

Country Development Cooperation Policy for the Republic of Zambia

June 2018

The Government of Japan

1. Purpose of Development Cooperation

Zambia has abundant mineral resources, including copper and cobalt which account for about 70 percent of the country's total exports. In addition to hosting the headquarters of the Common Market for Eastern and Southern Africa (COMESA) in Lusaka, the capital city of the country, the government is working on integrating former refugees from Angola and Rwanda into Zambia society, and the government has contributed to the peace and stability and economic development.

Zambia's has maintained high economic growth rates against the background of increased production of copper and recovery of international prices. However, since the latter part of 2014, internal economic conditions deteriorated due to a decline in copper production caused by electricity deficit as a result of low rainfall and a slump in the price of the metal on the international market. This exposed weakness of monoculture economy. In the background, there are medium and long term factors such as underdeveloped industries with high employment absorption capacity and high-risk rain-dependent agriculture. To be freed from the monoculture economy, in the medium and long term, it is important for the economy to diversify through further development of agriculture, manufacturing and tourism sectors and promote investment from within and outside the country through stabilization of the fiscal administration of the government. In addition, in 2017, there have been financial problems including the fiscal deficit, such as requesting the IMF to support the consolidation of the fiscal base.

Against this background, the Zambian government formulated the "Seventh National Development Plan (7NDP)" aimed at the realization of a diversified and resilient economy for the period from 2017 to 2021, which was launched in June 2017.

Supporting such efforts by Zambia and supporting the departure from Zambia's monoculture economy will contribute to the strengthening of economic relations with Japan, and will contribute to not only Zambia, but also the peace, stability and prosperity of the region.

2. Basic Policy of Japanese ODA : Promoting Growth of a Diversified and Resilient Economy Freed from Overdependence on Mining

Based on the Zambia Government's 7NDP, Japan will engage in promoting growth of a resilient economy through vitalisation of such industries that directly contribute to economic diversification , and improvement of infrastructure and social services that support economic activities.

3. Priority Areas

(1) Vitalisation of Industries

Japan will contribute to vitalisation of industries by technical cooperation as the axis of its cooperation for the private sector (mainly small and medium enterprises) and the agricultural sector, which are important in promoting economic diversification.

(2) Improvement of infrastructure and social services to support economic activities

Japan will support the development of infrastructure that forms the foundation of various economic activities and improvements in social services (education and human resource development, health, water supply and sanitation) that are the bases of economic growth in Zambia.

4. Points to be considered

(1) Japan will endeavor to implement effective support through proactive dialogue with not only Japanese stakeholders but also other cooperating partners, taking into consideration the fact that Zambia is one of the countries which are advanced on aid coordination.

(2) To realize a diversified and resilient economy, it is also important to reduce disparities. To achieve this, Japan will implement necessary support, paying attention to income gaps between urban and rural areas, which are increasing in Zambia.

Annex: Rolling Plan