

## Zambia's fragile recovery: Integrating cost-of-living relief, structural transformation, and governance for sustainable development

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<https://doi.org/10.51867/ajernet.7.2.66>

### ABSTRACT

While Zambia's macroeconomic recovery following debt restructuring has restored investor confidence, it has not translated into broad-based improvements in household welfare. As the cost of living rises, the cost of food, fuel and energy continues to erode real incomes and make poverty and inequality worse. The article proposes an integrated sustainable development framework that tackles simultaneously short-term social protection, medium-term economic diversification into climate-resilient sectors, and governance reforms that restore the social contract. The study empirically demonstrates the widening gap between macroeconomic gains and lived experience by systematically analysing 137 Zambian newspaper articles (January 2024 – June 2025), triangulated with Jesuit Centre for Theological Reflection (JCTR) Basic Needs Basket data and civil society monitoring reports. The analysis finds that structural barriers, such as dependence on copper, low-productivity rain-fed agriculture and vulnerability in the hydropower sector, and governance contradictions, such as constricted civic space and perceptions of selective anti-corruption enforcement, are undermining sustainable development. The political economy perspective exposes the vested interests and institutional path dependencies that sustain policy inertia, while gender analysis exposes the disproportionate burden on women in coping with price shocks. Drawing on these findings, the article proposes a complementary suite of actions, including scaling up digital cash transfers indexed to a basic-needs basket; reforming the Food Reserve Agency via transparent price triggers and competitive tendering; investing in climate-resilient agriculture and solar energy diversification; implementing labour-intensive public works in climate-resilient infrastructure; amending the Public Order Act to a simple notification regime; depoliticising anti-corruption enforcement through transparent case selection and visible reinvestment of recovered assets into social protection; and institutionalising a permanent multi-stakeholder forum to co-produce cost-of-living policies – all anchored in the Sustainable Development Goals. In the absence of such an integrated governance-centred approach, Zambia's stabilisation will remain fragile, with economic shocks and governance deficits reinforcing one another.

**Keywords:** Cost of Living, Copper Dependence, Gender, Governance, Political Economy, Social Protection, Structural Transformation, Sustainable Development, Zambia

### 1. INTRODUCTION

Since the political transition of 2021, Zambia's economic trajectory has changed significantly. The government was able to restructure around 94% of its external debt, bringing the debt-to-Gross Domestic Product [GDP] ratio down from 133.4% in 2023 to an estimated 93.4% in 2025 (World Bank, 2025). Real GDP growth rebounded strongly to an estimated 4.6% in 2025, driven by mining, agriculture and tourism (World Bank, 2025). These achievements have helped restore some macroeconomic stability, rebuild international reserves and improve investor sentiment. Yet the fundamental question of sustainable development – can growth be sustained and equitably shared – remains. A deep cost-of-living crisis has made essentials increasingly unaffordable for a population still reeling from years of fiscal distress and external shocks, making it difficult to translate aggregate expansion into meaningful poverty reduction.

The gap between macro-level recovery and micro-level deprivation is not unique to Zambia, nor is it unpredictable. The political economy of development has a long history of seminal contributions arguing that growth without structural transformation, institutional accountability and deliberate redistribution perpetuates inequality rather than reducing it (Acemoglu & Robinson, 2012; Hickey et al., 2018). The Zambian predicament is emblematic of a broader African pattern of commodity-led recoveries that exclude labour-absorbing sectors in which the majority of people earn their livelihood (McMillan et al., 2017). The economy remains heavily dependent on copper mining, an enclave that is capital-intensive and makes up more than 70% of export earnings, but employs less than 2% of the labour force (Ministry of Finance and National Planning, 2023). Meanwhile, rain-fed subsistence agriculture, on which 60% of the population depends, is acutely vulnerable to climate shocks, while the energy sector's dependence on hydropower exposes the entire economy to recurrent load shedding during droughts. Such structural rigidities

underline the importance of a sustainability lens that considers economic, social and environmental dimensions as outlined in the 2030 Agenda for Sustainable Development (United Nations, 2018).

Governance dynamics are equally important too. Since 2021, Zambia has made significant legal reforms, including repealing the offence of criminal defamation of the president and passing the Access to Information Act, which in principle could improve transparency and citizen participation in economic decision-making. And yet at the same time there's been a shrinking of the civic space. The Public Order Act remains a tool for the suppression of protests and public assemblies, while the perception of selective enforcement of anti-corruption measures erodes the legitimacy of new institutions of accountability (Economist Intelligence Unit, 2025). Where citizens are unable to express economic grievances peacefully, the likelihood of social unrest rises, exacerbating the damage to the investment climate necessary for a sustainable recovery. The paradox of legal liberalisation and repressive practices reminds us of what Carothers and O'Donohue (2019) refer to as “democratic backsliding” through manipulation of formal rules. Sustainability requires sound economic policies, but sound economic policies are not sufficient. They need legitimate institutions that can arbitrate distributional conflicts and maintain public trust (Rodrik, 2018; World Bank, 2017).

This article examines the relationship between Zambia's economic recovery, acute cost of living pressures, as well as structural transformation deficits and governance challenges. It provides systematic empirical evidence from Zambian newspapers and reports from civil society. It proposes an integrated policy framework connecting short-term social protection with medium-term economic diversification and governance reforms. Embedding cost of living responses in a broader strategy of green, inclusive growth and institutional accountability can help Zambia transition from a fragile, commodity dependent recovery to a resilient, inclusive development path.

### 1.1 Statement of the Problem

Headline macroeconomic gains in Zambia disguise an intensifying development crisis. The prices of essential goods and services are rising faster than the nominal incomes of informal sector workers and smallholder farmers, who constitute the majority of the labour force, resulting in the fall of real household incomes. Poverty remains stubbornly high. In 2022, the extreme poverty rate (using the international poverty line of US\$2.15 per day adjusted for Purchasing Power Parity (PPP) in 2017) was 58%, with inequality among the highest in sub-Saharan Africa (World Bank, 2024). The country's dependence on copper and rain-fed agriculture exposes it to external shocks from commodity prices and climate variability. Governance structures, even after partial liberalisation, do not offer reliable ways for people to express themselves and to hold authorities to account. Zambia's capacity to achieve a number of SDGs – SDG 1 (no poverty), SDG 2 (zero hunger), SDG 5 (gender equality), SDG 8 (decent work and economic growth), SDG 10 (reduced inequalities), and SDG 16 (peace, justice and strong institutions) – is impacted by economic distress, structural fragilities and governance deficits.

Without a conscious strategy to tie immediate relief, transformation and institutional strengthening, Zambia risks descending into a pernicious cycle in which stabilisation are followed by social unrest and reversal of policies, thereby undermining the long-term investment and productivity gains needed for sustainable development. The risk is not hypothetical: a 2017 study of post-stabilisation backsliding in sub-Saharan Africa found that failure to tackle inequality and governance weak points frequently results in demand-side pressures that undermine fiscal consolidation (Addison et al., 2018). Zambia's own history of protests over fuel and food prices, including the Chilenje riots of April 2025, is a perfect example of the volatility that occurs when economic pain meets limited political expression.

### 1.2 Research Objectives

- i. Documenting the magnitude and distributional impact of price rises for food, fuel and basic services using JCTR data and content analysis of Zambian newspaper reports.
- ii. To examine the structural obstacles to inclusive and sustainable growth: copper reliance, low agricultural yields, energy insecurity and deep inequality.
- iii. To examine the influence of governance dynamics, including limitations on civic space, selective enforcement of anti-corruption measures and the political economy of resistance to reform, on the feasibility and credibility of economic policies.
- iv. To develop an integrated policy framework that brings together the responses to the cost-of-living crisis, economic diversification and governance accountability, with a focus on sustainable development principles and the SDGs.

## II. LITERATURE REVIEW

### 2.1 Theoretical Framework: Sustainable Development, Structural Transformation and the Social Contract

#### 2.1.1 Sustainable Development

The 2030 Agenda is based on sustainable development requiring advances in economic, social and environmental dimensions and enabled by strong institutions. The SDGs propose that income growth alone is insufficient for development unless it broadens people's substantive freedoms based on Sen (1999) capabilities approach. But Zambia's macroeconomic rebound is superficial from this vantage point because it has not been accompanied by investments in health, education and social protection that would allow households to cope with shocks and to participate productively in a diversifying economy.

Structural transformation, the process of moving labour and resources from low productivity subsistence activities to higher productivity sectors, is a key mechanism for inclusive growth (McMillan et al., 2017). But the nature of the transformation is important. The growth of many of the resource rich African economies has been driven by capital intensive enclaves that create few jobs and weak backward linkages (Morris et al., 2012). Transformation can be "premature" without conscious policy to boost agricultural productivity and agro-processing, locking workers into low-quality informal services, find Diao et al. (2019). An example of this path to stagnation is the classic Zambian enclave, with its historic dependence on copper.

Governance and the social contract are increasingly being recognised as key to sustainable development. The World Bank's World Development Report 2017: Governance and the Law, states that "growth, equity and security are shaped by the bargains between citizens and the state, and the power asymmetries that underpin policy choices" (World Bank, 2017). Institutional credibility is important not only for investment, but also for the willingness of the public to pay the short-term costs of reform. Hickey et al. (2018) demonstrate the highly political nature of social protection expansion in sub-Saharan Africa, occurring when ruling elites see electoral or legitimacy gains. By contrast, in cases where institutions are captured by narrow interests, even technically sound reforms fail. Therefore, any framework for Zambia must consider political feasibility.

#### 2.2 Empirical Review

Empirical work has documented serious welfare impacts of inflation in food and fuel prices on the poor, especially following the global food price crisis of 2007-8. Sudden increases in staple food prices have been shown to result in large increases in poverty headcounts, especially in low income countries where food accounts for a large share of household budgets (Ivanic & Martin, 2015). Such impacts are amplified when fuel prices and transport costs rise, as is the case for sub-Saharan Africa (Ivanic & Martin, 2015). These studies find that poor households cope by cutting meal frequency, withdrawing children from school and selling productive assets. This undermines future human and physical capital and perpetuates intergenerational poverty. Recent evidence in Zambia shows that the share of urban low-income households reducing daily meals increased from 28% in 2023 to 42% in 2025 (Zambia Institute for Policy Analysis and Research, 2025).

Crucially, these coping strategies are gendered. Women are the key actors in household food security and the most vulnerable to price shocks, with more unpaid work, less consumption and higher levels of stress (Johnson et al, 2016). When resources are limited, girls are more likely than boys to be withdrawn from school, exacerbating inequalities by gender in education and lifetime earnings (FAO, 2018). In Zambia, female-headed households are poorer and more likely to earn in the informal sector and the gendered impacts of the cost-of-living crisis need explicit analysis, which this article aims to fill.

#### 2.2.1 Governance, Civic Space and Anti-Corruption in Resource-Rich Countries

Resource dependence is a political economy which tends to concentrate power and wealth and to weaken accountability. Governments can use natural resource rents to finance patronage networks and to reduce the demand for broad-based tax systems, thereby disconnecting the state from its citizens (Ross, 2015). In Zambia, the dynamics have long been driven by copper wealth, with the ruling party rewarding allies through its control of mining revenues and parastatals. These structural features were inherited by the post-2021 administration and while high-profile anti-corruption investigations have been conducted, the perception of selective enforcement, targeting opposition figures while allied elites appear to be shielded, resonates with patterns seen in other competitive autocracies (Levitsky & Way, 2010). In Zambia, a 2018 Afrobarometer survey indicated that 67% of the respondents believed corruption was increasing and most respondents believed anti-corruption agencies were not impartial (Afrobarometer, 2017/2018). Institutions lose legitimacy and the social contract breaks down when citizens see "victor's justice."

The Public Order Act gives police discretionary powers to ban public gatherings, and has been criticised by the UN Special Rapporteur on Freedom of Expression (UN Human Rights Council, 2025) as a tool to silence dissent. The continued application of the Act, despite the abolition of criminal defamation, chills the ability of civil society to advocate for economic justice. As Carothers and Brechenmacher (2014) suggest, the phenomenon of "closing space"

in developing democracies often occurs alongside economic liberalisation as governments try to manage the political fallout of inequality without opening up real participation.

### III. METHODOLOGY

The study was a mixed methods desk review, combining official data, civil society monitoring outputs and a systematic content analysis of newspaper articles. The design was driven by the need to capture the quantitative trends in the cost of living, as well as the qualitative aspects of public debate and policy contestation.

We purposively sampled newspaper articles from four dominant Zambian online newspaper outlets (Lusaka Times, Zambia Daily Mail, News Diggers and Mwebantu) and supplemented this with coverage from The Mast for governance-related coverage. The search was done at the time of data collection, for the period 1 January 2024 to 30 June 2025. The following keyword combinations were used to retrieve articles: “mealie meal price”, “fuel price”, “cost of living”, “tariff increase”, “public order act”, “protest”, “anti-corruption” and “food security”. The first search returned 486 articles. After removing duplicates, editorials and articles that did not directly report on the cost-of-living crisis or governance events, 137 articles were left for analysis.

Inductively, we developed a thematic coding framework following Braun and Clarke’s (2006) reflexive thematic analysis. Codes were grouped into five themes: (1) price dynamics and household impact, (2) coping strategies, (3) governance and civic space, (4) anti-corruption and accountability, and (5) policy responses and critiques. In order to consider the possible partisan bias of the different media houses – Lusaka Times is known to be pro-opposition leaning, Zambia Daily Mail pro-government, while News Diggers and Mwebantu are more intermediate – cross-verification was done: each factual claim had to be confirmed by at least two independent sources or triangulated with official datasets (JCTR, ZIPAR, government releases). Verbatim extracts from the results section were selected to exemplify particular points and are clearly cited.

Complementary data was obtained from the JCTR Basic Needs Basket for Lusaka (January 2024-December 2025), the ZIPAR Urban Poverty and Food Security Monitor (2025), the Zambia Statistics Agency Living Conditions Monitoring Survey 2022 (Zambia Statistics Agency, 2023), the World Bank Poverty and Equity Brief (2024) and the World Bank Zambia Economic Update (2025). Governance assessments included reports by the Zambia Human Rights Commission (2025), the Economist Intelligence Unit (2025) and the UN Special Rapporteur on Freedom of Expression (UN Human Rights Council, 2025). The confluence of these multiple sources made possible a comprehensive triangulation of the gap between macro recovery and household welfare.

### IV. FINDINGS & DISCUSSION

#### 4.1 Macroeconomic Recovery and Sustainability Gaps

Macroeconomic stabilisation in Zambia is a necessary but not sufficient condition for sustainable development. Reduced sovereign risk and a 4.6% real GDP growth in 2025 have restored access to international capital markets. However, as Rodrik (2018) cautions, growth diagnostics should be mindful of whether growth is happening in labour intensive sectors that generate broad based incomes. Zambia’s growth remains narrow-based. Copper mining, supported by high external prices and new investments in Kamoakakula and Lumwana mines, contributes an outsized share of GDP and exports but few direct jobs. Agriculture (which feeds the majority of the population) remains characterised by low yields (average maize yields are 2.1 tonnes per hectare compared to a potential of over 5 tonnes with irrigation and improved inputs), dependence on rain and limited value addition. Climate projections for southern Africa indicate that increases in the frequency and severity of droughts will put both hydropower generation (more than 80% of electricity generation) and food production at risk (IPCC, 2018). The 2024/2025 season was characterised by below-normal rainfall leading to load shedding that affected businesses and increased costs of production. This narrow productive base makes an external shock – a sharp fall in copper prices, a severe drought or a sudden reversal of capital flows – likely to quickly wipe out fiscal and external gains, as it did in 2015–16. To achieve sustainable development, resilience building through diversification and investment in natural, human and institutional capital is needed (United Nations, 2018).

#### 4.2 The cost of living crisis: empirical data

The ongoing rise in the prices of essential goods and services is the most direct threat to households’ welfare. The JCTR Basic Needs Basket for a family of five in Lusaka increased from K 9,410.60 in January 2024 to K10,985.40 in December 2025, a 17% increase (JCTR, 2025). This aggregate hides steeper increases in some survival items. The analysis of the newspaper content produced detailed evidence.

A 25 kg bag of breakfast mealie meal, a staple for most urban Zambians, has risen from K180 to K260 in twelve months, Lusaka Times reported on February 14, 2025. Higher prices for maize and fuel were responsible for the increase, millers said, a link showing how price pressures pass down the chain. In the following month, Mwebantu

(22 March 2025) reported informal vendors in Lusaka's Soweto and Kamwala markets complaining about the collapse of customer purchasing power, and many being unable to restock goods and accruing debt. The Zambia Daily Mail reported on 10 January 2025 that petrol prices had gone up by K2.87 a litre, leading to an average 25% increase in commuter transport fares in Lusaka and Kitwe. High consumption households are set to see their electricity tariffs increased by up to 178% in September 2024, according to News Diggers. The move increased the cost of living directly and also increased the cost of goods produced by small businesses that rely on grid electricity.

These price shocks have a regressive distributional effect with poor households spending as high as 60% of their total expenditure on food (Zambia Statistics Agency, 2023). If staple prices rise, these households cannot substitute cheaper alternatives, they simply consume less. The ZIPAR urban monitor shows that 42% of low-income compound residents cut down on the number of meals in a day compared to 28% in 2023. The crisis is also impacting rural smallholders, through a margin squeeze. Fertiliser prices almost doubled between 2022 and 2024 (Zambia Daily Mail, 15 March 2024) while farm-gate maize prices have remained flat, squeezed by state purchasing policies that keep producer prices low to maintain urban affordability. This contradictory policy of low farm prices to keep urban consumers happy but of free rein for retail markups is an example of the political economy tensions discussed below.

### 4.3 Inequality, Structural Obstacles and the Limits of Growth

Inequality is a binding constraint to sustainable development in Zambia. The Gini coefficient of 0.51 in 2022 (Zambia Statistics Agency, 2023) indicates extreme inequalities. Such growth with a focus on capital-intensive mining and large scale construction does little to change this distribution. The World Bank (2025) projects poverty reduction at roughly one percentage point per year through 2027. At that pace, extreme poverty will remain above 50% for another generation. The cost-of-living crisis exacerbates inequality insofar as richer households are able to adjust their consumption patterns (reducing non-essentials, drawing down savings), while poorer households adopt negative coping strategies that damage human capital. These include reduced meals, child labour and the sale of productive assets, all of which perpetuate inter-generational poverty. The rise in food prices has been linked to the rise in school absenteeism, particularly among girls as households reduce education costs (FAO, 2018).

Inequality is compounded by structural barriers. The over-reliance on hydropower creates a vulnerability which translates directly into higher production costs and reduced competitiveness. Load shedding in the 2024 drought disrupted manufacturing and agro-processing, lowering output and driving up inflation. Investing in solar and other renewable energy sources is important to diversify and make the climate more resilient, and to ensure that households and firms can afford electricity (Stritzke, 2018). Similarly, the dominance of rain-fed subsistence agriculture exposes smallholders to weather shocks that can wipe out the income of a season. Without irrigation, better storage and climate-resilient seed varieties, agricultural productivity will stagnate, while rural areas will remain trapped in poverty and drive unplanned urban migration, which aggravates urban informality and congestion.

### 4.4 Governance, Accountability, and Social Contract

Institutions that can handle distributional conflict, enforce contracts, and secure public trust are essential for sustainable development. Zambia's legal reforms since 2021, including the repeal of criminal defamation and the Access to Information Act, improve formal transparency in line with SDG 16 targets for public access to information. However, the use of repressive laws has shrunk civic space. 18 Mar 2025: Lusaka Times: Police stop Socialist Party protest over high fuel prices under Public Order Act. According to the Zambia Human Rights Commission (2025), more citizens are being arrested for posting on social media their criticism of government policies. These kinds of restrictions create a message that peaceful dissent on economic policy will be crushed and leave citizens no legitimate outlet for grievances, which will instead fester underground in more volatile forms.

A central element of sustainable resource management, anti-corruption enforcement, has been tainted by perceptions of partisan selectivity. The Mast (12 June 2025) cited public allegations that the Anti-Corruption Commission targets opposition figures as it drags its heels on allegations against ruling party allies. This perception of "victor's justice" delegitimises anti-corruption institutions. Empirical research by the Afrobarometer (2018) found that the public's willingness to report corruption and to accept institutional verdicts is strongly correlated with the perceived impartiality of anti-corruption agencies. When citizens doubt the fairness of enforcement, they are less willing to pay the costs necessary for economic adjustment. Corruption itself erodes the fiscal base. Better governance and lower illicit financial flows could boost tax-to-GDP ratios by 2-3 percentage points in resource-rich African countries (Rodrik, 2018), the resources that could be used to finance social protection.

The economic costs of the governance gap are already visible. The Economist Intelligence Unit lowered Zambia's political stability score in 2025, citing friction between the executive and civil society. In April 2025, Chilenje residents rioted over a minibuss fare increase, burning a vehicle (Zambia Daily Mail, 20 April 2025). These incidents suggest that limited civic space does not prevent economic discontent; rather, it channels that discontent into destructive outbursts that erode business confidence and deter investment.

#### 4.5 Politics of Resistance to Reform

What is often absent in the policy commentary on Zambia is an explicit identification of who benefits from the status quo and which actors would have an interest in resisting reforms. Zambia's cost-of-living and governance crises stem from a political economy of vested interests that breed policy inertia.

The Food Reserve Agency (FRA) maintains strategic grain reserves and sets the maize floor price, ostensibly to stabilise prices. But the lack of transparency of the agency's operations and the discretionary nature of release decisions open the door to rent-seeking. Traders with political connections can obtain subsidised maize and then sell it at inflated market prices. The system favours large scale millers who receive preferential allocations (Chapoto et al., 2015). The incentives for these actors to block reforms that would allow transparent auction mechanisms or competitive tendering are strong. Simultaneously, the urban-biased policy of low official maize prices to buy urban support benefits urban consumers but pauperises smallholders, perpetuating the rural-urban divide.

The Public Order Act gives the ruling party a powerful tool to suppress dissent. The Act was amended to require simple notification rather than police permission, but attempts to amend it have stalled because a permissive legal environment for protest could empower opposition parties and civil society to mobilise against policies such as fuel price hikes or electricity tariff increases. And so among those in power there is a direct interest in holding onto this lever even while publicly championing liberalisation.

Politically, the anti-corruption drive post-2021 has been effective, allowing the administration to delegitimise the previous regime while solidifying support. But there is a danger that the pursuit is instrumentalised: in targeting opponents while protecting allies, a narrative of reform is maintained without disturbing the patronage networks that hold elite cohesion together. Such "strategic justice" is rational in terms of political survival, but corrosive for institutional credibility. As long as the benefits of selective enforcement such as electoral advantage or coalition management outweigh the costs, anti-corruption reforms towards independent, predictable, and evenhanded processes will face entrenched resistance.

#### 4.6 Gender Aspects of the Cost of Living Crisis

The gendered implications of Zambia's cost of living crisis are significant and require explicit attention in policy design. In the urban and rural households women are mainly responsible for food procurement, preparation and management of household budgets. When food prices increase, women often suffer the most from the shock by cutting back on their own consumption, taking on more hours in informal activities and doing more unpaid care work (Johnson et al., 2016). Evidence from sub-Saharan Africa shows that female-headed households are more likely to reduce the number of meals consumed per day during price spikes, to the detriment of maternal health and nutrition (Johnson et al, 2016).

Education is another key battleground. The research has consistently shown that girls are far more likely to be withdrawn from school than boys when economic distress happens, due to both direct costs and the opportunity cost of girls' domestic labour (FAO, 2018). The cost-of-living crisis continues to threaten the erosion of household capacities to invest equitably in education, putting Zambia's progress towards SDG 5 and SDG 4 (quality education) at risk.

Women are also disproportionately vulnerable due to their informal employment. In Lusaka's markets, the vast majority of traders are women and when their customers' purchasing power collapses, as reported by Mwebantu, these women lose income and often accumulate debt to informal lenders at usurious rates. The human toll is also compounded by the economic stress in households, which is a known risk factor for intimate partner violence (Gibbs et al., 2018). A social protection response that is gender-blind would thus miss these intersectional vulnerabilities. For example, cash transfers are more effective when delivered directly to women, but require investments in safe and accessible services and legal protections.

#### 4.7 Donor Conditions and External Actors

The analysis must critically reflect on the role of external actors, particularly the International Monetary Fund (IMF) and World Bank, whose programmatic conditionalities impact fiscal space for social protection and governance reforms. The IMF's Extended Credit Facility arrangement with Zambia, approved in 2022 and subsequently augmented, focuses on fiscal consolidation, domestic revenue mobilisation and debt sustainability. These objectives are important, but the programme's quantitative performance criteria often place ceilings on the public sector wage bill and social spending. For example, the target on the fiscal deficit in IMF-supported programmes generally constrains current spending, including social cash transfers and agricultural subsidies (Addison et al., 2018). This raises the question: Can the Social Cash Transfer programme be scaled up to cover the urban extreme poor within an IMF-supported fiscal framework? Experience with similar arrangements in Mozambique and Ghana indicates that social spending floors are negotiable but require conscious pushing and technical justification (Addison et al., 2018). Up to now, the Zambian government has preferred to spend money on infrastructure and paying off arrears rather than

expanding cash transfers. This reflects domestic preferences, but also the preferences of donors, who like to see “investment-friendly” fiscal positions.

Donor influence is also felt in governance reforms. Bilateral partners, in particular the United States and the European Union, have tied budget support and anti-corruption assistance to specific benchmarks, such as the passage of the Access to Information Act and the establishment of the Economic and Financial Crimes Court. These conditions are consistent with strengthening governance but also can be viewed as externally imposed and can be partisan when directed at particular individuals. The literature on the political economy warns of donor-driven anti-corruption benchmarks that lead to formal compliance but not to real institutional change, a phenomenon called “isomorphic mimicry” (Andrews et al., 2017). The dynamics of selective enforcement in Zambia, and donor benchmarking that emphasises the conviction of high-profile individuals, may inadvertently bolster the narrative of “victor’s justice.” Rather than concentrating on headline prosecutions, more sustainable would be to support broad-based institutional capacity building such as transparency in case selection and asset recovery.

#### **4.8 A Coherent Policy Framework for Sustainable Development**

Addressing Zambia’s interconnected economic, structural and governance challenges requires a coherent, multi-pillar framework that is consistent with the 2030 Agenda. The proposed approach combines time horizons – short term relief, medium term transformation and long term institutional consolidation and recognises the mutually reinforcing nature of the pillars.

##### **4.8.1 Social Protection and Price Stabilisation in the Short Run**

“Scalable, shock responsive social protection is key to prevent irreversible human capital loss. The Social Cash Transfer programme should be expanded to cover the urban extreme poor with benefit levels set at the JCTR Basic Needs Basket. International evidence indicates that unconditional cash transfers can maintain food consumption and prevent distress sales of assets during price shocks (Hidrobo et al., 2018). Digital payment delivery through mobile money platforms can reduce leakage and allow for rapid crisis response, as seen in humanitarian cash transfer programmes in neighbouring countries (Barca et al. 2019).

Provide temporary, fiscally responsible tax relief on maize, cooking oil and fuel, clearly communicated as time-bound with explicit sunset clauses to safeguard fiscal sustainability. That’s similar to what other African governments have done when food prices surged, combining targeted VAT cuts on staples with automatic expiration triggers. The Food Reserve Agency needs to be reformed to manage strategic grain reserves transparently. Maize should be released on the basis of pre-announced price triggers and an independent board, with competitive tendering for off-take and distribution to depoliticise decisions and reduce rent-seeking. Although politically difficult, these reforms would bring stability to maize prices without distorting private markets.

##### **4.8.2 Structural Transformation for Resilience and Inclusiveness in the Medium Term**

Sustainable poverty reduction will require economic diversification into labour-absorbing and climate-resilient sectors. Investment in irrigation, cold storage and logistics can reduce post-harvest losses (currently estimated at 30-40% for perishables) and connect smallholders to agro-processing value chains. For example, the adoption of drought-tolerant maize in Zambia’s southern province (Fisher et al., 2015) shows how focusing on climate-resilient seed varieties and extension services can sustainably boost agricultural productivity. Diversification of energy is essential. Accelerated investment in solar photovoltaic generation and mini-grids, supported by the Green Climate Fund and development finance institutions can reduce dependence on hydropower, stabilise electricity prices and reduce the carbon intensity of growth. Zambia has high solar irradiance which makes utility-scale solar competitive; the 2018 Scaling Solar tender showed costs below US\$0.06 per kWh (Stritzke, 2018). More resilient projects and net metering for businesses would be scaled up.

Promotion of local manufacturing and services related to mining, construction and tourism can expand the employment base. The copper value chain has opportunities across the input supply, maintenance, and downstream processing that can create decent jobs, provided the right local content policies are in place. Labour intensive public works that are climate resilient infrastructure orientated (such as rural roads, water harvesting structures, and reforestation) can provide income support as well as build community assets. Wages need to be set at levels that can cover real living costs, in order to contribute to poverty reduction.

##### **4.8.3 Enhancing Governance for Accountability and Legitimacy**

Credible governance reforms are needed to restore the social contract. The UN Human Rights Council (2025) recommends amending the Public Order Act to require simple notification instead of police discretionary permission. This would bring national law in line with Zambia’s international obligations under the International Covenant on Civil and Political Rights and would stop the weaponization of public order provisions against economic protesters. Regular multi-stakeholder forums bringing together government, trade unions, civil society and the private sector must

be institutionalised to co-produce and monitor cost-of-living and development policies. These platforms can help build consensus around difficult trade-offs (e.g. fuel subsidy removal) and increase policy predictability. Social dialogue mechanisms in other parts of Africa have contributed to inclusive policymaking (Bhorat et al., 2017). Such institutionalised dialogue could have a seed in Zambia's Economic Summit which was initiated in 2025 but could be expanded to include civil society and labour.

Anti-corruption reforms should focus on institutional credibility. If it published clear and transparent criteria for selecting cases, reported on assets recovered and put a visible share of those assets into social protection and youth employment programmes, it would be signalled that anti-corruption is for the public good, not for partisan interests. But ultimately, if you want long-term investor confidence, if you want rule of law, you need to create independent, well-staffed anti-corruption institutions that take a consistent, evidence-based approach.

## V. CONCLUSION & RECOMMENDATIONS

### 5.1 Conclusion

Zambia's post-restructuring macroeconomic recovery is real, but not deep. Growth in GDP above 4% and restored debt sustainability has not prevented the steep erosion of household purchasing power documented in this study. Content analysis of 137 newspaper articles triangulated with JCTR Basic Needs Basket data and civil society monitoring revealed that the cost of a minimum basket of food and services rose by 17% between January 2024 and December 2025. Staple maize prices rose by more than 40 percent, transport fares by a quarter and electricity tariffs also surged. The poorest households (those spending 60% of their income on food) responded by cutting meals, pulling children out of school and selling productive assets, with women and girls bearing the heaviest burden.

These results are not accidental. They reflect an economy structurally dependent on a low-employment copper enclave, rain-fed subsistence agriculture with stagnant yields and climate-vulnerable hydro power. These are compounded by governance contradictions: formal legal liberalisation co-exists with a Public Order Act that silences peaceful economic protest, and anti-corruption enforcement perceived as partisan erodes institutional trust. Political-economy analysis accounts for policy inertia by referring to vested interests in the food distribution system, the selective use of public order powers and an electoral calculus that favors short term patronage over long term institutional reform.

One overarching conclusion emerges from the evidence: Zambia cannot sustain its recovery unless it simultaneously tackles the cost-of-living crisis, accelerates structural transformation towards climate-resilient, labour-absorbing sectors and rebuilds the social contract through credible governance reforms. An integrated policy architecture – linking shock responsive social protection, strategic grain-reserve reform, diversified energy and agriculture, inclusive social dialogue and depoliticised anti-corruption – is not only desirable but necessary. Without it, stabilisation will remain fragile, constantly threatened by price riots, weather shocks and eroding public confidence.

### 5.2 Recommendations

The recommendations propose a coordinated strategy to address Zambia's cost-of-living crisis through immediate relief, medium-term structural transformation, and improved governance. In the short term, they emphasize expanding and digitising social cash transfers to reach the urban poor, introducing temporary and rule-based tax relief on essential goods, and reforming the Food Reserve Agency to improve transparency and stabilise maize prices. Over the medium term, the focus shifts to building climate-resilient and inclusive growth through investment in irrigation, drought-resistant agriculture, agro-processing, renewable energy expansion, and labour-intensive public works that provide living wages. Governance reforms are also prioritised, including revising restrictive public order laws, strengthening multi-stakeholder policy dialogue, and improving transparency and accountability in anti-corruption efforts. Cross-cutting measures stress gender-responsive social protection and the establishment of social spending floors in external financing agreements. Collectively, these interventions are designed to reinforce each other by easing immediate hardship, strengthening economic resilience, and creating an enabling institutional environment for sustainable and inclusive development.

### Declaration of Interest

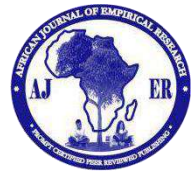
The authors declare that they do not have any known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

### Funding Declaration

This research did not receive any specific grant from funding agencies in the public, commercial, or not-for-profit sectors.

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