



12.9.2023

# MISSION REPORT

following the ad-hoc delegation to Zambia

Committee on Development

Members of the mission:

Pierrette Herzberger-Fofana

György Hölvényi

Udo Bullmann

Carlos Zorrinho

(Verts/ALE) (Leader of the mission)

(PPE)

(S&D)

(S&D) in his capacity as chair of the  
delegation to the ACP-EU JPA

## **Introduction and elements of context**

A four-Member ad hoc delegation of the Committee on Development, led by Pierrette Herzberger-Fofana, (DEVE first Vice-Chair), travelled to Zambia from 19 to 21 June 2023. The purpose of this mission was to look at the debt situation in the country, review the implementation of EU development programmes, especially in the areas of education, food security, agriculture and resilience to climate change, and assess the role that the private sector could play in the rolling-out of the Global Gateway initiative. The specificity of this mission was that it took place in part jointly with the Commissioner for International Partnerships, Jutta Urpilainen.

Zambia is a low-income country with persistent development challenges and a high level of inequality between urban and rural areas. According to the Gini index, it is one of the five countries with the highest income inequalities in the world. Zambia is a country that has been able to make a smooth political transition, with the election of President Hichilema in August 2021 opening a promising new chapter with the launching of wide-ranging political, economic and social reforms. A free education policy has been introduced at primary and secondary level, accompanied by the recruitment of 30,500 teachers. The reform process has however been hampered by the country's high level of indebtedness - in 2021, Zambia was the first country to default on its debt in the aftermath of the Covid-19 pandemic. The situation further deteriorated with the depreciation of copper prices on the international market, with Zambia being Africa's second largest producer of this mineral. Zambia's government pursues an agenda (the 8th National Development Plan) aligned with the priorities identified in the Multi-Annual Indicative Programme for the period 2021-2027 amounting to EUR 299 million.

## **Brief account of meetings**

### ***Day 1 (mostly DEVE only)***

The mission started with a briefing by the EU Head of Delegation on the political, economic and social situation in the country. This was a useful introduction to the meeting with the Deputy National Authorising Officer (NAO). Zambia has been receiving EU support for 46 years and the EU is the single major donor providing grants to the country. Over time, areas of EU support have covered a wide range of sectors, covering energy, transport and infrastructure, food security, rural development, education, health and good governance. Members learned about the state of implementation of the 11<sup>th</sup> EDF programme and the MIP for the period 2021-2027. The role of the mining sector was also discussed as the EU is about to start the negotiations of a strategic partnership with Zambia in this sector. The other themes of the mission were also addressed during this meeting, with questions raised on food security, agriculture policy, climate change, education, youth employment, the role of the private sector and the need for investments. With the progressive phasing-out of the EDF, Members learned that the NAO office would become a national coordination office for multilateral donor programmes.

The rest of the morning was dedicated to a meeting with the International Monetary Fund (IMF) and the African Development Bank (AfDB), with both organisations providing a positive assessment of the government's efforts to respond adequately to the debt situation. In August 2022, Zambia secured a significant loan from the IMF (USD 1.3 billion), which provided much-needed fiscal space. In April 2023, during the First Programme Review mission, the IMF

reported strong performances by the government in the implementation of the programme, which will trigger the release of the next payment after the meeting of the IMF Board in the autumn. In total, the debt level amounts to USD 18.6 billion, with a third owned by China. A few days after the mission, Zambian authorities managed to reach a USD 6.3 billion debt restructuring agreement with its creditors, which is considered to be crucial for Zambia's economic recovery.

Both the IMF and the AfDB representatives concurred on the clear commitment of Zambia to improve financial governance and introduce zero tolerance for corruption at all levels. Corruption is a major impediment to access to public services and an obstacle to conducting business. Since his election, President Hichilema has pledged to fight corruption and has given full political support to the bodies in charge of this. At the government's request, in July 2022 the IMF conducted a Country Governance and Corruption Assessment, which highlighted a number of corruption vulnerabilities (internal control, public procurement, paper-based processes and parallel systems, etc.). A specific meeting was organised with representatives of the Anti-Corruption Commission (ACC) in order for Members to understand the full extent of the problem and learn more about its mandate, its core activities and its current investigations.

During this first day, the EP ad-hoc delegation also met with the Speaker of Parliament, Hon. Nelly Mutti, and with the Chair of the Foreign Affairs Committee. Members discussed the role of parliamentary diplomacy and insisted on the importance of building peer-to-peer contacts in order to deepen mutual understanding between both continents. The Speaker of Parliament detailed the education reform policy and pointed to the need to empower women and girls in Zambia. The discussion also focused on the agriculture sector, which is one of the top priorities of the government as it has the potential to become an engine for growth. It employs around 60% of the population but makes up only 20% of the country's GDP. Regarding the mining sector, the Chair of the Foreign Affairs Committee further highlighted the need for transfer of technology, access to cheaper financing and a skilled workforce.

The development challenges faced by Zambia were further analysed during a meeting with the UN Resident Coordinator and representatives from FAO, WFP, UNICEF, UNFPA, UNDP and UNEP. Each organisation presented its ongoing projects and expressed gratitude for the support provided by the EU. There was confirmation during the meeting that the food security situation in the country remains vulnerable, with the agriculture sector being too dependent on rainfalls and lacking diversification. Maize is the single most important crop in Zambia and there is an urgent need for crop diversification. The debate with Members also touched upon the implementation of the Sustainable Development Goals, the quality of education and the specific situation of girls.

The joint programme with Commissioner Urpilainen started at the end of the first day with an award ceremony and a dinner focusing on the Global Gateway. Under the EU-funded Enterprise Zambia Challenge Fund (EUR 25.6 million), six agro-business companies were awarded grants under the fourth call issued by the Fund. The project, run by Self Help Africa and Imani Development and complemented by the EIB-EU blended scheme - the Zambia Value Chain facility - is seeking to integrate 150 000 small-scale farmers into sustainable value chains and to help them transition to greener and more sustainable agri-food systems. The Minister of Green Economy, the Minister of Agriculture and the Minister of Livestock and Fisheries attended the award ceremony.

The Global Gateway dinner was an opportunity to meet the business community and the

grantees of the Zambia Challenge Fund. Attendees also included board members of the EU-Zambia Business Club, representatives of Zambian banks and the EIB. The important role of the private sector in the rolling-out of the Global Gateway initiative was reiterated, as was the need for less red tape and improved access to finance for SMEs. Difficulties in obtaining work permits and the shortage of a skilled workforce were also mentioned as barriers to private sector development.

### ***Day 2 (Joint programme with Commissioner Urpilainen)***

The morning of the joint programme with Commissioner Urpilainen was dedicated to a meeting with the Minister of Finance and a visit to State House.

The meeting with the Minister of Finance enabled Members to get a better understanding of the difficult debt situation and the efforts made by the Zambian authorities to negotiate a debt-restructuring plan. One concrete deliverable of the Commissioner's visit was the decision to resume Budget Support operations (with a specific focus on health and education) in the country for an amount of EUR 60 million. The Minister welcomed this announcement and insisted on the importance of investing in human capital. He stressed the importance of attracting foreign investments, presenting the mining sector as a win-win opportunity. The country wants to leverage the potential of these resources by moving away from an extract-export approach to adding value and creating jobs locally. As part of the future Critical Raw Materials strategic partnership with Zambia, the EU will offer support to the full mining ecosystem, looking at ways to produce local value on the ground.

Further discussions on EU-Zambia relations took place with President Hichilema, who dedicated almost the full morning to the joint EP-EC visit. Together with Commissioner Urpilainen, the Chair of the EP ad-hoc delegation participated in an in camera with the President to discuss the outcome of the African mediation mission to Ukraine and Russia, which had taken place on 17 and 18 June.

The full EP and Commission delegations were later able to interact directly with President Hichilema and a number of Ministers. The President showed appreciation for the opportunities offered by the Global Gateway initiative and welcomed the resumption of budget support operations. Concrete deliverables announced at the meeting also included the signature of a EUR 20 million project focusing on smallholder farmers and a EUR 30 million top-up for the rehabilitation of the Kariba dam. The President stressed in particular the need for European investments in various sectors (agriculture, forestry, agroforestry, mining, infrastructure, pharmaceutical sector, technology, manufacturing etc.) to unleash the country's potential. Both parties debated the challenges associated with the mining sector and concluded on the need to respect human rights, biodiversity and the environment. Zambian authorities were praised for having halted at the beginning of June 2023 the development of a copper mine in the Lower Zambezi National Park. Other Global Gateway initiatives in Zambia cover electricity interconnection between Zambia-Tanzania-Kenya, and a strategic railway corridor from Durban (SA) via Lusaka (ZA) to Lubumbashi (DRC). President Hichilema was also thankful for the support provided by the European Parliament during his detention following the 2016 elections. He also referred to his address to the EP plenary in May 2022, whereby he presented his ambitious reform agenda and advocated for enhanced Africa-EU cooperation, increased trade, and knowledge exchange.

In the afternoon, the joint delegation visited the CELIM Shalom Community School with the Acting Minister of Education. The school receives EU funds via the Edu-care project, provides education to 1,500 pupils and integrates 70 children with disabilities. This visit was the occasion to discuss further the free education policy and its challenges, which notably include the quality of education, the teacher-student ratio and the lack of infrastructure and materials. Commissioner Urpilainen and Members of Parliament reiterated the importance of education and the Commissioner invited Zambia to participate in the EU's *Regional Teachers Training Initiative*. This flagship initiative under the EU–Africa Global Gateway Investment Package aims to accelerate the training of teachers for Sub-Saharan Africa, responding to the need for 15 million new qualified teachers for Africa by 2030.

Zambia is a country of young people, with the majority of the population under the age of 35 (83%). The estimated median age is 17.6 years (2020), which is one of the lowest in the region and globally. At the end of the visit, the joint delegation participated in a networking cocktail with youth organisations. The EU is currently working to set up a youth advisory structure with the objective of creating a space for the meaningful involvement of young people in development cooperation in Zambia.

### ***Day 3 (DEVE only)***

The last day consisted of a series of visits to projects focusing on agriculture and the integration of smallholder farmers in agriculture and aquaculture value chains.

The EP delegation visited an organic farm in the Kafue region owned by Sebastian Scott who has trained around 200 farmers and students in organic farming. The farm constitutes a model as it generates profits without using expensive equipment, machinery or fertilisers.

The EP delegation also visited a company (Alliance Ginneries Ltd) that has set-up a large-scale organic cotton factory. The company provides training to smallholder farmers on climate smart practices and integrates them in certified supply chains. It has received a grant from the Enterprise Challenge Fund. Members visited the production sites and interacted with some of the farmer beneficiaries.

Over lunch, Members interacted with representatives of agro-businesses in the presence of the Minister for Livestock and Fisheries. The discussion allowed for a frank exchange of views on access to financing, the administrative burden for small companies and the specific situation of women in the agriculture sector.

The one-day field trip ended with a visit to the Zambika Aqua Farm, which also receives funding from the Enterprise Challenge Fund. The farm has established a new aquaculture supply chain and integrates 1 000 smallholder fish farmers in the Kafue region (40% women).

### **Conclusions and follow-up**

In a difficult geopolitical context, this first-ever Team Europe mission was important to demonstrate the EU's concrete support to Zambia's democratic and development agenda. Zambia is a reliable partner - it is a role model for the entire region and it is fundamental for the EU to reinforce such partnerships based on democratic and shared values. Zambia is a like-minded partner, which has supported the EU on all UN resolutions condemning the Russian

invasion of Ukraine.

The programme included a wide variety of interlocutors allowing for a balanced perspective on key topics. Members were able to obtain a better understanding of the challenges faced by Zambia and how EU development programmes concretely support the government priorities on education, agriculture, climate resilience and the creation of value chains. The mission also served to exemplify how the Global Gateway initiative could support Zambia's development trajectory, with several flagship initiatives in the areas of infrastructure, human development, and the green transition. The insights gathered during the delegation visit will be fundamental in DEVE scrutiny of both the NDICI-GE instrument and the Global Gateway strategy.

Provided that conditions are put in place to create value on the ground, negotiations on the EU-Zambia strategic partnership on Critical Raw Materials should lead to new opportunities for development - an issue that should be monitored properly.

On a final note, the Chair of the DEVE delegation would like to thank the staff of the EU Delegation in Zambia, which provided outstanding support during all phases of the mission.

Annexes:

- Final Programme

## Annex 1: Final Programme

|               | <b>Monday 19 June</b>   |
|---------------|---|
| 8.30 - 9.30   | Briefing by EU HoD  |
| 10.00 - 11.15 | Meeting with Chasiya Kazembe, Deputy National Authorising Officer (NAO)   |
| 11.30 - 12.30 | Meeting with IMF, World Bank & African Development Bank   |
| 12.30 - 13.45 | Lunch break   |
| 13.45 - 14.45 | Meeting with the Anti-Corruption Commission DG Thom Trevor Shamakamba   |
| 15.00 - 16.15 | Meeting with the Speaker of Parliament Hon. Nelly Mutti and Foreign Affairs Committee   |
| 16.30 - 17.45 | Meeting with UN Agencies: <ul style="list-style-type: none"> <li>• UN: Resident Coordinator Beatrice Mutale</li> <li>• FAO: Resident Representative</li> <li>• WFP: Resident Representative</li> <li>• UNDP: Resident Representative</li> <li>• UNICEF: Resident Representative</li> <li>• UNEP: Resident Representative</li> </ul> |
| 18.30 - 19.30 | <u>Jointly with Commissioner</u><br>ENTERPRISE Award Ceremony with Zambian Ministers and Business Community   |
| 19.30 - 21.00 | <u>Jointly with Commissioner</u><br>Global Gateway dinner with Commissioner, Members of the European Parliament and business community  |
|               | <b>Tuesday 20 June</b>  |
| 8.30 - 09.15  | Meeting with the Minister of Finance Hon. Situmbeko Musokotwane   |
| 09.45 - 10.15 | Meeting with the President Hakainde Hichilema (in restricted format)  |
| 10.15 - 11.45 | Meeting with the President Hakainde Hichilema (with the full delegation)  |

|               |  |
|---------------|--|
| 11.45 - 12.00 | Signing ceremony   |
| 12.00 - 12.30 | Press Conference by President and Commissioner   |
| 12.30 - 14.00 | Lunch between MEPs and National Ambassadors  |
| 14.45 - 15.45 | Visit to the CELIM Shalom Community School with the Minister of Education Hon. Douglas Munsaka Syakalima<br><br>Joint Press Conference by the Commissioner Jutta Urpilainen, MEP Pierrette Herzberger-Fofana and Zambian Minister of Education |
| 16.30 - 17.30 | Debriefing by Commissioner and MEPs to EU Heads of Missions  |
| 17.30 - 19.00 | Jointly with the Commission: Light walking dinner with civil society with focus on youth organisations   |
|               | <b>Wednesday 21 June</b>   |
| 09.00 - 10.00 | Visit to Old Orchard Organic Farm in the Kafue region  |
| 10.30 - 12.00 | Visit to Alliance Ginneries Ltd  |
| 12.30 - 14.30 | Working lunch with agribusiness representatives  |
| 15.00 - 16.00 | Aquaculture Visit  |
| 17.00 - 17.30 | Meeting with the EU Delegation Staff   |