

(Provisional Translation)

Country Development Cooperation Policy for the Republic of Zambia

September 2023

The Government of Japan

1 Purpose of Development Cooperation

After gaining independence in 1964, Zambia transitioned from a one-party regime to a multi-party system in 1991. Since then, Zambia has conducted seven elections and has achieved a peaceful transition of power with no major disruptions, becoming one of the most democratic countries in the southern African region. Zambia has also contributed to peace and stability in the region by maintaining good relations with neighboring countries and by engaging in peaceful diplomacy. On the international front, it is actively engaging in regional integration, with the COMESA¹ secretariat located in Lusaka, the capital city, and is also a member of SADC². On the economic front, in addition to its abundant mineral resources such as copper and cobalt, the country borders eight countries and is located at the node of international corridors such as the Nacala Corridor and the North-South Corridor, promoting the strengthening of multilayered connectivity in the region.

On the other hand, Zambia's monoculture economy, which is dependent on copper production, is vulnerable to large fluctuations in international copper prices. In addition, as a result of a deteriorated fiscal situation due to years of budget deficits and huge infrastructure investments, in November 2020, the country defaulted on its Eurobond interest payments, resulting in the first debt default in Africa since the COVID pandemic. Under these circumstances, the Hichilema administration, which took office in August 2021, has made economic recovery its top priority, emphasizing job creation, industrial diversification, value-addition in priority sectors such as agriculture, manufacturing, tourism and mining, and promotion of foreign direct investment.

Against the backdrop of these challenges, based on the long-term national plan (Vision 2030)³, the Government of Zambia has formulated the Eighth National Development Plan (8NDP), a mid-term development plan covering the period from 2022 to 2026. With the goal of "Socio-economic Transformation for Improved

¹ COMESA: Common Market for Eastern and Southern Africa. Zambia has served as the chair country since June 2023.

² SADC: Southern African Development Community. Zambia has served as the chair of the Organ on Politics, Defense and Security Affairs since August 2023.

³ Long-term development strategy issued in 2006. Zambia aims to become a prosperous middle-income nation by 2030.

Livelihoods”, it has been working to achieve economic transformation, job creation, human and social development, environmental sustainability and a good governance environment.

It is extremely important for Japan to support Zambia's industrial diversification through development cooperation projects as well as to cooperate for the development and utilization of strategic mineral resources such as copper and cobalt, which are critical for the realization of decarbonization, as they will contribute to strengthening Japan's economic security and resource diplomacy, as well as contribute to achieving the Sustainable Development Goals (SDGs) and the stability and prosperity of the Southern African region as a whole.

2 Basic Policy of Japanese ODA: Utilization of Mineral Resources and Promotion of Diversified and Resilient Economic Growth

Based on the “Vision 2030” and the “Eighth National Development Plan,” Japan will support Zambia's robust economic growth by revitalizing industries that contribute to economic diversification, developing economic infrastructure, and improving social services. The results of the cooperation will support the realization of the Sustainable Development Goals (SDGs) and the building of a stable society in Zambia.

3 Priority Areas

(1) Industrial Revitalization

As Zambia continues to diversify its industries while utilizing its strategic mineral resources, Japan will work to foster promising industries, attract investment, and support the development of the private sector including support for tourism. Japan will also work to develop rural areas by improving the welfare of small-scale farmers, crop diversification, and strengthening the infrastructure for their livelihoods. These activities will include the integration of refugees and former refugees, whom Zambia is actively accepting and resettling, into the country's economic activities.

(2) Strengthening Economic Infrastructure

Japan will work to strengthen Zambia's connectivity with neighboring countries through infrastructure development and reinforcement of the operational systems mainly in the international corridors. Japan will improve urban infrastructure in the Greater Lusaka, which is facing population growth and unplanned urban expansion, and will support the strengthening of economic infrastructure to boost Zambia's economic growth.

(3) Improvement of Social Services

To improve social services that support economic growth, Japan will work to improve access to and quality of health and medical services, strengthen measures against and response to infectious diseases, support the quality and development of

science and mathematics education, and develop quality human resources to support economic activities.

4 Points to be Considered

(1) Zambia is making progress in donor coordination, with Cooperating Partners Group (CPG) meetings and Sectoral Working Group (SWG) meetings held regularly by cooperating organizations for the purpose of donor coordination. Japan will continue active dialogue not only with Japanese counterparts but also with other donor agencies, and strive to implement efficient cooperation.

(2) In order to realize diversified and resilient economic growth, it is also important to correct disparities in income. As the government promotes decentralization, Japan will provide cooperation to reduce the gap between urban and rural areas in income, economic infrastructure and social services.

(3) As Zambia shares values such as democracy and the rule of law with Japan, Japan will actively consider support for the Zambian government's efforts to create a good governance environment.

(4) In forming and implementing cooperation projects, based on the human resources, etc., developed through past cooperation with Zambia, Japan will proactively consider projects that will benefit not only Zambia but also the wider Southern Africa region including SADAC, using Zambia as a base.

Annex: Rolling Plan