legacy of the FSRP program and, hence, will be the centerpiece of PROACTIVE's activities. The other activities described below will flow through this organization, building capacity by performing those key functions. A separate subordinate agreement with the chosen institution has been included in the proposal to facilitate the institutional support.

***b) The need for more rapid-response as well as longer-term policy analysis capacity.***

Periodically, unanticipated critical issues arise in Zambia that require quick-turnaround research and related outreach capacity. Recent examples of this include (a) analysis of how the sudden appreciation of the kwacha in late 2005 will affect the agricultural sector; and (b) the impact of the recent maize export ban on maize price levels, food security, farm production incentives, and long-term market development.

***c) The need for FSRP's policy analysis and outreach to extend beyond MACO and ACF, and involve other relevant public and private sector organizations that have a bearing on agricultural and natural resource policy and investment decisions.*** Over the past decade, it has become increasingly clear that agricultural decision making in Zambia, and particularly public investment decisions for agriculture, involve the Ministries of Finance and National Development (MFND) and Commerce, Trade and Industry (MCTI); the Private Sector Development (PSD) process; and private sector stakeholders such as the Zambia Business Forum (ZBF) and various private sub-sector associations. Because growth in commercial agriculture requires well-functioning processing and marketing systems, PROACTIVE will be most effective in its policy analysis and outreach efforts if it has the resources to relate to private and public sector institutions operating along the full value chain.

***d) Greater breadth in building capacity.*** While capacity-building has been an important objective of the FSRP, its energies so far have been focused on MACO, ACF and CSO. However, there are additional opportunities to build local capacity through greater cooperation and secondment of carefully selected public sector staff (e.g., from MFND and MCTI) to collaborate directly with project staff in the identification and generation of analysis and reports. The objective of increased capacity-building can be achieved through a range of mechanisms, including "sabbaticals" for selected public sector staff that would be able and allowed to take (unpaid) leaves of absence while working together with PROACTIVE on issues relevant to their respective offices. Other arrangements may be aimed at key technical support staff in these agencies, such as in-service training and collaborative research, analysis and outreach. This "joint products" approach will generate research results, capacity-building, and outreach simultaneously. Likewise, PROACTIVE will explore prospects for working with local consultants. Zambia has a large pool of independent consultants who, directly and indirectly, influence government policy making and donor programming. Building local consulting capacity through targeted assignments offers one means of building ongoing local capacity for policy research.

## **2. The Agricultural Sector and Policy Context - 2006**

In some respects, Zambian agriculture has performed very well over the past decade and a half. Diversification out of maize production has proceeded rapidly, with significant gains in food crops such as cassava, sweet potatoes and horticulture, as well as in high-value export crops such as cotton, tobacco, vegetables and floriculture (Table 1). Among domestically marketed crops, horticulture now surpasses maize as a source of income for Zambian smallholders. Agricultural exports have rocketed, growing from \$24 million in 1990 to over \$290 million in 2005 and providing the central engine for income growth among smallholder farmers, who account for 70% of Zambia's dollar-a-day poor. The result has been slow but steady reductions in rural poverty (Table 2). Roughly 14% of Zambia's rural poor have grown out of poverty, which has fallen from 88% in the early 1990's to 74% in the early

2000's. Clearly more growth is required. But for the first time in a generation, momentum has favored important segments of the rural poor.

**Table 1. Growth Rates (% per annum) for Selected Crops Produced by Smallholder Farmers, Zambia, 1991 – 2004.**

Crop	Area	Yield	Production
Maize	0.2	0.5	0.6
Sorghum	-0.3	0.7	0.4
Millet	0.0	0.5	0.6
Cassava	1.6	1.7	3.3
Groundnuts	0.9	3.0	4.0
Cotton	3.6	1.7	5.3
Soybean	2.9	1.8	4.8
Sunflower	-0.5	1.4	0.9
Sweet potatoes	4.6	2.0	6.6
Mixed beans	1.8	-1.3	0.6

Source: PHS surveys, 1990/01 to 2003/04, Central Statistical Office, Lusaka

**Table 2. Trends in Rural and Urban Poverty, HIV Prevalence Rates and Drought, Zambia, 1991-2005**

Year	Overall Urban Poverty	Overall Rural Poverty	Extreme Rural Poverty	Drought	Estimated HIV Prevalence Rate
	----- % of population -----				% of population
1991	48.6	88.0	80.6		
1992				X	
1993	44.9	92.2	83.5		
1994				X	
1995					16.7
1996	46.0	82.8	68.4		
1997					
1998	56.0	83.1	70.9	X	
1999					
2000					15.8
2001	52.0	74.0	52.4	X	15.6
2002				X	15.2
2003					14.8
2004					14.4
2005					13.9

Sources: Mason et al. 2006, drawing from the Zambia Poverty Reduction Strategy Paper 2002-2003 (2002) and CSO (2003a). HIV Epidemiological Projections from CSO (2003b). Drought information from Govereh and Wamulume, 2006. Note, CSO indicates that due to methodological differences, poverty rates from 2001 may not be comparable to those of previous years.

Yet recent events have shown how fragile these gains can be. The recent rapid and unexpected appreciation of the Kwacha has placed many exporters and outgrower farmers at risk. As returns turn negative for many segments of the agricultural export sector, bankers have expressed an unwillingness to finance these enterprises. Agricultural exports may fall by as much as one-third if the current exchange rate persists. Productivity gains which could

counteract the fall in Kwacha-based export prices depend on public investments in agricultural research, infrastructure and irrigation – investments that have been repeatedly proven in many countries to provide high payoffs. Yet budget allocations for agricultural research and investments remain well under the 10% of total government spending in agriculture as committed to by all sub-Saharan African governments according to the Maputo Declaration of 2005. Instead, the largest and most rapidly growing segments of the agricultural budget, recurrent subsidies for fertilizer and maize marketing subsidies, look suspiciously like a return of the old regime of heavily subsidized maize monoculture which bankrupted the prior government. Livestock remains a forgotten sector. Lack of coordinated disease control has led to a decline in herd size over the past decade and a half. As a result, hundreds of thousands of small farmers have reverted to hand hoe agriculture, where labor constrains output and incomes at the same time that the HIV/AIDS pandemic spreads.

Zambia must deepen and broaden growth in agricultural productivity and income if it is to see substantial, sustained poverty reduction over the coming decades. Given the current structure of incomes (in which 70% of Zambia's poor work in agriculture) and of spending (100% of Zambia's poor spend the majority of their income on food staples), agricultural productivity growth is the sole instrument available that can simultaneously raise incomes and reduce living costs for the majority of the country's poor. For this reason, Zambia's PRSP correctly identifies agriculture as the backbone of poverty reduction efforts. However, to improve agricultural productivity and reach poverty reduction goals, Zambia's policy makers and private sector leaders will require solid support, guidance, and trusted information.

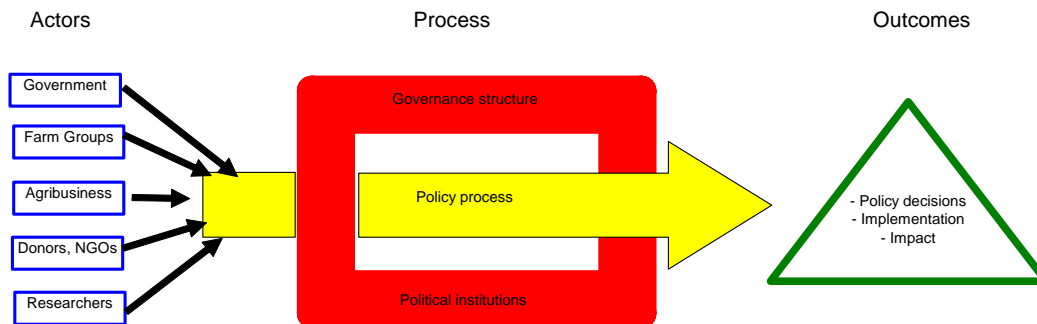
### **3. Learning from Past Successes of FSRP**

Phase I of the Food Security Research Project, has taught many lessons about how to effectively influence the policy environment for agriculture. Through a blend of empirical research, policy outreach, and training, FSRP contributed to a series of significant improvements in the agricultural policy environment:

- Developing the Agricultural Market Development Plan (AMDP), and the Agricultural Inputs Market Plan (AIM Plan), market-oriented implementation plans of the National Agricultural Policy (NAP), focusing on agricultural commodity marketing and input marketing
- Improving consumer access to low-cost maize meal in urban areas during the 2005/06 food shortfall
- Rescinding the VAT on agricultural inputs in 2006
- Reduction and harmonization of local government taxes on maize movement across district boundaries in June 2005.
- abolition of the import duty on maize from non-COMESA countries in September 2005
- substantive redrafting of the Cotton Act in April 2006.

This experience suggests that, to be effective, policy research must be trusted by policy makers. FSRP has built solid working relationships with key government agencies, but to be more effective, these working relationships will be expanded. Experience also indicates that effective policy research must anticipate key issues and muster empirical evidence at a time when policy makers are willing to address them. FSRP's ongoing work on cotton

exemplifies the benefits of this forward-looking approach. Following detailed production and marketing research in Zambia and comparative work in four neighboring countries, FSRP established a reputation as a knowledgeable, independent research organization. When a hastily written cotton act became disowned by key stakeholders, they asked FSRP to help moderate the impasse by participating in a 5-member taskforce designated by stakeholders and supported at the top levels of government to cut through the red tape and issue technical recommendations. In one weekend in May 2006, the policy window opened wide, and because FSRP had prepared well, project staff were party to the redrafting of revised legislation that most stakeholders believe will materially improve prospects for balanced growth in the sector.



The best way to prepare for these opportunities is to anticipate burning issues before they become crises. To identify key forward-looking policy issues well in advance, the FSRP relied on an Advisory Board chaired by MACO and including CSO, University of Zambia (INESOR), ACF, and USAID. Given the broadening importance of issues touching on regional trade, macro-economics, and natural resources, the new model will need to expand its analytical scope and the range of partners with whom we interact.

## 4. Future Changes

### 4.1 Developing Zambian Institutional Policy Analysis Capacity For The Long Term

The proposed PROACTIVE phase of FSRP work will facilitate a process to identify an appropriate stakeholder institute and develop the capacity of this institute to take on the tasks of high-quality agricultural sector policy analysis and outreach in Zambia. One possible candidate to take on this role would be the Agricultural Consultative Forum, but a final decision on this will be made based on joint consultations at a relatively early stage in the PROACTIVE funding period, to provide enough time for capacity building. This will involve a managed dialogue between the various public agencies, ministries, and other agricultural sector stakeholders, in order to reach consensus on which functions would provide the highest payoffs to continuation, which organizations are the most appropriate home to carry out such functions, and which other organizations would need to be involved to facilitate the development of the recipient organization. The project will develop a consultative plan for transferring particular functions from the project to the recipient institution, with the project playing a role in facilitating this transition through capacity building investment at the incoming recipient agency.

A separate subordinate agreement with the chosen institution has been included in the proposal to facilitate the institutional support.

## 4.2 Rapid-Response As Well As Long-Term Policy Analysis And Outreach Capacity

From time to time, Zambian policy makers are confronted with unanticipated challenges. PROACTIVE will be structured to have a small but critical mass of capacity for undertaking “quick-response” analytical and outreach to respond to highly strategic emerging policy challenges and emergencies.

PROACTIVE will build on the strong institutional relationships and reputation developed by FSRP staff to improve the policy environment for agricultural competitiveness, following five key steps:

1. Identification of key forward-looking policy issues.
2. Conducting empirically based research.
3. Broadening the local capacity to articulate and advocate public policies that are supportive of agricultural competitiveness, growth, and trade.
4. Helping to broker greater trust and understanding between public and private sector stakeholders in the agricultural sector. The strategic interactions between government and private sector in markets and the potentially adverse effects on food security underscore the need for greater transparency, consultation and cooperation between private and public market actors to achieve the country’s national goals with respect to the agricultural sector.
5. Assist in the formulation of actual policy or program elements that lead to positive change.

## 4.3 An Expanded Policy Audience

### 4.3.1 New Partnerships

In the past, the collaborative framework under FSRP has focused on MACO, ACF, MSU and CSO. However, MACO is not the only government entity influencing agricultural policy and budget allocations. The USAID SO5 and SIDA arena is broader than MACO and ACF. It covers the Ministry of Finance and National Planning (MFNP), Ministry of Commerce, Trade and Industry (MCTI), the Private Sector Development (PSD) process, ZBF, Grain Traders Association of Zambia (GTAZ), the Millers Association of Zambia (MAZ), ZACA, the Zambia National Farmers Union (ZNFU), the Food Reserve Agency (FRA), the Ministry of Tourism, Environment and Natural Resources (MTENR), and Parliament. Depending on the theme and topic at hand, a number of the above agencies need to be engaged in articulating the policy issue, analysis, policy dialogue and outreach. The following matrix provides an example of how key policy issues require interaction with multiple collaborators:

Theme:	Key GRZ institutions	Key non-GRZ collaborators
Reducing GRZ’s role in maize marketing, increasing private sector role, market development	MACO, FRA, MCTI, PSD, Parliament	ACF, ZBF, GTAZ, MAZ
Increasing public investment for more productive agriculture and natural resource sectors	MACO, MFND, Parliament	ACF, ZNFU,

As illustrated above, most policy themes require engagement by multiple stakeholders. Maize marketing reforms cannot be discussed with MACO alone. It involves trade, and trade involves the private sector, which in turn requires development efforts.

By adding representatives of MACO, MFNP, MCTI, ZNFU, ZBF, and INESOR to the new Advisory Board, PROACTIVE will be able to better anticipate key future issues across the entire USAID SO5 and SIDA domain and be better positioned to forge agreements with these groups to guide agricultural policy and investment decisions in ways that are supportive of SO5 objectives.

However, this broadening of institutional partnerships will require greater local budget support for PROACTIVE's Lusaka-based field office as well as analytical backstopping support from MSU. Some aspects of dialogue and outreach can be achieved through wider stakeholder forums. For example, PROACTIVE can utilize the stakeholder organizing abilities of the ACF and ZBF to mobilize broad stakeholder involvement in its work. However, previous experience has shown that ACF-type stakeholder forums cannot ensure the participation of senior GRZ officials (invited Ministries often delegate junior staff to attend ACF outreach activities). Therefore, meaningful collaboration with MACO, MTCI/PSD, MFNP, and MTENR will require a larger in-country staff and backstopping support presence from MSU.

The proposed expansion of the FSRP Advisory Board would enable PROACTIVE to better anticipate the major policy issues and hence have analysis available in a timely way to inform the burning issues of the day. In addition, as elaborated upon below, we propose to broaden the focus from agriculture to other aspects of rural livelihoods such as tourism and natural resource management. However, in broad terms, the fundamental issues are likely to remain stable over time: how to promote the welfare of small farmers in Zambia, especially those who are the most vulnerable and food insecure; how to achieve productivity growth within the value chains of the agricultural commodities of major importance to smallholder farmers, how to deal with food supply instability in an orderly way, and how to deal with HIV/AIDS and its impacts on the agricultural sector.

#### **4.3.2 Policy Scope**

*Beyond agriculture.* Recent experience has demonstrated how issues outside the agricultural sector can nevertheless critically affect agriculture and rural livelihoods. Among these, the following loom especially large.

- Fiscal policy and other macro-economic policy implications on agriculture: (government decisions regarding revenues and expenditures, exchange rate, inflation, credit)
- HIV/AIDS
- Processing, distribution and trading activities linked to farmers in key selected value chains
- Natural resource development and tourism strategies to improve rural incomes. Natural resource management and tourism increasingly provide rural income and livelihood opportunities and may potentially be incorporated into the overall scope of PROACTIVE.

*Agriculture.* Within agriculture, recent evidence suggests an increasing importance of the following trends.

- diversification into high-value crops (horticulture has now surpassed maize as a smallholder source of cash income)
- diversification among food staples (cassava and sweet potatoes have grown rapidly while maize production has trended downwards)
- regional trade will become increasingly important in a liberalized agricultural economy and as accession to COMESA and SADC protocols become binding. Newly available GIS technology is making it possible to combine satellite imagery with household survey and market price data to generate new insights for policy.

PROACTIVE would also propose to continue (subject to Advisory Board concurrence) work on a number of fundamental agricultural policy challenges: maize marketing, agricultural trade policy, farm diversification (among food staples, livestock and cash and export crops), strategies to promote smallholder fertilizer use in a cost-effective and sustainable manner, public sector budget allocation to the agricultural sector, rural poverty reduction strategies and their relationship to agricultural policies. The main innovation proposed under PROACTIVE is that, for each topic/activity/value chain, we would work to determine the main public and private decision makers that are involved in influencing policy and investment decisions, and integrate these actors at an early stage into the capacity building and outreach activities.

PROACTIVE will also be designed to better integrate knowledge held in the commercial farm sector to guide policies designed to support smallholder agricultural production and marketing. It is important to provide opportunities for more smallholders, who are mostly semi-subsistence farmers, to become real commercial farmers. Important knowledge about farming and marketing held by the commercial farmers could contribute to smallholder success. Importantly, Zambian food security policy needs more information on the responses of commercial farmers to policies dealing with agricultural commodities, to assess the consequences of alternative policies. Currently, data on commercial sector farm production and how it responds to fertilizer and maize marketing and trade policies is either non-existent or unutilized.

*Alternative instruments for improving food security.* Recent experiments with cash transfers, local procurement of food aid and reforms at the FRA indicate that developing policies to stimulate private investment, competitiveness and smallholder income growth will require attention to the interactions across commodity value chains and among various groups of actors, including:

- government policy instruments (public imports, sales, export and import controls, tariffs, public investments in agriculture)
- donors: food aid programs in their various forms
- private sector responses and consequences

The Private Sector Development process under MCTI provides another entry point to promoting market-based solutions to food security and poverty reduction.

#### **4.4 Greater Breath In Capacity Building**

While capacity-building has been an important objective of the FSRP, its energies so far have been focused on MACO and CSO/MFND. There is a need for PROACTIVE's capacity

building to include other relevant public sector organizations that have a bearing on agricultural policy and investment decisions. Over the past decade, it has become increasingly clear that agricultural decision making in Zambia, and particularly public investment decisions for agriculture, involve MACO, MFND, MCTI and MTENR. PROACTIVE will be more effective in its outreach efforts if it has the resources to relate strongly to each of these Ministries.

It has become equally clear that direct collaboration with public and private sector counterparts in the conduct of analysis, write-up and dissemination significantly improves outreach, “inreach” (internal organization knowledge and capacity), and policy impact. PROACTIVE, therefore, proposes to expand and formalize these collaborative analytical undertakings through a range of mechanisms, including 3-12 month "sabbaticals" during which public or private sector support staff take a leave of absence while they work together with PROACTIVE on specific analytical assignments that are relevant to their respective offices. Care will be taken that this does not result in, or is perceived as, taking away scarce human resources from government offices. Other arrangements may be aimed at key technical support staff in these agencies, such as in-service training and collaborative research, analysis and outreach. PROACTIVE will encourage collaboration under this arrangement with staff at the Director, Deputy Director, and Senior Economist levels in the relevant ministries and with technical staff at private sector support groups such as the ZNFU and ZBF. This "joint products" approach will generate research results, capacity-building, and outreach simultaneously.

However, the selection of government staff for these 3-12 month mini-sabbaticals would need to ensure that staffing problems would not be created at the agency or ministry from which the counterpart is chosen. This problem could be minimized to the extent that the counterpart’s topic of analysis for these mini-sabbaticals is closely aligned with their ongoing work plan at their organization.

A self-sustaining agricultural information system in Zambia will also require increased support for the Central Statistical Office. Currently, CSO lacks qualified staff who can advise on the range of data management issues that confront the agency as it carries out surveys on behalf of the GRZ. In the past, the CSO has relied on the US Bureau of Statistics to get a range of short term hands-on statistics courses. They have also sent staff to Uganda’s Makerere University for both short (Diploma) and long-term courses (BSc level) course. CSO and MACO would also like to have support to train staff at MSc level. The whole CSO directorate only has 2 MSC level staff. PROACTIVE will assist CSO to build its internal capacity in the following areas:

- a. *Agricultural statistics.* Particular attention is needed to redesign the Large Scale Farm Surveys (Crop Forecasting Survey and Post Harvest Survey), because Zambia has lost the ability to generate reliable and accurate estimates of large-scale farm production. PROACTIVE will also continue working with CSO to improve the quality and relevance of questions contained in the annual Post-Harvest Surveys. Improved GIS capabilities, and satellite and ground-based early warning systems are also very important for Zambia to respond in a more timely and accurate way to food crises, although further discussion will be necessary to determine whether PROACTIVE is the right program to provide this support, and whether the budget resources will be available to do so.

- b. *Natural resource and tourism statistics.* To examine economic opportunities in addition to agriculture-based activities by rural households, household-level data on natural resource and tourism-related activities and income could be incorporated in existing surveys, particularly the Post-Harvest Survey.
- c. *Contributing to the Agricultural Census* – livestock and crops, large and small farmers. The 2010 population census is coming and planning for it should already have started. The 2000 population census hardly included any information on agriculture. As a result, FSRP had to pay US\$80 000 in order to get a few strategic questions included in the 2000 Census. These additional questions enabled CSO to have a valid frame from which to draw a new list of sample units for the Post-Harvest Surveys, which greatly increases the quality and level of confidence in the PHS. Unless plans are made now to deal with the 2010 population census, we are likely to face similar problems in 2010.
- d. *General survey analysis.* Building capacity within the Government of Zambia to analyze agricultural data collected by CSO means greater direct support for the Data Base and Early Warning Unit (DBEW) of the Ministry of Agriculture and Cooperatives.

## **5. Putting the Pieces Together**

A supportive policy environment is a prerequisite to achieving USAID's SO5 and SIDA's objectives of increased private sector competitiveness and agricultural growth. The Government of Zambia's actions and resource allocation to the agricultural sector will largely determine whether these objectives can be met.

The new activities under the proposed FSRP extension will focus on increased longer-term as well as rapid-response analytical capability, outreach and collaboration with a broader range of public and private sector stakeholders, and greater local capacity building through engaging Zambian consultants and through in-service training for public sector officials. By way of an exit strategy, the project will collaborate with a Zambian institution that will take on a lead role in policy research and outreach.

PROACTIVE will build on the strong institutional relationships and reputation developed by FSRP staff to improve the policy environment for agricultural competitiveness. To identify key forward looking policy issues well in advance, PROACTIVE will engage a broader representation on the Advisory Board. Given the importance that policy analysis and the agricultural sector may play in mitigating the impacts and spread of HIV/AIDS, we also propose to collaborate explicitly with local SO9 partners to achieve greater synergies between SO5 and SO9 activities.