

Contribution of the Common Market for Eastern and Southern Africa in the Fight against Poverty in Zambia through Private Development and Promotion of Foreign Direct Investment

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ABSTRACT

Background: This study was undertaken due to high levels of poverty in the Common Market for Eastern and Southern Africa (COMESA) Member States. The overall objective of the study was to explore the contribution of COMESA in the fight against poverty in Africa, a case study of Zambia from 2010-2021. The specific objective in this article was to explore the Contribution of the Common Market for Eastern and Southern Africa in fight against poverty in Zambia through private development. The study employed qualitative approach with an exploratory research design and critical case sampling to choose 13 key respondents to explore the contribution of the Common Market for Eastern and Southern Africa in Zambia through private sector development from 2010-2021. Primary data was analysed from 13 key respondents selected purposively using an interview guide to support secondary data. Data was analysed using thematic and content analysis. This study found that COMESA was established by a treaty in December 1994 as a basis for private sector development and promotion of foreign direct investment in the region with a view to create employment and income generating activities contributing to poverty alleviation. Zambia embarked on private sector development and promotion of foreign direct investment with the financial support from COMESA and its international cooperating partners of development. The study established that COMESA had been significant in the fight against poverty in Zambia. However, despite the trade reforms implemented, the study established that poverty levels in Zambia had not reduced since 2010 instead there had been an increase from 54.4 % in 2020 to 60.3 % in 2021. Zambia requires a clear regulatory framework predictable for business planning with a conducive legal business environment that promote the private sector and foreign direct investment with an enabling business environment and innovative policy framework targeting various sectors of the economy.

Key Words: COMESA, Zambia, Poverty analysis, Regional integration, Private sector development, Foreign direct investment

INTRODUCTION

Contribution of the Common Market for Eastern and Southern Africa in the Fight against Poverty in Zambia through Private Sector Development and Promotion of Foreign Direct Investment

White (2016) in an article titled 'Introduction to Business Environment Reform', defines the concept of private sector development as one encompassing a broad area of development programming as that part of the economy that run for private profit and not owned by the state. It was noted that concept involves a basic organising principle for economic activity in a market-based economy where physical and financial capital

is generally privately with markets, competition and profits driving production and distribution. In other words, the private sector covers a wide range of commercial enterprises such as the small and medium enterprises and micro and family enterprises including large multinational corporations whose local enterprises are part of their worldwide operations which include joint ventures between foreign-owned companies and local counterparts such large locally owned businesses. The private sector also covers all industry sectors such as agriculture, trade, manufacturing, services, etc. including enterprises resulting from the privatisation of state-owned enterprises such as utilities and telecommunications. Therefore, the development of private sector is major thrust in most countries for provision of goods and services in order to create wealth and employment. Private sector development is designed to help markets function more vibrantly and fairly by providing economic opportunities to poor people. Zambia must support private sector development to ensure promotion of economic growth and poverty reduction. Private sector development is critical as it contributes to poverty reduction in many ways such as private markets driving productivity growth since competitive markets urge business owners and managers to create more productive jobs and higher incomes and private sector is complementary to government roles in regulation, funding and service provision as private initiatives help provide basic services that empower the people by improving infrastructure, health and education.

German Development Cooperation observes that small private enterprises are the driving force behind economic development in developing countries. This creates more jobs and local small businesses benefit from technology transfers as well as new markets created which improves the local value chains. In other words, private sector development is a term in the international development industry that refers to a range of strategies for promoting economic growth and reducing poverty in in developing countries by building private enterprise through working with firms directly, with membership organisations or through a range of areas of policy and regulation to promote functioning competitive markets. Private sector development helps in developing industrial areas, plants and job hubs and development of areas around. Private sector development is also associated with informal and formal sector employment. Informal sector employment is an unregistered enterprise whereas formal sector employment is employment in a registered enterprise/establishment.

As regards to foreign direct investment, the Organisation of Economic Cooperation and Development (OECD-library) defines foreign direct investment as a category of cross-border investment in which an investor resident in one economy establishing a long-lasting interest in and has a significant degree of influence over an enterprise resident in another economy of a particular country. In other words, foreign direct investment is a key element in international economic integration because it creates stable and long-lasting links between economies for example, in the COMESA region. Foreign direct investment is an important channel for the transfer of technology between countries and promotes international trade through access to foreign markets signifying its importance as a vehicle for economic development. Foreign direct investment (FDI) also brings about competition in the domestic input market and contributes to human capital development. Foreign direct investment further through profits made by companies contribute to corporate tax revenues in the host country. The corporate taxes collected from foreign direct investment (FDI) can be used for poverty reduction programmes to improve the living standards of citizens. The World Bank (2014) observes that foreign direct investment (FDI) are the net inflows of investment to acquiring long lasting management interest in an enterprise operating in an economy other than that of the investor. It was noted that foreign direct investment enhances trade inflows including creation of employment, enhanced competition as well as the transfer of skills through training. The Zambian government developed policies to encourage inward foreign direct investment flows from the COMESA region and beyond. The Zambian Government's liberal economic policies, coupled with the implementation of economic reforms was aimed at improving the investment climate and projected to have increased foreign direct investments (FDI). Studies have been conducted in the Common Market for Eastern and Southern Africa (COMESA)

region on poverty and those relating to private sector development and promotion of foreign direct investment comprehensively, but the literature reviewed indicate no specific study was conducted on the contribution of the Common Market for Eastern and Southern Africa in the fight against poverty in Zambia through private sector development and promotion of foreign direct investment from 2010-2021. None of the existing studies had exhaustively explored the contribution of the Common Market for Eastern and Southern Africa in the fight against poverty in Zambia through private sector development and foreign direct investment. However, poverty levels in most COMESA Member States had been increasing despite promotion of private sector participation in the various sectors in the Zambian economy. Poverty remains a serious problem among COMESA's Member States. COMESA was established under a new treaty in 1994 and has been implementing trade reforms which included creation of free trade area and customs union among others with a view of economic development and poverty alleviation. However, the progress of domestication of key elements of economic development and poverty eradication had been slow largely because of individual country challenges. COMESA (1994), Article 2 of the revised investment agreement designates COMESA region as a Common Investment Area (CIA) which ensures promotion of investments that support sustainable development in Member States, encouragement of gradual elimination of investment restrictions and conditions, promotion of a more transparent investment environment, strengthening and increasing the competitiveness of COMESA's economic activities and promotion of COMESA as an attractive investment area. In order to facilitate private sector development and to be in conformity with the objectives outlined in COMESA (1994), Article 3 of the treaty establishing COMESA, Zambia had agreed to adhere to a wide range of principles governing trade reforms which included: harmonisation of policies and programmes to COMESA and promotion of peaceful environment as a pre-requisite for economic development in Zambia. As a result of these COMESA principles of trade reforms, Zambia firmly embarked on the development of the Private Sector using institutional framework such as the Zambia Development agency under the Ministry of Commerce, Trade and Industry with a view creating employment and reducing poverty. Jane et al (2011) observed poverty is globally accepted a serious development challenge and noted that it was the reason why during the 1995 World Summit on Social Development in Copenhagen, that 117 countries adopted a declaration and programme of action which included commitments to eradicate absolute and reduce overall poverty. This summit defined absolute poverty as a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. Poverty depends not only on income but also on access to social services. Overall poverty was defined as lack of income and productive resources sufficient to ensure sustainable livelihoods as well as other characteristics such as hunger and malnutrition, ill health, limited or lack of access to education and other basic services, increased morbidity and mortality from illness, homelessness and inadequate housing, unsafe environments and social discrimination and exclusion. Poverty is also characterised by a lack of participation in decision making and in civil, social and cultural life. Jane et al (2011 *ibid*) gives a poverty situation analysis of COMESA and observed that there were various manifestations of poverty in the region that included child malnutrition, high infant and under-five mortality rates, poor school attendance, higher prevalence of human diseases among others. However, the study does not highlight how COMESA had been fighting poverty in Zambia hence the need to explore the contribution of COMESA in the fight against poverty in Zambia through private sector development and promotion of foreign direct investment from 2010-2021. Zambia embarked on trade reforms in order to eradicate poverty. Handley et. al (2019) in a research paper titled 'Poverty and poverty reduction in sub-Saharan Africa: An overview of the issues', argued that sub-Saharan Africa (SSA) was afflicted by many forms of poverty. Human Development Index (HDI) scores in most countries of SSA had stagnated or declined since 1990, leaving this region as the poorest in the world. Since 1990, income poverty has fallen in all regions of the world except Sub-Saharan Africa (SSA), where there has been an increase both in the incidence and absolute number of people living in income poverty.

Handley (2019) gives an overview of poverty in Sub-Saharan Africa (SAA) an illustration of trade integration with other factors as a possible solution to growth development and poverty reduction.

Nonetheless this paper did not precisely talk about COMESA and poverty in Zambia. Oloruntoba (2015) in a paper titled Regional Integration and the challenges of Poverty Reduction in Africa: The Case of Southern Africa Development Community (SADC) observes that poverty and inequality remain the two most endemic socio-economic problems faced by African countries today. Although Africa has recently occupied a global spotlight as a region with the fastest economic growth rate, various strategies devised by countries at the national levels have done little to alleviate poverty or reduce inequality. Joseph (2011) in a study titled 'Blame it on the WTO' observed that poverty is the major cause of human misery in today's world. World Bank figures indicated that 25 per cent of the world's population lived in extreme poverty, defined as US\$1.25 a day, calculated according to the dollar's purchasing power in 2005. The World Trade Organisation (WTO) promotes market freedoms and observed that trade theory, increase aggregate wealth, which should enhance the ability of all States to protect economic and social rights and alleviate poverty. Joseph (2011) in her paper titled 'Blame it on the World Trade Organisation (WTO) illustrated the efforts of the WTO to global development and poverty reduction particularly among developing countries. The paper argued that through fair international trade, development was more likely to be realised and poverty reduced. However, this paper did not make mention of COMESA in poverty alleviation, hence there was need to conduct this study which precisely looked at contribution of COMESA in the fight against poverty in Zambia through private sector development and promotion of foreign direct investment from 2010-2021. Hertel and Winters (2010) in publication titled 'Poverty Impacts of a WTO Agreements: Synthesis and Overview' also highlighted the importance of international trade which is driven by the private sector in reducing poverty in developing countries. Trade reforms in Zambia started in 1991 and were meant to structure the economy moving away from dependence on mining especially copper. The idea was to diversify the economy to other sectors such as tourism and agriculture. Mitra (2016) in a World Bank Publication titled 'Choosing and Estimating a poverty line', observed that trade liberalisation can reduce poverty when accompanied by appropriate policies and institutions. Trade can contribute to economic growth and eventually poverty reduction through employment generation and sustainable income generating activities for the poor. To achieve this scenario, the domestic environment has to be conducive with policies and institutions that include regulations to foster labour mobility, adequate financial development and good public infrastructure through various trade policies to support private sector development. The World Bank Group in their publication titled 'The Role of Trade in ending Poverty by 2030' observed that trade openness itself and lowering trade costs is essential for delivering gains for the poor'. This requires a range of trade liberalisation policies to maximise the gains of openness for the poor including policies related to human, physical capital, access to financial resources or credit, governance, institutions and macroeconomic stability to promote private sector participation in the national economy. Geoffrey J. Banister and Kamau Thuge (2001) in their publication titled 'International Trade and Poverty Alleviation published by the International Monetary Fund (IMF) also noted that 'trade has been long been part of the arsenal of policies used to promote economic efficiency, development of new markets and growth which easily be accessed by producers and users of different goods and services.

The studies conducted in the past had not fully contextualized the following key thematic areas of the Common Market for Eastern and Southern Africa in the fight against poverty in Zambia. The contribution of the Common Market for Eastern and Southern Africa in fight against poverty in Zambia were anchored on two specific objectives found in the study which included the following specific objectives : contribution of the Common Market for Eastern and Southern Africa (COMESA) in the fight against poverty in Zambia through private sector development, the contribution of the Common Market for Eastern and Southern Africa (COMESA) in the fight against poverty in Zambia through the promotion of foreign direct investment, the contribution of Common Market for Eastern and Southern Africa (COMESA) in the fight against poverty in Zambia through trade liberalisation, the contribution of COMESA in the fight against poverty in Zambia through trade liberalisation and the contribution of the Common Market for Eastern and Southern Africa through cooperation in agriculture and rural development.

Statement of the Problem

The study was undertaken due to high levels of poverty in COMESA Member States in particular Zambia. None of the existing studies exhaustively explored the contributions of the Common Market for Eastern and Southern Africa in fight against poverty in Zambia through private sector development and promotion of foreign direct investment from 2010-2021. In a quest to alleviate poverty, trade among African states has been among other solutions. The World Bank (2020) observed that poverty was one of the major challenges globally and noted that global extreme poverty rate as of 2017 was about 9.2 percent of the global population representing the equivalent of 689 million people living on less than \$1.90 a day and a number of people lived on less than \$1.90 per day, almost half of the poor people globally live in Africa. United Nations Conference on Trade and Development (2021) in their publication highlighted that in Africa 34% of the households were below the international poverty line and formed part of the most unequal societies in the world. Beegle et al (2016) observed that as of 2012 there were more than 330 million people on the African continent living in poverty. Poverty reduction had been slowest in least developed countries and rural areas where most people remained much poor, although the urban-rural gap had narrowed. COMESA (1994), the treaty establishing the Common Market for Eastern and Southern Africa in Article 3 (b) observes that there is need to promote joint development in all fields of economic activity and joint adoption of macro-economic policies and programmes to raise the standard of living of its peoples and to foster close relations among Member States. Bwalya et al (2021) observed that Zambia remained a high-poverty country despite having attained middle-income status in 2011 and projected that the country's high levels of poverty was going to persist through to the middle of the century unless significant new policies and programmes were developed hence posing a huge challenge in incomes distribution and employment opportunities. The World Bank Group (2020) also observed that Zambia ranked among the countries with the highest levels of poverty and inequality globally. The incidence of poverty worsened with the onset of the Covid-19 pandemic and noted that more than 61 % as at 2015 of Zambia's 19.6 million people earned less than the international poverty line of (\$2.15 per day compared to 41% across Sub-Saharan Africa and three quarters of the poor lived in rural areas. In view of this, there was need to have a specific study explore the contribution of the Common Market for Eastern and Southern Africa in the fight against poverty in Zambia through private sector development and promotion of foreign direct investment in Zambia from 2010-2021.

REVIEW OF RELATED LITERATURE

Habeenzu (2021) in a study titled "An Empirical Investigation into the Benefits of Regional Integration from COMESA for Zambia" argues that the world at large in the last three to four decades has shown greater impetus for regionalism, from Europe's European Union (EU), Southeast Asia's Association of South East Asian Nations (ASEAN), North America's North America Free Trade Area (NAFTA) and Africa's numerous Regional Economic Communities (RECs) among which eight are recognized as building blocks for the now African Continental Free Trade Area (AfCFTA) among others. While for other parts of the world, the driving force to regionalism may be different, for Africa, Pan Africanism and African Renaissance have been the push forces behind regionalism. This study therefore took interest to look at the benefits of belonging to a Regional Economic Community (REC), with the ultimate objective of exploring the contribution of the Common Market for Eastern and Southern Africa in the fight against poverty in Africa, a case study of Zambia from 2010-2021. The other literature reviewed in this study indicate that much has been written on COMESA. However, there was no specific study conducted on the contribution of the Common Market for Eastern and Southern Africa in the fight against poverty in Africa, a case study of Zambia. Hence this study was conducted due high levels of poverty in COMESA Member States. A study by Khandelwal (2013) in an article titled "Trade Liberalisation and Embedded Institutional Reform: Evidence from Chinese Exporter", volume 103, No 6 observed that "Trade barriers such as tariffs and quotas can obviously distort resource allocation along intensive and extensive margins and estimation of the productivity growth associated with their removal, but gains from trade liberalisation may be larger than

expected if institutions created to manage the barriers imposed, additional dragon productivity, for example, arbitrary enforcement of quotas and tariffs. Zambia firmly began the liberalisation process based on COMESA trade liberalisation principles with a view to eradicate poverty through various trade policies relating to the free trade. It had been noted that COMESA had been implementing trade liberalisation with its Member States which included creation of free trade area, customs union, among others. Trade liberalisation is the removal of tariffs and non-tariff barriers in trade and one of the aims of liberalisation is to make an economy more open to trade and investments so that it can then engage more directly in the regional and global economy. This situation would promote the development of private sector and promotion of foreign direct investment in the region. The COMESA Regional Investment Agency (RIA) was launched in 2006 with the objective of making COMESA one of the major regional and international investors while simultaneously enhancing national investment such as those in Zambia. The regional Investment Agency of COMESA undertakes activities in investment promotion, facilitation and advocacy. In conformity with the objectives stated in Article 3 of the Treaty Establishing COMESA (1994), Zambia had agreed to adhere to a wide range of trade reforms principles. These principles included inter-state cooperation, harmonisation of policies and programmes, and promotion of peaceful environment as a pre-requisite for economic development. It was also noted that a number of regional associations of regulatory authorities had been established in order to facilitate policy and regulatory harmonisation as well as fostering capacity building and information sharing.

Theoretical Framework

Regional integration encourages countries to work together to address common challenges and harness their shared strengths to realise their potential market. Schuman (2008) in a paper presented at the European Centre noted a number of classical theories of integration. For example, neofunctionalism, was identified which dominated the debate of the European Union integration in the 1950s until the early 1990s. Moravcsik (1991, 1993), in the 1990s developed a regional integration theory known as liberal intergovernmentalism to explain the process of integration in Europe suggesting the combination of a liberal theory to explain substantive outcomes. Moravcsik (1998) added to his theory, a third stage referring to institutional choice which referred to pooling and delegation of credible commitments as critical factors in the integration process. In the 1990s, further theories were developed relating to regional integration by various proponents in parallel with international relations debate concerning rationalist approaches vs. social constructivist approaches. These theories were combined and regional integration was defined as a process whose outcomes would lead to a certain state of affairs. Karl (1957) defined integration as the attainment within a territory with a sense of community. It was noted that the sense of community was assumed to have institutions and practices strong enough and widespread enough to assure for long time with dependable expectations of peaceful change among its population. Haas (1958) observed in his classical study of regional integration that institutions such as the European Coal and Steel Community (ECSC) and the European Economic Community (EEC) were created to unite Europe and therefore, integration was defined as a process whereby political actors in several distinct national settings were persuaded to shift their royalties, expectations and political activities to a new center whose institutions possessed or demanded jurisdiction over the pre-existing national states. In this article liberal economic theory was selected as a guiding principle for discussion of findings and discussions as it is also a guiding tool for COMESA in the fight against poverty in Africa. Trade Liberalism as advocated by COMESA to fight poverty in Africa takes the form of the promotion of trade liberalisation, trade facilitation and investment promotion of private sector development and promotion foreign direct investment. Economic liberalism is a political and economic ideology that supports a market economy based on individualism and property in the means of production. In other words, it is based on the principles of personal property, private property and limited government interference. Economic liberalism is a philosophy as well as a way of conducting capitalism. Adam Smith (1723-1790), a professor of philosophy at Glasgow University in Scotland, is considered the father of economic liberalism. Economic liberalism includes strategies and programmes undertaken to

promote a system of economic liberalism such trade liberalisation and trade facilitation. Woodward (1992) observes that poverty reduction can be achieved through economic liberalisation and noted that economic liberalism encourages government policies that promote free trade, regulation, elimination of subsidies, price controls and rationing system. In other words, it is a process of relaxation of trade rules and regulations of a country by the government which paves the way for economic growth and development. Trade liberalisation is significant to the global economy as it promotes free trade and contributes to globalisation.

Economic Liberalism Theory

As cited by Landry and Johnson (2018) in their publication titled ‘Africa’s Consumer Market Potential, Trends, Drivers, Opportunities and Strategies’, observed that Africa was a home to roughly 1.2 billion consumers projected to increase to 1.7 billion by 2030 with a consumer expenditure on the continent which had grown at compound annual rate of 3.9 percent since 2010 and reached \$1.4 trillion in 2015. This figure was expected to reach \$2.1 trillion by 2025, and \$2.5 trillion by 2030. It is in this context that regional integration is encouraged by African countries to work together to address common challenges and harness their shared strengths to realise the continent’s potential market. In this study, the liberal economic theory was selected to guide the study and as a guiding tool by COMESA in the fight against poverty in Africa. Economic liberalism is a philosophy of regional integration encouraging African countries to work together to address common challenges and harness their shared strengths to realise the continent’s potential market. The World Bank (2021) is quite significant in collaborating with African countries and regional institutions to empower people, unleash trade and optimise shared natural resources and economies of scale to achieve Africa’s transformation. Therefore, debates in regional integration can be explained through several theoretical frameworks depending on the context of a formation. In this article, the key theoretical perspectives were selected to guide the explanations in this study. The liberal economic theory was selected to guide the study as a guiding tool by COMESA in the fight against poverty in Zambia. Liberalism as advocated by COMESA to fight poverty in Africa takes the form of the promotion of trade liberalisation, trade facilitation, investment promotion, promotion of foreign direct investment, agriculture and rural development and development of the private sector. Economic liberalism is a political and economic ideology that supports a market economy based on individualism and private property in the means of production. Economic liberalisation is based on the principles of personal property, private property and limited government interference.

Classical liberalism emphasises liberty from government regulation. In this context this would include the elimination of restrictions on the choice of occupations or transfer of land. Liberalism asserts that self-interest is a basic component of human nature. For example, in the economic arena, producers provide goods, not out of concern for our well-being, but due to their desire to make profit. Likewise, workers sell their labour and buy the producer’s goods as a means of satisfying their own wants, this leads to the belief in a natural harmony of interest. By each individual pursuing their own interest, the best interests of a society are served. The forces of a free competitive market economy would guide production, exchange and distribution in a manner that no government would improve upon. The government’s role, therefore is limited to the protection of contracts, providing public goods and maintain internal and external security. Economic liberalism refers to the ideology that supports the idea of an economic system governed by individual rights and this means that the government refrains from engaging in industrial and commercial activities and should not interfere with the economic relations between individuals, groups of people, classes or entire nation. Wealth and property are the two pillars of economic liberalism and it is accepted that it is a foundation of capitalism and challenges the guiding policy while gaining from the state’s preferences. Free trade, deregulation, tax reduction, privatisation and the flexibility of the labour market are all features present in an economically liberal country.

Economic liberalism promotes the notion that the government should refrain from engaging in commercial

and industrial activities and should not try to interfere in economic relations between different classes of people and between different individuals. The system is designed to be more productive, generate income and facilitate multiple exchanges. Economic liberals support individualism and promote innovation and growth. However, economic liberalism has certain downside such as the growth of unwanted business dominance and poverty. Economic liberalism is a philosophy as well as a way of coordinating capitalism. Adam Smith (1723-1790), a professor of philosophy at Glasgow University in Scotland, is considered the father of economic liberalism. In contrast to the neoliberalism, the liberalism is now known as Palaeoliberalism. It gave the market absolute precedence and was the dominant ideology in the founding countries during the 1830s and 1920s. Economic liberalisation includes strategies and programmes undertaken to promote a system of economic liberalism. One can summarise the core principles of economic liberalism as follows: individualistic idea of freedom, existence of natural order, competition as the steering wheel of economy, self-interest as the driving force in the economy. Woodward (1992) observes that poverty reduction can be achieved through economic liberalisation and noted that economic liberalism encompasses the processes including government policies that promote free trade, deregulation, elimination of subsidies, price controls and rationing and often the downsizing or privatisation of public services. In other words, liberalisation is a process of relaxation of trade rules and regulations of a country by the government which paves the way for economic growth and development.

METHODOLOGY

This study adopted qualitative research method. This method was employed because it relies mainly on human perception and understanding and therefore, the researcher during primary data collection was able to interact with participants using an interview guide in order to enhance credibility of the data. The study was conducted in Lusaka city within Lusaka Province of Zambia. The target population for this study included 13 respondents from COMESA, Ministry of Finance, Ministry of National Planning, Ministry of Commerce, Trade and Industry, Ministry of Foreign Affairs, Ministry of Agriculture, Bank of Zambia, Zambia Development Agency, Zambia Statistics Agency (Central Statistics Office), Zambia Revenue Authority, Economic Association of Zambia and Jesuit Centre for Theoretical Reflection. In this study, critical case sampling was used to select the informants. This sampling technique was used because the participants were experts in the subject matter. It was also used since this study is exploratory qualitative research with limited resources and is a single case study with a small number of informants to explain the phenomenon of interest. It was also chosen because it had facilitated for an in-depth qualitative analysis of the phenomenon under investigation. Weller et al (2018) observed that the use of saturation as a salience in determining sample size in qualitative research is ideal. In this study, 13 respondents from key institutions were selected by the researcher as saturation was reached at this point. Morse (2015) observed that saturation is the most common guiding principle for assessing the adequacy of purposive samples in qualitative research.

Research Instrument & Data Generation

Oliver (2010) observes that research instruments are tools that a researcher uses in collecting data. However, since the research was focused on secondary data, specific institutions were identified for data collection with specific methods. Creswell (2009) observes that primary data is a type of information obtained directly from first hand sources by means of survey, observation, focus and interviews or experimentation. In this study primary data was collected using an interview guide administered by the researcher. While secondary data was collected from the selected institutions either from books, Annual reports, articles, verified internet sources, etc. in order to get an in-depth understanding. Kasonde-Ngundu (2013) provides that in qualitative research, the main purpose of interviews is obtaining unique information or interpretation held by the person interviewed, collecting a numerical aggregation of information from many persons and finding out a 'thing'

the researcher was unable to observe themselves. An interview guide was used to collect primary data as it contained pre-defined issues to be discussed in the interview during data collection.

Data Analysis Procedure

In this study, the researcher used thematic and content analysis approach to analyse both secondary and primary data. Bryman (2012) observes that thematic and content data analysis is used to illustrate use of data in great detail and deals with diverse subjects via interpretations. Thematic and content analysis was also considered to provide a systematic element to data analysis. In addition, the study was qualitative in nature.

Data Cleaning and collation

In this study, to clean and collate the data, the researcher reformed the data, made corrections to the data and combined the secondary and primary data sets. In addition, duplicated data was purged to minimize errors. Data mismatch, incorrect data, corrupted and incorrectly formatted data and data inconsistencies were eradicated. This was done to ensure that no important data was missing and was not susceptible to contamination at the stage of data analysis. The researcher prepared the data using standardized data formats. In this study, data was cleaned by carefully going through the thematic areas that were created from the research objectives and interview guide administered by the researcher. The body transcripts for citing verbatims read properly to help readers make sense of them.

Delimitation of the Study

The 13 key respondents that were interviewed using an interview guide by the researcher were all located in Lusaka as the institutions were purposively selected based on their expertise. These included the following institutions: COMESA, Ministry of Finance, Ministry of National Planning, Ministry of Commerce, Trade and Industry, Ministry of Foreign Affairs, Ministry of Agriculture, Bank of Zambia, Zambia Development Agency, Zambia Statistics Agency (Central Statistics Office), Zambia Revenue Authority, Economic Association of Zambia and Jesuit Centre for Theoretical Reflection.

Ethical Considerations

The use of pseudo names facilitated the identification of each piece of information from the research questions using their titles rather than actual names. Cohen et al., (2011) observes that all research activity must be carried out in an ethical manner. Cohen further said that ethical concerns encountered in educational research in particular can be extremely complex and subtle and can frequently place the researcher in a moral predicament which may appear quite irresolvable. Creswell (2014) observes that researchers would harm the individuals or groups they studied when research participants experience anxiety, stress, guilty and damage to self-esteem during data collection and in the interpretation made from the data provided. Rana and Dilshad (2021) observed that ethics concerns two groups of people such as those conducting research who should be aware of their obligations and responsibilities and the researched upon who have basic rights that should be protected by consent. To ethically proceed, this study considered ethical clearance from the University of Zambia Ethical Committee by obtaining an introductory letter to facilitate data collection from targeted institutions. This was in order to give confidence to the researcher as being genuine and for identification purposes. During the period of data collection, integrity was promoted by respecting participants through obtaining consent from them before being interviewed. The study also upheld research ethics by respecting the rights of participants through making sure that they understood what the study was all about. The researcher observed strict ethical considerations that aimed at protecting participants in the research process by having ethical clearance to collect data. Participants were free to consent to being

interviewed by the researcher using an interview guide administered by the researcher by emphasizing that it was academic research meant for the fulfilment of a doctoral programme in International Politics and International Relations at the University of Zambia.

Confidentiality

Creswell (2014) observes that confidentiality in research implies that identifying the participants that will not disclose information. Participants were protected by not having their names or any form of identification disclosed in any way to motivate them to give information using an interview guide administered by the researcher. Pseudo names using titles were used from the target sample size. The rights and of participants were respected and participants were informed that participation in the interview was voluntary as they were at liberty to leave the study at any time if they wished to do so. Oliver (2010) observes that informed consent involves obtaining voluntary participation of people involved and informing them of the right to withdraw from the study at any time. With this in mind, the researcher assured participants of total confidentiality and their responses remained concealed by not disclosing their names. In this study the researcher ensured that the presentations of the findings did not lead to disclosure of names of participants and names of respondent from target organisations when writing verbatims. Codes were used with pseudo names using titles of respondents to represent participants and names of institutions when writing verbatims during data analysis.

Reciprocity

Office of Human Research (2015) observes the protection of human participants in research requires voluntary involvement of participation of participants in research and their generosity may be reciprocated by payments in cash from the researcher but payments should not be more than reimbursement of a documented out-of-pocket expenses. However, in this study, the researcher did not pay anyone as participants freely participated with their consent based on the introductory letter from the University of Zambia for identification of the researcher. Payment was also avoided to avoid compromise on data collection process in terms of responses using an interview guide administered by the researcher. The researcher in this study ensured that consent was obtained from all participants.

Health Considerations of Participants

As the study was conducted during Covid-19 period, participants were encouraged to wear face masks during data collection so that participants were not put at risk of Covid 19. All health standards were observed during interview such as social distancing. Some interviews were conducted through Zoom as some participants worked from home.

FINDINGS AND DISCUSSIONS

Findings

The findings were based on secondary data and primary data which included views, thoughts and perspectives of participants from the key respondents. The findings generated from the interview guide were aligned to relevant research objective and specific questions presented in the themes reinforced with participants' verbatim responses from the interview guide administered by the researcher. Verbal responses from the participants and their respective institutions were represented by pseudo names using their titles representing codes rather than numbers as codes for ethical considerations. The presentation of findings and discussions were based on themes created in the study. This article is based on the following the five themes identified in the study on the "Contribution of COMESA in the Fight against Poverty in Africa: A Case Study of Zambia from 2010-2021".

Presentation of Results

Findings on Contribution of COMESA to Fighting Poverty in Zambia through private Sector Development and promotion of foreign direct investment

COMESA had implemented a number of programmes that had contributed to generation of employment in Zambia through its funded programmes and financial support from its international partners of development through promotion of private development and promotion of foreign direct investment. The Zambia Living Monitoring Conditions survey (1015) observes in Table 1 below the number and percentage share of employed persons in the informal or formal sector employment by sex, residence, stratum and province. It was noted that about 5,002,101 of the totals employed working age population, 80.3 percent were employed in the informal sector. The study established that an analysis by sex of the total employed females who were employed in the informal sector had a higher proportion at 87.9 percent compared to 74.2 percent of the males. These figures could be attributed to the various programmes COMESA supported in the various sectors of the economy. Rural areas had a higher proportion of persons employed in the informal sector at 92.1 percent compared to 60.6 percent of employed persons in urban areas. At province level, Eastern Province had the highest persons employed in the informal sector employment at 92.4 percent while Lusaka had the lowest proportion at 61.6 percent. Table 1 below shows the percentage shares of employed persons in formal and informal sector employment by sex, residence, stratum and province in Zambia in 2015 as cited by the Zambia Living Conditions Monitoring Survey Report (2015).

Table 1: Percentage shares of Employed Persons by formal and Informal Sector Employment, Sex, Residence, Stratum and province, Zambia 2015

Residence, stratum, province and industry	Number in Formal Sector	Percent-Formal Sector	Number in Informal Sector	Percentage-Informal Sector	Number of Employed Person, 12 or older
Total Zambia	983,162	19.7	4,018,939	80.3	5,002,101
Male	712,498	25.8	2,048,361	74.2	2,760,859
Female	270,664	12.1	1,970,577	87.9	2,241,242
Residence: Rural	249,708	7.9	2,891,263	92.1	3, 141,070
Residence: Urban	733, 454	39.4	1,127,576	60.6	186,030
Stratum: Small-Scale	188,302	6.6	2,660,848	93.4	2,849,149
Stratum: Medium	8,793	6.3	130,009	93.7	138,802
Stratum: Large Scale	1,849	23.1	6,138	26.9	7,987
Non-Agric	50, 765	35.0	94,367	65.0	145,132
Low Cost	463,399	32.8	947,745	67.2	1,411,145
Medium Cost	136,038	53.7	117,132	46.3	253,170
Province: Central	74,192	15.5	404,914	84.5	479,106
Province: Copperbelt	238,910	35.2	440,703	64.8	679,614
Province: Eastern	52, 392	7.6	637,332	92.4	689, 724
Province: Luapula	324, 750	38.4	520,717	61.6	845,467
Province: Muchinga	38,650	12.7	264,688	87.3	303, 338

Province: Northern	34,409	7.3	435,449	92.7	469,858
Province: North-western	28, 649	11.7	216,633	88.3	245,858
Province: Southern	121, 788	20.3	477,970	79.7	599,758
Province: Western	29,781	8.9	303,883	91.1	334,664

Source: Zambia Living Conditions Monitoring Survey Report (2015)

Table 2 below shows percentage share of employed persons by industry and sector of employment. Agriculture, forestry and fisheries had the highest proportion of persons employed in the informal sector at 94.6 percent while education had one of the lowest proportions of persons employed in the informal sector at 7.5 percent. The study established that the Zambia Living Conditions Monitoring Survey Report (2015) shows a percentage of employed persons by industry and sector of employment, This classification may help in inferring the sectors of the economy which COMESA had supported financially during trade reforms in Zambia as shown below in Table 2.

Table 2: Percentage Share of Employed Persons by Industry and Sector of Employment, Zambia 2015

Residence stratum, province, industry	Formal Sector- Number Employed	Formal Sector- percentage	Informal Sector - Number /percentage employed	Number of Employed Persons 12 years or older
Agriculture, forestry and fishing	1,59,066	5.4	2,788,662/ 94.6	29,37,928
Mining and quarrying	71,647	85.8	11,901/14.2	83,548
Manufacturing	78,022	36.9	133,662/63.1	2,11,685
Electricity, gas, steam and air conditioning	20,137	90	2,236/10.0	22,373
Water supply, sewerage, waste management and remediation activities	4,032	81.8	895/18.2	4,927
Construction	53,165	28.5	133,116/71.5	7,46,281
Trade, wholesale and retail distribution	83,776	11.2	662,280/88.8	7,46,455
Transportation and storage	49,090	39.3	75,710/60.7	1,24,800
Accommodation and food service activities	33,178	63.2	19,284/36.8	52,461
Information and communication	15,669	73	5,800/27.0	21,469
Financial and insurance activities	36,632	92.2	3,090/7.8	39,722
Real estate activities	800	11.6	6,092/88.4	6,892
Professional, scientific and technical activities	10,735	70.1	4,570/29.9	54,942
Administrative and support activities	38,494	70.1	16, 448/29.9	54,942

Public administration and defense, compulsory social security	86,148	100	0/0.0	86,148
Education	1,52,847	92.5	12,311/7.5	165,158
Human health and social work	59,325	85.8	9,835/14.2	69,169
Arts, entertainment and recreation	3,599	55.2	2,923/44.8	6,523
Other service activities	18,679	24.4	57,953/75.6	76,632
Activities of household as employers	7,436	8.4	81,221/91.6	88,657
Activities of extraterritorial organisation and bodies	684	100	0/0.0	684

Source: Living Conditions Monitoring Survey Report (2015)

Contribution of COMESA in the Fight against Poverty in Zambia through the Promotion of Foreign Direct Investments

Zambia Development Agency (2021) observed that foreign direct investments (FDI) inflows rose from US\$ 122 million in 2000 to a record US\$ 1.3 billion in 2007. The time series analysis reflected in Table 3 below represents actualized foreign direct investment in Zambia while Table 3 shows projected foreign direct investment from 2009-2015, values in US\$ millions.

Table 3: Actualized FDI Inflows to Zambia 2000-2008, Values in US\$ Millions

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Values in US\$ M	122.0	72.0	82.0	172.0	239.0	380.0	467.0	1,323	936.9

Source: Zambia Development Agency (2021)

Table 4 below shows projected foreign direct investment inflows to Zambia between 2009 and 2015 as indicated below, values in US\$ millions.

Table 4: Projected FDI Inflows to Zambia 2009-2015, Values in US\$ Millions

Year	2009	2010	2011	2012	2013	2014	2015
Values in US\$ M	1,218.0	1,583.0	2,058.4	2,675.9	3,478.7	4,522.3	5,879.0

Source: Zambia Development Agency (2021)

The projected values of foreign direct investment (2009-2015) were captured by Zambia Development Agency (ZDA) on an average annual increase of 30 percent based on the average percentage over the period 2003-2008. The strong growth in exports from Zambia, had to a large extent been due to the steady reduction of global tariffs and the Common Market for EASTERN AND Southern Africa (COMESA regional tariffs as barriers to trade. The study established that despite the tremendous progress in reducing

extreme poverty, poverty rates remained stubbornly high in low-income areas especially rural areas in Zambia. In the 25 years from 1990 to 2015, the extreme poverty rate dropped an average of a percentage point per year from nearly 36% to 10%. But the poverty rate dropped only one percentage point in the two years from 2013 to 2015. Table 5 below, shows a percentage distribution of employed persons from different sectors of the Zambian economy which could be attributed to COMESA's successful funded programmes in selected sectors. Table 5 shows the various sectors of the Zambian economy and numbers of people employed in each sector. This makes it easy to determine areas that had done well and could be attributed to COMESA financial support in its efforts for trade reforms in Zambia. Zambia embarked on trade reforms by liberalising the economy based on competitive COMESA principles of trade liberalisation such as harmonisation of trade rules, deregulation and removal or tariffs and non-tariff barriers in the COMESA region. Zambia benefited from this whose liberalisation process was 100%.

Table: 5 Living Conditions Monitoring Survey Report (2015) Percentage Distribution of employed Persons Aged 12 Years or older by Industry, Sex and Residence, Zambia 2015

Industry	Male	Female	Both Sexes	Rural-Male	Rural-Female	Both Sexes	Urban - Male	Urban - Female	Both Sexes
Total Zambia	2760859	2241242	5002101	1654269	1486802	3141070	1106590	754440	1861030
All Zambia	100	100	100	100	100	100	100	100	100
Agriculture, forestry and fisheries	55.1	63.2	58.7	85.3	88.7	86.9	9.9	13	11.2
Mining and quarrying	2.8	0.3	1.7	0.5	0.1	0.3	6.2	0.7	4
Manufacturing	6	2.1	4.2	2.2	1.5	1.9	11.6	3.3	8.2
Electricity, gas, steam and air conditioning supply	0.7	0.1	0.4	0.1	0	0.1	1.5	0.4	1.1
Water supply, sewerage, waste management and remediation activities	0.2	0	0.1	0.1	0	0	0.3	0.1	0.2
Construction	6.6	0.2	3.7	2	6.5	5.3	20.9	46	31.1
Trade, whole and retail distribution	10.9	19.8	14.9	4.2	6.5	5.3	20.9	46	31.1
Transportation and storage	4.3	0.3	2.5	1	0	0.5	9.3	0.7	5.8
Accommodation and food service activities	0.8	1.3	1	0.3	0.3	0.3	1.6	3.4	2.3
Information and communication	0.6	0.2	0.4	0.1	0	0	1.4	0.6	1.1
Finance and Insurance activities	0.9	0.7	0.8	0.1	0.1	0.1	2	2	2

Real estate activities	0.2	0.1	0	0	0	0.3	0.3	0.3	0.3
Professional, scientific and technical activities	4	2	0.3	0	0	0	0.9	0.5	0.8
Administrative and support services	1.6	0.5	1.1	0.5	0.1	0.3	3.3	1.2	2.4
Public administration and defense, compulsory social security	2.3	1.1	1.7	0.4	0.1	0.3	5	3	4.2
Education	3.1	3.6	3.3	1.9	1	1.5	4.8	8.7	6.4
Human health and social work	1.3	1.4	1.4	0.5	0.4	0.5	2.5	3.4	2.9
Arts, entertainment and recreation	0.2	0.1	0.1	0	0.1	0	0.4	0.1	0.3
Other service activities	1.2	1.9	1.5	0.4	0.3	0.4	2.5	5	3.5
Activities of household as employers	0.9	2.8	1.8	0.2	0.6	0.4	2	7.1	4

Source: Zambia Living Conditions Monitoring Survey Report (2015)

As noted from the Table 5 above some activities could be attributed to COMESA funding such as trade, whole and retail distribution, transportation and storage, information and communication, electricity, gas, steam and air conditioning supply, agriculture, forestry and fisheries, construction, professional, scientific and technical activities, financial and insurance activities, Arts, entertainment and recreation and manufacturing. Some of these programmes had been heavily funded by COMESA and therefore, it was noted that COMESA had contributed to poverty reduction through employment generation in various sectors of the Zambian economy. UNCTAD World Investment Report (2010) noted that in 2009, the intra COMESA FDI inflows amounted to US\$547.83 million. Table 6 shows foreign direct investment (FDI) flows and outflows within the COMESA region. Foreign direct Investment (FDI) in Zambia was facilitated through the Zambia Development Agency (ZDA) which is responsible for fostering economic growth and development through promoting trade and investment, efficient and effective coordinated private sector -led economic development strategy. Zambia had sought to attract foreign direct investment because of the many benefits it brings to the economy such as capital, employment creation and provides access to advanced technologies and spill overs. Foreign direct investment (FDI) has been considered to be an engine of growth in Zambia. Foreign direct investment (FDI) decisions may be motivated by market access and production cost considerations in general terms. To achieve this Zambia embarked on trade liberalisation 100% within the COMESA Free Trade Area and began to increase its exports. Investments were prioritised in the various sectors of the Zambian economy in order to enhance competitiveness and access to markets. Zambia with the support of COMESA funds and other international cooperating partners of development was able to implement the desired programmes for poverty reduction. Table 6 below shows Zambia’s foreign direct investment in the COMESA region.

Table 6: Zambia’s COMESA Statistic on Investment 2005-2009 in Relation to other Member States, Values in US\$ Millions

Country	FDI INFLOWS	FDI OUTFLOWS						
	2006	2007	2008	2009	2009	2007	2008	2009
Burundi	–	–	14	10	–	–	–	–
Comoros	1	8	8	8	9	–	–	–
DR Congo	116	180	1,729	951	–	18	54	30
Egypt	10,043	11,578	9,495	6,712	148	665	1,920	571
Eritrea	–	-3	–	–	–	–	–	–
Ethiopia	545	222	109	94	–	–	–	–
Kanya	51	729	96	141	24	36	44	46
Libya	21,013	4,689	4,111	2674	-534	3,933	5,888	1,165
Madagascar	294	777	1,118	543	–	–	–	–
Malawi	30	92	170	60	1	1	1	–
Mauritius	105	339	252	243	8	26	30	6
Rwanda	16	82	103	119	14	13	14	14
Seychelles	146	239	252	243	8	26	30	6
Sudan	3,541	2,436	2,601	3,034	7	11	98	45
Eswatini	36	37	–	106	66	2	-23	8
Uganda	400	733	783	799	–	–	–	–
Zambia	616	1,324	939	959	–	3	8	–
Zimbabwe	40	69	52	60	–	3	8	–
Total COMESA	18,157	25,345	22367	16,831	-320	4,827	8,117	1,908
Total Africa	57,058	63,092	72,179	58,509	7,171	9,934	4,962	–
Total World	1,461,074	2,099,973	1,770,873	1,114,189	1,396,916	2,267,547	1,928,799	1,100,993

Source: UNCTAD World Investment Report (2010)

COMTRADE Database (2011-2019) in Table 7 below shows Zambia’s trade in COMESA from 2011-2019, values in US\$ Millions. This performance is attributed to trade reforms that took place in Zambia during this period.

Table 7: Zambia’s Global Trade in COMESA 2011-2019, values in US\$ Millions

Country	2017- Total Exports	2017- Imports	2018- Total Exports	2018- Imports	2019- Total Exports	2019- Imports	% Change (2018-2019) 2018-Total exports	% Change (2018-2019) 2019-Total Imports
Zambia	8,006.80	7,983.30	9,034.70	9,465.90	7,047.20	7,225.00	-22	-23.7
Total	8,006.80	7,983.30	9,034.70	9,465.90	7,047.20	7,225.00	-22	-23.7

Source: COMSTAT Database and UN COMTRADE Database (2011-2019)

COMESA region registered an impressive average growth rate of 6.4% in 2014. This was above the world average growth rate of 4%. The growth was underpinned by increased private consumption and gross capital formation supported by improved governance and macroeconomic management, growth in urbanization and the rising middle class that drove aggregate demand and diversified trade and investment ties with emerging economies. There was a general improvement in the business environment as lower oil prices stimulated growth in COMESA Member States. Domestic demand continued to boost growth of many countries. In 2014, domestic demand in Zambia was boosted by private consumption and public infrastructure investment. The region's supply side growth in 2014, was mainly driven by agriculture, extractive industries, construction and services, and to a lesser extent by manufacturing as shown in Table 8 below.

Table 8: Zambia's Real GDP Growth (Percent) 2010-2014

Country	2010	2011	2012	2013	2014
Zambia	7.6	6.8	6.8	6.7	5.4
Total	7.6	6.8	6.8	6.7	5.4

Source: COMESA Annual Report (2015)- IMF Red 2015 Country Reports

As in many countries throughout the COMESA region, poverty in Zambia is overwhelmingly a rural phenomenon. Poverty had remained high during the period under review and also predominantly as a rural phenomenon despite various interventions and policies over the years. Over 60 percent of the population live under the poverty line despite Zambia having one of the world's fastest growing economies. Zambia achieved substantial progress in reducing poverty nationwide. However, more recent changes in poverty rates have become increasingly slight and uneven, with much of the returns to growth accruing to a relatively small segment of skilled workers, the urban formal sector. The World Bank (2012) observed that since 2006, changes in the rural, urban and national poverty rates had all been statistically insignificant despite the rapid growth of the Zambian economy during the period. However, Zambia despite its economic growth, is still one of the poorest countries in the world with 60 percent of the population living below the poverty line and 40 percent of those people living in extreme poverty. According to the World Bank recent data concerning Zambia's economic outlook, it was observed that Zambia is large, landlocked, resource-rich, with sparsely populated land, in the centre of Southern Africa whose economy rebounded in 2021, with gross domestic product (GDP) growing at 4.6 %, from a contraction of 2.8% during the pandemic in 2020. Zambia was experiencing a sharp demographic shift and was one of the world's youngest countries by median age. Zambia's population, much of it urban was estimated at 18.9 million (2021) and was growing rapidly at 2.9% per year, resulting in the likelihood of it doubling close to every 25 years as the trend was expected to continue due to its population of youth entering productive age, putting even more pressure on the demand for jobs, health care and other social services.

Zambia's economic recovery was driven by high copper prices, post-election market confidence and continued recovery in agriculture. According to the World Bank (2015) it was observed that Zambia ranked among the countries with the highest levels of poverty and inequality. Poverty has a number of effects if not controlled by the government. These include: (a) inability to cope with health shocks over time (b) early marriages (c) alcoholism (d) divorce and (e) high number of chronically poor women -headed households. There is less poverty in urban areas compared to rural areas but high levels of inequality within urban areas. In summary poverty is associated with substantial housing, hunger, homelessness and under-resourced schools. Poverty entails more than the lack of income and productive resources to ensure sustainable livelihoods. Its manifestations include hunger and malnutrition, limited access to education and other basic services, social discrimination and exclusion as well as the lack of participation in decision making. Where

there is poverty, there is lack of education, joblessness and poor health. The key to destroy or end poverty is to attack the effects of poverty and causes. Poverty has effects on society. Across the lifespan, residents of impoverished communities are at increased risk for mental illness, chronic disease, higher mortality and lower life expectancy. Children make up the largest age group of those experiencing poverty. Nearly all the potential effects of poverty impact the lives of children. Poor infrastructure, unemployment, malnutrition, domestic violence, child labour and disease to mention a few. The factors that affect poverty usually include (a) lack of access to clean water and nutritious food (b) lack of access to basic healthcare (c) inequality or social instability (d) lack of education (e) lack of access to jobs and livelihood (f) poor basic infrastructure and (g) climate change.

Poverty Analysis in Zambia

In order to reduce poverty in Zambia, government embarked on trade reforms focusing on the development of the private sector and promotion of foreign direct investment. A large share of the Zambian population is living below the national poverty line. To reduce poverty, for example, in 2019, the Zambian government initiated the cash-plus reform, which aims to build on existing Social Cash Transfer as a floor benefit with additional benefits to take account of the multidimensional of poverty. The study established that the baseline poverty status in Zambia, in 2009 was as seen below in Figure 1, the poverty rate for the moderate poor was above 50% and those that were very poor above 38%.

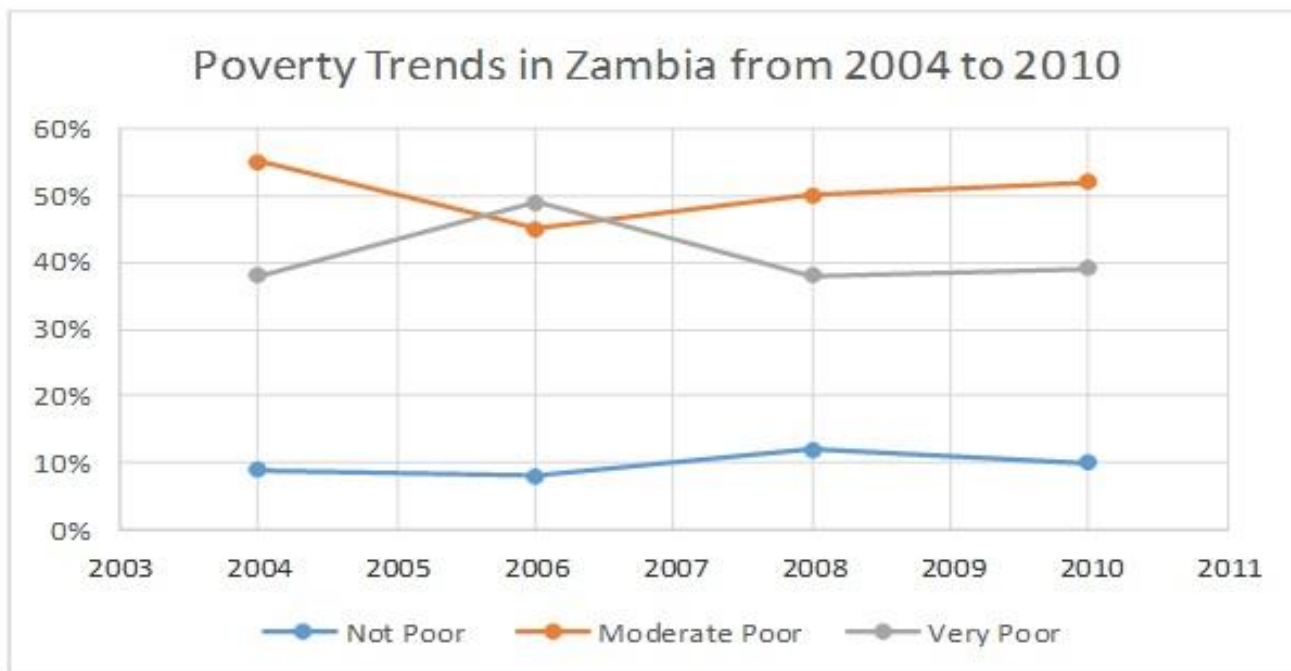


Figure 1: Poverty Trends in Zambia from 2004 – 2010

Source: World Bank (2012)

In 2010, the moderate poverty rate in rural areas was 74 percent, more than double the urban poverty rate of 35 percent. Because roughly two-thirds of the population lives in rural areas, the countryside is home to 80 percent of Zambia’s poor. Rural poverty is also far more severe: almost 90 percent of Zambians living below the extreme poverty line are concentrated in rural areas, and the poverty gap index (a measure of how far average incomes fall below the poverty line) is far higher for the rural population than for their urban counterparts (20 percent and 3.7 percent, respectively). Between the mid-1990s and mid-2000s, Zambia achieved substantial progress in reducing poverty nationwide. However, more recent changes in poverty

rates have become increasingly slight and uneven, with much of the returns to growth accruing to a relatively small segment of skilled workers, the urban formal sector. The World Bank (2012) observes that since 2006, changes in the rural, urban and national poverty rates had all been statistically insignificant despite the rapid growth of the Zambian economy during the period under review. The World Bank (2021) noted in Figure 2 below trend of poverty levels in Zambia from 2010-2019.

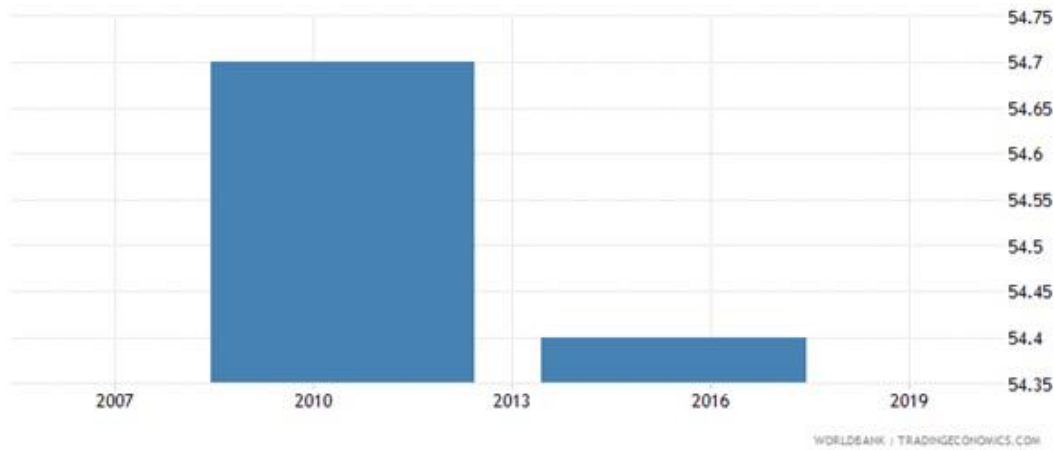


Figure 2: Poverty Trends in Zambia from 2010 -2019

Source: World Bank (2021)

From 2000-2010, Zambia’s GDP increased by an annual average of 5.7 percent, driven primarily by the mining, construction, financial services and tourism industries, all of which are strongly associated with the urban economy. Job creation, however, had been relatively weak; the fastest-growing sectors accounted for only a small fraction of the national labour force, and high unemployment across the urban economy had sharply limited the poverty-reducing impact of growth. According to data from Zambia’s most recent Living Conditions Monitoring Survey (2015), the urban unemployment rate in 2010 was over 25 percent, even after jobs in the large urban informal sector had been accounted for. Increases in income had been heavily concentrated among the most skilled urban workers, with modest secondary impacts on income growth and poverty reduction in the urban sector as a whole. The rural workforce, meanwhile, had been largely unaffected by the growth of the national economy. Agricultural production had risen in recent years due to a combination of cyclical and structural factors, including the government’s efforts to support corn (maize) producers, though abundant rainfall had been the single biggest contributor. Yet despite the very low rate of rural unemployment, which was less than 2 percent in 2010, rural incomes had remained essentially stagnant over much of the past decade, and changes in the rural poverty rate had been limited and uneven. The rural poverty rate registered a statistically insignificant drop of 1 percent between 2006 and 2010, and while more substantial progress had been observed in social indicators, especially school enrolment and completion rates.

World Bank (2020) in its publication titled “Poverty & Equity Brief, Sub-Saharan Africa. How much will poverty rise in Sub Saharan Africa in 2020?”, observed that the ongoing coronavirus (Covid-19) pandemic was expected to drastically slow 2020 Gross Domestic Product (GDP) per capital growth in sub-Saharan Africa (SSA) to about 5% compared to pre-pandemic forecasts. It was noted from results presented of the analysis of a comprehensive database of surveys from 45 countries of 48 sub-Saharan Africa (SSA) countries examining the effects of the project fall in growth on poverty in the region. It was also noted that an addition 26 million people in the sub-Saharan Africa as much as 58 million may fall into extreme poverty defined by the international poverty line of US\$1.90 per day in 2011 purchasing power parity (PPP). It was projected

that the poverty rate for sub-Saharan Africa would quickly increase more than two percentage points, setting back poverty reduction in the region by about 5 years. The study established that in Zambia all estimate of poverty, shared prosperity and inequality were based on the 2010 and 2015 Living Conditions Monitoring Survey. The National poverty line of ZMW 214 per adult equivalent per month which remained largely unchanged between 2010 and 2015 despite the real Gross Domestic Product (GDP) per capital growing by 2 percent per year. However, there were marked differences between rural and urban areas. Poverty in rural areas rose from 73.6 percent in 2010 to 76.7 percent in 2015. 82 percent of the poor in Zambia lived in rural areas. In urban areas by contrast poverty fell slightly from 25.7 percent in 2010 to 23.4 percent in 2015. Poverty was worse in rural Zambia, where 83 percent of people lived below the poverty line. Nonetheless, it was hoped that the trade rules agreed upon under COMESA would be fair and equitable enough to support regional economic integration in Southern Africa leading to poverty reduction in Zambia. Rural poverty in Zambia remained both pervasive and severe. Pervasive poverty refers to conditions of poverty that must be reasonably be distributed throughout the entire nominated area. It can also refer to the degree of poverty demonstrated by citing available statistics on low-income population including levels of public assistance and number of persons or families in poverty or similar data. While severe poverty refers to extreme poverty which is deep poverty or abject poverty, absolute poverty, destitution or penury, is the most severe type of poverty defined by the United Nations as a condition characterised by severe poverty.

World Bank (2012) observed that in Zambia, income inequality had increased considerably since 1996, and despite declining slightly from 2006 the Gini index remained at over 50 percent in 2010. This pattern provided a further indication of the relative concentration of growth in the urban economy and its increasing disparity with the rural sector. This divide was also evident in the analysis of poverty dynamics by province. Lusaka Province, which is dominated by the capital city, registered the lowest rates nationwide for both moderate poverty (34 percent) and extreme poverty (14 percent). The country's highest poverty rates were observed in Luapula Province, located in Zambia's remote northeast, which recorded an 80 percent rate of moderate poverty and a remarkable 62 percent rate of extreme poverty. Lusaka Province had been strongly impacted by rapid growth in the construction, transportation and service sectors and by the large presence of the public sector with its relatively well-paid workforce. In the overwhelmingly rural Luapula Province growth has been hampered by its relative geographic and economic isolation and by the low productivity of its mostly subsistence agriculture-based economy.

Zambia's rural poor faced problems common to other poor countries. Asset ownership is limited, property rights are frequently insecure, and returns to assets are constrained by a variety of factors, both individual and social. While ownership of basic household goods (such as mattresses, bicycles and especially cellular phones) had become somewhat more common in recent years, more expensive assets like motor vehicles, televisions and household appliances (such as gas or electric stoves, refrigerators or private water pumps) were almost negligible among rural households, and housing conditions remained very basic in rural areas. As previous analytical work on poverty in Zambia had recognised, limited access to investment and working capital stifles the growth of small enterprises and constrains productivity, particularly in rural areas. Uncertainty is endemic in economic relationships, and the poor are most likely to be excluded from the informal systems of mutual support that characterise much of Zambian society. Without the backing of a strong social network or reliable public assistance programmes through deliberate economic policies, household-level shocks such as the death of a primary wage-earner can have devastating consequences for poor families. While all of these factors, and many others, contribute to the perpetuation of poverty nationwide, high rates of rural poverty are both a cause and consequence of the way the rural economy is structured. A large majority of the Zambian labour force (over 65 percent in 2010) was engaged in agriculture or closely related activities in the rural economy, most of these workers were employed on smallholder farms or in family-run microenterprises. Because of the abundant labour supply production in nearly all segments of the rural economy which is extremely labour-intensive. Farmers, and especially the poorest among them, typically use hand tools and animal traction, while mechanisation is essentially limited

to a small number of cash-crop plantations.

Animal husbandry, agroforestry, fishing and other ancillary rural-sector activities are most often based on a household production model in which labour is the most important component, and even the retail, transportation and service sectors in Zambia and tend to favour labour-intensive practices. Chronic Poverty Advisory Council Network (2021) observed that with an extremely high labour-to-capital ratio, the returns to labour across all sectors of the rural economy are extremely low.

The Central Statistics Office (CSO) and World Bank (2015) observed that as of 2015, estimates put rural poverty at 73.6%, compared to urban levels of 23.4% making national poverty level 54.4%. The study also established that there continued to be provinces in Zambia with high poverty in 2015, much of which were chronic in nature. Relatively limited escapes from poverty and more variable provincial-level impoverishment suggested a context in which resilience is weak in Zambia. Even so, there were positive factors that offered some protection against poverty and improved welfare across the wealth distribution in particular such as a secondary education or higher, access to electricity, non-farm enterprises and owning livestock. Chronic Poverty Advisory Council Network, (2021) observed that a policy focus on these areas and the relevant intersections for example, the combination of a secondary education or higher and a non-farm enterprise would benefit Zambians on the road to zero poverty. In the final analysis the study established that poverty rates reached 60.3 as a country in Zambia. The World Bank (2020) in its publication titled “Understanding Poverty” also observed that in Zambia about 60 percent of people lived below the poverty line and 42 percent were classified as extremely poor. Poverty was worse in rural Zambia, where 83 percent of people lived below the poverty line. At this rate, it was doubtful whether Zambia would be able to achieve the first sustainable development goals (SDGs) of halving poverty by 2030, unless there were massive investments in various sectors of the economy to stimulate economic growth through trade reforms focusing on private sector development and promotion of foreign direct investment.

Discussions of Results

Contributions of COMESA in the Fight against Poverty in Zambia through Private Sector Development and Promotion of Foreign Direct Investment

Zambia began to liberalise its trade regime in the early nineties and embarked on a privatisation programme in 1992 initially by targeting a few small-scale companies. In 2004 Zambia introduced the Private Sector Development Reform Programme Phase 1 (2006-2009) aiming to improve the investment climate to boost the private sector’s contribution to economic growth. It focused on strengthening public agencies that supported public sector development, improving the investment code and regulatory framework, encouraging private investment in infrastructure, business facilitation and economic diversification, trade expansion and citizen empowerment. The successor to this programme, Private Sector Development Programme Phase II (PSDRP II), was scheduled for the period between 2009 and 2014. The Zambian Government had articulated the country’s long-term development objectives in the National Long-Term Vision 2030.

Zambia undertook economic reforms in order to make it easier for enterprises to do business. These included abolition of price controls, liberalisation of interest rates, abolition of exchange rates, controls, 100% repatriation of profits, free entry investment in virtually all sectors of the economy, trade reforms aimed at simplifying and harmonising the tariff structure, and removal of quantitative restrictions on imports. The study also established that time was reduced for business name registration and company incorporation was reduced from 21 days to 3 days. Zambia had also improved ranking on the Doing Business Index moving from 90 in 2009 to 76 in 2010. Zambia further cut the number of days to start a business and the time required to register property virtually by half and made notable progress in strengthening legal rights and making it easier for companies to hire workers. Zambia had undertaken

various steps to ensure investment laws were clear, transparent and accessible. These economic reforms were aimed at liberalising the economy in order to foster growth and development and poverty reduction eventually. The economic reforms in summary included: (a) abolition of price controls (b) liberalisation of interest rates (c) abolition of exchange rate controls (d) 100% repatriation of profits (e) no restriction on investments in virtually all sectors of the economy (f) privatisation of state-owned enterprises (g) trade reforms aimed at simplifying and harmonising the tariff structure and (h) remove of quantitative restrictions on imports

The trade reforms in Zambia were designed to introduce a market-based and private sector-driven economy rather than state dominated economic system that prevailed. Various pieces of legislation were enacted and statutory institutions created. Freer trade anchored on COMESA principles was implemented in order to raise income and create employment opportunities. Therefore, trade liberalisation was assumed to lead to increased employment opportunities and economic development due to reduction rates of interests and tariffs as well as development in technology due to use of foreign technology in industrial applications. Despite all these measures, poverty levels kept increasing especially in the rural areas as already cited in this article. In order to achieve Zambia's ambitious trade liberalisation reforms, the study established that Zambia benefited from COMESA's priorities and objectives based on trade liberalisation agenda that began in December 1994 when it was formed to replace the former Preferential Trade Area (PTA). COMESA's strategy was summed up as "Economic Prosperity through Regional Integration" with its 21 Member States since 18 July 2018 and provided a bigger market with a population of over 586 million and global trade in goods worth USD 235 billion. Zambia benefitted in intra-trade within COMESA which formed a bigger market for both internal and external trading. The study established that Zambia's total exports to COMESA region increased by 3 percent between 2019 and 2020. The increase in nominal terms was from USD 1.23 bn in 2019 to USD1.27 bn in 2020. Zambia's imports from the COMESA region declined by 40 percent from 2019 to 2020 from USD 700 million in 2019 to USD 422 million in 2020 attributed to Covid-19 which resulted to restrictions in the movement of goods and services within the region. Zambia further benefited from COMESA's priorities and objectives that guided policy formulation and implementation. Zambia aligned its national laws within the framework of COMESA to support trade liberalisation which led to more exports within the region. As stated already, the study established that COMESA offered Zambia an enabling environment with a wide range of benefits which included (a) a wider, harmonized and more competitive market (b) offered greater industrial productivity and competitiveness (c) offered increased agricultural production and food security (d) offered a more rational exploitation of natural resources (e) offered more harmonized monetary, banking and financial services such as COMESA Clearing House to facilitate payments and (f) offered more reliable transport and communications infrastructure.

Contribution of the Common Market for Eastern and Southern Africa in the Fight against Poverty in Zambia through Promotion of Foreign Direct Investment

According to Zambia Development Act No. 1 of 2010, Zambia Development Agency under the Ministry of Commerce, Trade and Industry, attracts foreign direct investment (FDI). Zambia Development Agency is responsible for fostering economic growth and development in Zambia through promoting trade and investment and ensuring an efficient, effective and coordinated private sector-led economic development. In the medium to long-term, investment in transport, energy and telecommunication had been targeted at the rural areas with the highest potential for agricultural growth. This helped to reduce poverty as people had access to markets through better roads transporting their produce and also were able to communicate and to carry out business transactions through mobile money effectively as well as having access to electricity as catalyst for manufacturing and irrigation facilities for farmers. Zambia benefited from COMESA region in terms of private sector development programmes and promotion of foreign direct investment (FDI) in a three multi-year European funded projects to enhance trade in the COMESA region and promote private enterprise and regional value chains as stipulated in the Zambia National Investment Policy and Zambia

Industrialisation Policy including other relevant policies to facilitate trade and development towards poverty reduction. With a combined budget of 78 million Euro funded through the 11th European Fund, the programmes focused on implementing the trade organisations, trade facilitation agreement, harmonised standards, regulations and regulations of non-tariff barriers. The programme also looked at improving border infrastructure and implementing trade facilitation instruments for small scale traders. To support private sector development, the Ministry of Commerce, Trade and Industry in Zambia launched the Zambia Border Posts Upgrading Project with financial support from COMESA and the European Union (EU) to ensure modernisation of border posts under the concept of One Stop Border Posts (OSBPs) as tools for trade facilitation.

In 2016 Zambia ranked number seven in received investments amounting to US\$409 million from foreign direct investments (FDIs) in COMESA. The programme strengthened Cross-Border Trade Associations (CBTAs), improved competitiveness and market access for agro-processing, horticulture and leather products. The study further established that through the data collected in 2015, COMESA inward foreign direct investments accounted for about US\$ 19.28 billion while in 2016, over US\$17.70 billion was recorded representing a decrease of eight percent compared to the previous year in 2015. According to the World Investment Report (2017), global flows of foreign direct investment fell by about 2 per cent, to \$1.75 trillion during the year 2016 though there was considerable variation among different regions. Africa as a region recorded a decline of 3.4 % in foreign direct investment (FDI) inflows compared to 2015 causing as a consequence, a decline at the COMESA region of 0.4% in terms of foreign direct investment (FDI) inflows. UNCTAD (2016-17) predicted a modest recovery of foreign direct investment (FDI) flows in 2017–2018. Table 8 below shows the foreign direct investments, industrialisation and private sector development in Zambia from 2007-2016. Zambia’s performance in intra-trade within COMESA is shown in Table 9 below from 2007-2016 with values in US\$ millions.

Table 9: Zambia’s Performance in Intra-Trade and Status of Foreign Direct Investments Inflows in COMESA – 2007-2016, Values in US\$ Million

Country	2007/2008/2009	2010	2011	2012	2013	2014	2015	2016	Growth Rate /2015-2016
Zambia	1,323.9/938.6/694.8	1,729.3	1,108.0	1,066.0	2,0099.8	1,488.8	1,582.7	1,575.0	(0.5)
Total	1,323.9/938.6/694.8	1,729.3	1,108.0	1,066.0	2,099.8	1,488.8	1,582.7	1,575.0	(0.5)

Source: COMESA Annual Report (2016-2017)- COMSTAT and UNCTAD

COMESA (2021), Director of Investment Promotion and Private Sector Development, noted that “investments with potential to empower local people with jobs and opportunities to expand their businesses needed to be prioritised. The Zambian government needed to pay attention to investments that empower the local people with jobs and wealth creation by concentrating on critical investments that sustain Zambia’s currency and economy in attracting investors and foreign direct investment (FDI). Zambia benefited from the Common Market for Eastern and Southern Africa and European Union (COMESA-EU) project which signed a Euro 8.8 million to support private sector competitiveness on 29 November 2019 as a contribution to increase private sector participation in sustainable regional and global value chains through improved investment or business climate and enhanced competitiveness in the COMESA region. The Agreement was signed by EU Ambassador to Zambia and Permanent Representative to COMESA (2019) and Secretary General of COMESA, (2019). The funds were meant to implement the Regional Enterprise

Competitiveness and Access to Markets Programme (RECAMP), focusing on agro-processing, horticulture and leather products. The programme also supported pre-selected value chains based on the potential to generate value addition, job creation and attraction of investments to the region.

Zambia further benefited from the Regional Enterprise Competitiveness and Access to Markets Programme (RECAMP) by addressing critical issues such as provision of business information, facilitating market linkages, harmonising regional industrial policies and creating a conducive business environment to attract investments. The programme was focused on collaboration with activities of national trade support institutions and business development and service organisations in Zambia to provide services to value chains as part of the mandate. These included product development, facilitation of technology transfer, provision of business intelligence and connections to buyers. The programme identified champions or lead firms within selected value chains that had both backward and forward linkages with SMEs and other intermediary firms in order to enhance effective coordination, reduce coordination failures and improve competitiveness. The programme enhanced capacities and skills of micro, small and medium enterprises in Zambia to make them capable players in the value chain development. A significant number of Micro Small and Medium Enterprises (MSMEs) especially women and youth owned enterprises were vulnerable when it came to participation in value chains networks at the national, regional and global level because of their competitiveness. It was estimated that there were between 3.5 to 5 million SMEs in the COMESA region, but their growth and competitiveness were constrained by various bottlenecks such as lack of access to finance and related services, restrictive business environment, etc. A significant number of them in Zambia were active women entrepreneurs in particular small and medium enterprises (SMEs) that played a pivotal role in their contribution to employment and gross domestic product (GDP) of Zambia.

The Regional Enterprise Competitiveness and Access to Markets Programme (RECAMP) supporting the development of SMEs was funded under the 11th European Development Fund- COMESA sub envelope in line with the EU and COMESA policies in support of the private sector, with a budget of EUR 8.8 million with a duration of 48 months. The study also established that in COMESA, investment promotion and facilitation were implemented within a framework of the Common Investment Area (CIA) which guided Zambia on the standards for treatment of investors and their investments in various sectors through the Zambia Development Agency under the Ministry of Commerce, Trade and Industry. However, economic growth in Zambia required a range of related development issues to be addressed comprising legislation, institutions, infrastructure, sectoral and human resource development, energy, transportation, standards and intellectual property. These aspects generally needed to be considered in relation to national, regional and international trends and developments in line with environmental and gender issues. As stated already in this article, UCTAD (2016-17) observes that in 2016, Zambia ranked number seven with US\$409 million from foreign direct investments (FDIs) in COMESA. Data showed that in 2015, COMESA inward FDIs accounted for about US\$19.28 billion while in 2016, over US\$17.70 billion was recorded, representing a decrease of eight percent compared to the previous year in 2015. Zambia ranked seventh position with US\$409 million worth of foreign direct investments (FDIs) in COMESA for 2016 as shown in Table 10 below from 2007-2016 with values in US\$ millions.

Table 10: Zambia’s Foreign Direct Investments Inwards in COMESA Inward 2007-2016, Values in US\$ millions

Country	2007/2008	2009	2010	2011	2012	2013	2014	2015	2016
Zambia	6921/7257	7607	7433	8394	11048	12342	14891	14468	14936
Total	6921/7257	7607	7433	8394	11048	12342	14891	14468	14936

Source: UNCTAD -COMESA Annual Report (2016-2017)

Zambia’s performance included greenfield foreign direct investment (FDI) projects as shown in Table 11 below from 2013-2016 with values in US\$ millions.

Table 11: Zambia’s Value of Announced Greenfield FDI Projects Intra-Trade in COMESA

Source Region/Economy	2013-COMESA Country as Source	2014-COMESA Country as Source	2015-COMESA Country as Source	2016-COMESA Country as Source	2013-COMESA Country as Destination	2014-COMESA Country as Destination	2015-COMESA Country as Destination	2016-COMESA Country as Destination
Zambia	33	-	-	-	1065	2915	562	492
Total	33	-	-	-	1,065	2915	562	492

Source: UNCTAD -COMESA Annual Report (2016-2017)

In 2016, the COMESA region recorded Greenfield foreign direct investments (FDI) pledges amounting to \$ 52.4 Billion initiated within its Member States, Zambia inclusive. This represents a significant percentage increase of 103.3 % compared to the previous year 2015. Zambia’s greenfield foreign direct investments declined between 2015 and 2016. However, it is recommended that Zambia should increase greenfield foreign direct investments (FDI), with a focus in its industrialisation and diversification drive to attain economic inclusiveness for all by engaging all players in formulating innovative ideas that can lead to the creation of new industries. Zambia should continue on engaging various stakeholders to help market Zambia’s developmental, trade and economic agenda to the world through COMESA and its international cooperating partners of development. Zambia was on the right track and needed to create an enabling business environment appealing to investors. Table 12 below indicates total investments in Zambia as result of intra-trade within COMESA region from 2010-2014. Overall investment as a percent of gross domestic product (GDP) in COMESA fell marginally from 25.5% in 2013 to 25.3% in 2014.

Table 12: Zambia’s Total Investment (Percent of GDP) in the COMESA Region, Values in US\$ Millions

Country	2010	2011	2012	2013	2014
Zambia	22.6	25.0	34.2	33.6	30.9
Total	22.6	25.0	34.2	33.6	30.9

Source: COMESA Annual Report (2015)- IMF REO 2015 Country Reports

Zambia’s COMESA Financial Support for Regional Integration Support Mechanism (RISM)

Zambia further benefited from regional integration support mechanism (RISM) in its drive to have a private sector development led -economy. In 2012, efforts were directed towards the revision of the Aid for Trade Strategy (2012-2015). This was approved by the Council of Ministers of COMESA in November 2012 to support the development of private sector and promotion of foreign direct investment in Zambia with a strong subscription to the ideals of a thriving and prosperous private sector as well as inclusive growth and broad-based human development. The specific objective of the strategy was to improve mobilisation, utilisation and tracking of Aid for Trade resources that addressed Zambia’s needs regarding trade facilitation, infrastructure, trade policy, regulations and trade related adjustments. The programme

strengthened Zambia’s resolve to focus on improved transposition and mainstreaming of regional programmes at the national level. The Regional Integration Support Mechanism (RISM) programme was funded by the European Union under the 9th European Development Fund (EDF) with resources amounting to €78 million. Under the Regional Integration Support Mechanism (RISM) rider, a balance of €42 million out of €78 million was made available as regional integration support for the period 2012-2014 in the COMESA region which included Zambia. The activities were undertaken under the framework of the COMESA Adjustment Facility, a window through which Aid for Trade (AFT) related adjustment support was provided. Aid for Trade (AFT) was a mechanism to support developing countries like Zambia build capacity and infrastructure needed to benefit from the trade openness.

The Regional Integration Support Mechanism (RISM) rider included 18 performance indicators that were drawn from Council Decision of COMESA in 2011 and a Performance Assessment Framework (PAF) which was finalised in January 2012 for improved monitoring of transposition and implementation of programmes in Zambia. The approval of the Regional Integration Support Mechanism (RISM) rider led to the finalisation of the COMESA Adjustment Facility/Regional Integration Support Mechanism (CAF/RISM) guidelines, a basis for guiding Zambia on how to access adjustment support. On this basis, the study established that a 3rd Call for Submissions was launched in August 2012 under the new Regional Integration Support Mechanism (RISM) framework for submission of Regional Integration Implementation Programmes (RIIPs) and Performance Assessment Frameworks (PAFs) with a deadline of November 2012. The call was launched to Zambia and COMESA Secretariat provided technical support to Zambia to prepare and outline clear regional integration implementation programmes (RIIPs) and performance assessment frameworks (PAFs). This support included: (a) a regional workshop held in September 2012 to train Zambia on the provisions of the CAF/RISM guidelines (b) in response to the 3rd Call for Submission, Zambia submitted Regional Integration Implementation Programmes (RIIPs) for consideration by the Regional Integration Support Mechanism (RISM) Advisory Committee and (c) Zambia had its regional integration implementation programmes (RIIPs) approved in 2013.

Progress was also made in mobilising additional resources for the regional integration support mechanism (RISM) consolidation programme funded under the 10th EDF envelop. The Project Identification Fiche (PIF) was approved and the Action Fiche submitted for consideration in the last quarter of 2012. Zambia benefited from RISM programme which contributed to improved national coordination among various institutions involved in the implementation of regional programmes submitted and approved in December 2012. The programme was structured alongside the formalisation of the National Inter-Ministerial Coordinating Committee (NIMCC). As at 01 December 2012, Zambia signed the COMESA Fund Protocol and Zambia had made full contributions to the COMESA Fund.

COMESA Annual Report (2012-13) highlighted Zambia’s status of signature, ratification and contribution to COMESA Fund as at December 2012 and also its Zambia’s eligibility and indicative annual nominal allocations from COMESA Fund in 2012 under the third call for submissions, and the actual allocations for Zambia with approved submissions in December 2012 as shown in Table 13 below.

Table 13: Zambia’s Status of RISM Contributions to COMESA Fund and Indicative Allocations Approved

Country	Contribution Rations	Signed	Ratified	Paid	Indicative ANA 2012	ANA for Approved RIIPS
Zambia	5.2	–	–	–	10,83,117	10,83,117
Total	5.2	–	–	–	10,83,117	10,83,117

Source: COMESA Annual Report (2012-2013)

The Ministry of Commerce, Trade and Industry and Zambia Development Agency (ZDA) needed to devise effective ways of publicising trade opportunities to lure more investors into the various sectors of the economy. COMESA (2021) emphasised that private sector support was also meant to promote the diversification programme in Zambia. The diversification plan being implemented was very important and helped empowering people with skills, providing trainings and also supporting institutions that were offering trainings on how to run businesses. Of importance was the need for harmonisation of national and regional laws such as the COMESA Treaty to foster stronger economic integration. There was need for Zambia to address the inconsistent domestic rules. Inconsistent domestic rules increased uncertainties and imposed additional transaction, and compliance costs for international businesses. Regional integration would only be successful when businesses, consumers and governments become fully aware of the benefits, opportunities and being part of the global supply chain. Importantly, Zambia need to continue on its path of regional integration and to also move ahead with its commitment to fully participating in COMESA to reduce the cost of doing business and ultimately ease trade. The study also established that COMESA was supporting Zambia to be part of the regional investment area through transforming COMESA region into a single and harmonized investment destination. According to the Manager – Research and Policy at the Zambia Development Agency (2021), observed that COMESA had supported Zambia to fully adopt the COMESA Common Investment Area Agreement (CCIA) to allow Zambia in improving the ease-of-doing business environment, building on regional best practices and peer- to- peer experience sharing. This included support efforts to enhance regional and global market access and trade as well as plant and animal health, and food safety. UCTAD (2016) observed that the average Zambia’s performance in intra - COMESA FDI Inflows 2007-2016 as shown in Table 14 below. Through these regional arrangements Zambia had been able to utilise various opportunities to reduce the cost of doing business and encourage more exports in the region through compliance mechanisms in terms of simplification of procedures and harmonisation into national laws. The country is seen as the best investment destination in the region.

Table 14: Zambia’s Average Intra-COMESA Foreign Direct Investment (FDI) Inflows 2007-2016, values in US\$ Millions

Destination country	Period covered	COMESA	EAC/SADC	South Africa	Rest of Africa
Zambia	2007-2015	24.5	5.2	132.8	6.8
Total	2007-2015	24.5	5.2	132.8	6.8

Source: COMSTAT and UNCTAD -COMESA Annual Report (2016)

The average Zambia’s foreign direct investment (FDI) inflows originating within COMESA over the period 2007-2015 was US\$24.5 million while South Africa was seen to be a major trading partner compared to the rest of the world as seen in Table 15 above. In the case of Zambia an average of US\$24 million worth of foreign direct investment (FDI) between 2007 and 2015 was from COMESA countries. In the final analysis this shows that COMESA remains an important region for Zambia despite high levels of poverty in the region. The scenario given above also helps to attractive investment destinations especially where exports are concerned in Zambia. It also shows bilateral investments still remains very important to maximise attractive destinations in the COMESA region. Following the COMESA Authority Decision in 1998 to make the COMESA region a “Common Investment Area”, the Agreement for the COMESA Common Investment Area was adopted by the Authority in May 2007 in Nairobi, Kenya. After seven years, Member States recommended in 2014 that the agreement be reviewed taking into consideration the new emerging issues in international investment regimes and specific standards regarding investor protection, the rights and obligations of investors and the rights and obligations of the host countries. The Thirty Seventh Meeting of the COMESA Council adopted the revised CCIA agreement. Zambia benefited from this agreement and major programmes implemented under revised the COMESA Common Investment Area (CCIA) included

among others: (a) national treatment to be granted to COMESA investors (b) investment and investor’s protection (c) opening of economic sectors to all investors (d) improvement of business environment (e) cooperation in investment promotion among Member States (MS) (f) cross border investment using inter alia, Double Taxation Avoidance Agreements (DTAA) and (g) legal and institutional reform and dispute settlement mechanisms

Zambia benefited from the COMESA Common Investment Area (CCIA) programme as a promotional tool to guide policy direction in various reforms and programmes aiming at facilitating private sector development and promotion of foreign direct investment. There was a significant progress during the year 2017 towards a final COMESA Common Investment Area (CCIA) Agreement. After a technical review in April 2017 by the Legal Drafting Committee, the later was discussed and endorsed by the meeting of Ministers of Justice and Attorney Generals held in Lusaka in September 2017 before being subsequently adopted by the Council of Ministers on November 2017 in Lusaka, Zambia. COMESA Common Investment Area Agreement had been working with Zambia in implementing capacity building programmes across the private and public sectors aimed at compliance with trade partner’s requirements. For example, COMESA had been working with Zambia National Bureau of Standards to develop mutual recognition frameworks for conformity assessment. COMESA was supporting regulatory laboratories to achieve equivalence of laboratory test results and to recognise each other’s certificates of analysis. COMESA was also supporting a network of plant health and animal health professionals in the public and private sector, to manage transboundary plant pests and animal diseases in a transparent and credible manner that did not obstruct trade.

The World Bank Doing Business Report (2018) observed that 2017 was a good year for Zambia in terms of ease of doing business reforms. It was further observed that COMESA could not successfully implement programmes without a conducive environment allowing competitiveness and full conditions making the region a real investment destination. Having observed some failures in the period under review, the COMESA Secretariat commenced a Roadmap Programme on ease of doing business in favour of some of its Member States, Zambia inclusive. The programme consisted of a peer-to-peer review and learning mechanism. Zambia learned from others that were performing well through exchanges and practical benchmarking process of best practices in the region. This included among others, creating an enabling environment to support the private sector to influence suitable policy, legal and regulatory framework that provided an adequate infrastructure for increased cross- border trade, trade competitiveness and partnerships across the COMESA region and with other economic blocks. COMESA Annual Report (2016) observed that countries were ranked with easy of doing business as shown in Table 15 below, with data extracted from the World Bank Ease of Doing Business Report. Zambia was ranked as one of the most improved countries as number 85 from 98 due to regulatory reforms. The scenario helped to attract foreign direct investments (FDIs) into Zambia.

Table 15. Ease of Doing Business Ranking 2018 in Zambia in Relation to COMESA Member States and Status by the World Ranking

Economy	EDB 2017 Rank	EDB Rank 2018	Change in Rank	Status of Rank
Mauritius	49	25	24	Improved
Rwanda	56	41	15	Improved
Kenya	92	80	12	Improved
Zambia	98	85	13	Improved
Seychelles	93	95	-2	Declined
Malawi	133	110	23	Improved
Eswatini	111	112	-1	Declined

Uganda	115	122	-7	Declined
Egypt	122	128	-6	Declined
Djibouti	171	154	17	Improved
Comoros	153	158	-5	Declined
Zimbabwe	161	159	2	Improved
Ethiopia	159	161	-2	Declined
Madagascar	167	162	5	Improved
Burundi	157	164	-7	Declined
Sudan	168	170	-2	Declined
DR Congo	184	182	2	Improved
Libya	188	185	3	Improved
Eritrea	189	189	0	No change
COMESA	135	131	4	Improved

Source: COMESA Annual Report (2016)

CONCLUSION

Zambia Development Agency looks at private sector development as a term in the international development industry that refers to a range of strategies for promoting economic growth and reducing poverty in developing countries by building private enterprises. In other words, private sector development (PSD) is the range of strategies aiming at establishing markets that function vibrantly and fairly by providing economic opportunities of quality to poor people at scale. While Maastricht School of Business sees private sector development (PSD) as a critical element in the efforts to achieve the sustainable development goals (SDG's) as it offers economic and financial basis upon which developing countries can build better provision of public services such as infrastructure, education and health services. While the Organisation of Economic Cooperation and Development (OECD library) defines foreign direct investment as a category of cross-border investment in which an investor resident in one economy establishes a lasting interest in a particular company and a significant degree of influence over an enterprise resident in another economy of a particular country. Foreign direct investment (FDI) occurs when a business invests in a foreign country by either acquiring a foreign business that it controls or starts a business in a foreign country. The impact of foreign direct investment in Zambia had been beneficial and in summary included the following: (a) technology and skills transfer-in addition to capital, foreign direct investment inflows in the past decade had brought technology and know-how. Foreign direct investment had also contributed mostly to diversifying exports and modernising services notably in telecommunications and tourism (b) employment and linkages to the market. The most important contribution of foreign direct investment (FDI) had been employment creation in mining and related industries in Zambia. Zambia's membership to COMESA's Free Trade Area had also facilitated growth of trade within the region. The COMESA Free Trade Area had seen a reduced intra-COMESA trade tariffs which had increased traders' incomes in Zambia. The reduced tariffs had translated into reduced costs in doing business transaction in the COMESA region. This study explored the Contribution of COMESA in the Fight against Poverty in Africa: A Case Study of Zambia from 2010-2021. The study has established that trade reforms and effective implementation are ways of improving living standards of communities through employment generation and wealth creation. Based on the findings of this study and information obtained from the literature reviewed there is a strong link relating to trade reforms as a means of reducing poverty through various interventions as seen in this article such development of the private sector and promotion of foreign direct investment in Zambia. Trade reforms attracted wealth creation and employment creation, for example, COMESA funding

provided an opportunity to improve the agriculture sector and boosted production and access to markets increasing exports and generating more incomes for individuals while foreign direct investment attracted foreign companies that employed Zambians and Zambia had access to technological transfer and training, employment of citizens boosting the Zambian economy.

Zambia fully implemented the COMESA Free Trade Area at 100% liberalization. COMESA statistics in this study showed that intra-COMESA trade had grown at an average of 7 percent every year since the establishment of reduced trading prices in Zambia and increased disposable incomes for consumers contributing to poverty reduction. Trade liberalisation and facilitation helped to harmonise trade rules and procedures making it possible to export and import goods in Zambia especially machinery for production purposes.

A range of related policies are required for Zambia to achieve outward investment-oriented policies to attract foreign direct investment and maximise on the gains of openness with a view to employment creation, income generation activities and reduction of the cost of doing business. Zambia requires a clear regulatory framework predictable for business planning. Consultation is required to ensure that there is a conducive environment that promote trade through innovative policy framework targeting various sectors of the economy and private sector engagement in the various sector of the Zambian economy. The Zambian government has a task to ensure that it promotes investment and trade to achieve socio economic development through competitive markets in the region. The Common Market for Eastern and Southern Africa (COMESA), with a secretariat in Lusaka, had supported Zambia significantly in its trade liberalisation policies through various programmes such as harmonising investment policies, procedures and regulations supporting the development of private sector and promotion of foreign direct investments in Zambia as a means of fighting poverty. However, despite some achievements through trade reform in Zambia, the study established that poverty levels in Zambia had not reduced since 2010-2021 instead there had an increase from 54.4% in 2020 to 60.3 % in 2021. The study also despite this gloomy picture, established that COMESA had been significant in the fight against poverty in Zambia in various sectors of the economy through various programmes of actions based on agreed economic policies implemented by Zambia.

RECOMMENDATIONS

Based on the findings and discussions on the contribution of the Common Market for Eastern and Southern Africa through private sector development and promotion of foreign direct investment in Zambia, the following recommendations are critical to policy and decision makers in the region and Zambia: Zambia should continue belonging to COMESA despite the fact that poverty levels in the country have not reduced instead there was an increase from 54.4% in 2010 to 60.3% in 2021. COMESA had greatly contributed in policy guidelines based on free trade principles embraced by Member States for economic management. For example, COMESA through liberalization of trade within the region removed of tariffs and non-tariff barriers to trade reducing cost of doing business, COMESA should continue funding programmes in Zambia through the COMESA Infrastructure Fund and the COMESA Adjustment Facility, Zambia must regularly review investment regulations to facilitate efficient and effective development of private sector and promotion of foreign direct investment through a consultative approach involving all relevant stakeholders in various sector of the economy. Zambia's investment policies should be focussed on promotion of private sector development and promotion of foreign direct investment by ensuring that there is coherency with regional investment policies to maximise the benefits leading to creation of more employment opportunities and generation of higher incomes for citizens. The Ministry of Commerce, Trade and Industry and Zambia Development Agency (ZDA) need to have effective and efficient ways of publicising trade opportunities to lure more investors into various sectors of the Zambian economy. For, example, there is need for harmonisation of national and regional laws such as the COMESA Treaty to foster stronger economic integration.

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