



**THE NATIONAL AUTHORIZING OFFICE  
OF THE EUROPEAN DEVELOPMENT  
FUND IN ZAMBIA MINISTRY OF FINANCE  
AND NATIONAL DEVELOPMENT**



The European Union a Partner in Development



## INTRODUCTION

The European Union (EU) through the European Development Fund (EDF) has been providing Zambia with grants for over (30) years and it is Zambia's major single

donor providing grants to the Government of Zambia. The assistance has covered all sectors of the economy. The total grants for 8<sup>th</sup> EDF 9<sup>th</sup> and 10<sup>th</sup> EDF amount to over € 1billion with 9<sup>th</sup> EDF alone being the largest amounting to €480 million In addition under the 8<sup>th</sup> EDF the European Investment Bank(EIB) has also made available well over €30 million to the private sector for investment. The EIB concretes on commercial financing through the provisions of loans.



## OBJECTIVES OF EDF SUPPORT

The main objectives of the EU development co-operation is to foster:

- The sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them;
- The smooth and gradual integration of the developing countries into the world economy; and
- The campaign against poverty in the developing countries.

The overall purpose has been to contribute towards poverty reduction. The areas that have received assistance support for regional integration and co-operation; support for macroeconomic policies; transport; food security and sustainable rural development; and institutional capacity-building.

In the beginning of the cooperation, EU development cooperation funds were made available mainly in the form of project / programme funding, but recently direct and sector budget support have become the main mode of the EU aid delivery.

## 1. MACRO ECONOMIC SUPPORT



The EU has supported the macroeconomic reform programme of the Government since the 1990's. Special attention has been given to poverty reduction, particularly with a view to ensuring equitable access to the social services. Macroeconomic support has been delivered through the Structural Adjustment Facilities (SAF) and the Poverty Reduction Budget Support ( PRBS). In particular, the main objective of the PRBS was to support the implementation of the Poverty Reduction Programmes. Slightly over €200 million was provided under this support from 2004 to 2008. and Health and education sector were the main beneficiaries. Under the 10<sup>th</sup> EDF, this kind of support will be delivered under a multi-year commitment, MDG Contract, amounting to €225 Million covering the period 2009 to 2013 and its nearly 50% of the EU grants to Zambia for the same period.





## 2. TRANSPORT AND INFRASTRUCTURE

**E**DF support to Zambia's infrastructure development has been significant. From the year 2000 well over €300 million grant support has been rendered to the sector and this support has covered most of the sub-sectors, namely roads, aviation, port development, urban markets, as well as capacity building in the respective sub-sectors.

The specific objectives of the support to the sector are: periodic road maintenance, increased national funding of road maintenance, decrease of vehicle overloading, improved capacity for management of road maintenance, and improved access to rural areas with high productive potential. While the road infrastructure aspects have recently been more and more supported through sector budget support, the EU has also funded major infrastructure construction and rehabilitation works under project modality. Some of the programmes/ projects that have been implemented in this sector include:



### 2.1 Roads Sector

- Provision of Supervision and Design Services and Rehabilitation of Livingstone Road, Southern Province - Zambia
- Road Sector Budget Support including technical assistance to the Roads Development Agency, National Road Agency and the Road Transport and Safety Agency
- Rehabilitation and maintenance of Lusaka – Kabwe road Rehabilitation and development of Kabwe-Kapiri Mposhi and Chisamba Roads
- Technical assistance to the Roads Department in the Ministry of Works and supply
- Rehabilitation of Mpulungu Harbour
- Rehabilitation of Kazungula Pontoons

### 2.2 Markets

- Rehabilitation and development of Urban Markets - Lusaka, Kitwe and Ndola – Phase 1 and 2

### 2.3 Airports / Aviation

- Rehabilitation and development of Lusaka and Livingstone International Airports

## 3. CAPACITY BUILDING

Capacity building programmes have been provided in the Ministries of Finance and National Planning (MoFNP), Education, Cabinet Office, and the Bank of Zambia (BoZ). The capacities of the following departments: Budget Office, Accountant General, and Economic Technical Cooperation (including the National Authorising Office) have been strengthened through technical assistance components at cost of nearly €20 million.

The programmes/ projects that are, and have been, implemented in this sector include:

- Capacity building in the Department of Economic and Technical Cooperation, including Support to the National Authorising Office
- Planning and Economic management in the Ministry of Finance and National Planning
- Support to the Budget reforms
- Capacity Building in the Bank of Zambia

Other capacity building programmes are being implemented in the Ministries of Commerce, Trade and Industry and its statutory bodies, and Agriculture and Cooperatives. They are dealt with separately, below.



## 4. PRIVATE SECTOR



Under 8<sup>th</sup> EDF funding, support to the private sector was primarily focussing on the Small and Medium Enterprises (SMEs), and Non-Traditional export producer associations. An evaluation report identified micro-enterprises, SME's and the informal sector as crucial for poverty alleviation and substantial support has been directed towards these segments. Consequently, employment and exports increased considerably.

The current 9<sup>th</sup> EDF support in this sector is focused on the policies and regulatory framework in which the private sector operates. Support is being provided to statutory bodies such as the Zambia Development Agency, Zambia Bureau of Standards, and Zambia Competition Commission. Civil Society and Private Sector intermediary organizations have also benefited through grant facilities provided by the programme. This type of support is a continuation of the 8<sup>th</sup> EDF support to the sector which provided for funds for capital investments and working capital for private sector companies.

Some of the programmes/ projects that have been implemented in this sector include:

- Export Development Programme I & II
- Mining Sector Diversification Programme
- Private Sector Development Programme and
- Capacity Building for Private Sector Development Programme – Ministry of Commerce, Trade and Industry (ongoing) and €15 million has been committed to this programme and almost €60 million to the entire sector since 2000.

## 5. EDUCATION

In the area of education, support has been focused on a long-term capacity building programme, as well as on the provision of community schools and bursary schemes for the poor and disadvantaged. With the refocusing of development cooperation in line with the division of labour among cooperating partners, EU support to the sector under 9<sup>th</sup> EDF has focussed on the Education Management Information System. The sector continues to benefit from EU support through the PRBS, MDG contract, as well as through the provision of capital equipment such as IT equipment and human resource development under a technical cooperation facility. The programmes/ projects that have been implemented in this sector include:

- The Zambia Education Capacity Building Programme
- Support to the Education Strategic Plan and
- Education Management Information System





## 6. HEALTH

Support to the sector is in line with the health sector strategic plans. The support has focused on improving access (free basic services) and quality of service delivery, and retention of qualified human resource. The EU was one of the found



er members of the Health Sector Basket, but has in the meanwhile shifted its support towards a Health Sector Budget Support (SBS) approach amounting to

€ 35 million. Under the first facility, the funds were earmarked for the retention of human capital, in particular in rural areas. The SBS funding is not earmarked for particular activities anymore.

Some of the programmes/ projects that have been implemented in this sector include:

- Support to the Health Sector (Sector Budget Support, ongoing);
- Retention of Human Resources
- Poverty Reduction Budget Support including the Health Management Information System (ended in December 2008)
- Support to the Health Basket Fund; and
- Strengthening the Zambia Safe Blood Transfusion Programme



## 7. AGRICULTURE

In the agricultural sector recent focus has been on food security, diversification conservation farming and disease control. The support to the sector includes capital investment grants, working capital loans, disease prevention, and human resource development.

Some of the programmes/ projects that have been implemented in this sector include:

- Support to the Agriculture Diversification and Food Security Programme (North-western and Western Provinces) – ongoing,
- Conservation Farming and Food Security for Rural Households
- Agricultural Input Support Programme
- Southern Africa Animal Disease Control Programme
- Trypanosomiasis Control Programme; and
- Private and Cooperative Livestock Services Network Development Programme in Zambia



## 9. ENERGY FACILITY

Similarly to the EU Water Facility, Zambia was successful in securing two projects under the EU Energy Facility. One successful Project, amounting to the maximum of €10m is under the Rural Electrification Authority. The second, also amounting to €10m was handed in as a co-funding proposal by the World Bank. Both projects expand the areas connected to the national grid and increase the amount of electricity generated in separate mini-grids, through renewable energies.

## 10. SUGAR

Support to this sector started in 2005 under the EU Sugar Reform Accompanying Measures. A study was commissioned in October 2005 to assess the impact of the EU sugar reforms on the Zambian sugar sector and to propose strategies for limiting their possible negative effects. This study recommended technical assistance in the following key areas on which the current technical assistance focuses

1. Expansion of Sugar Production through Outgrower Schemes
2. Diversification Strategy: Ethanol Production for Fuel Blending,
3. Diversification Strategy: Ethanol Production for Gel Fuel,
4. Improvement of the Road and Railway Transport Network and Services; and
5. Development of a National Sugar Trade Policy

After an allocation of €520,000 for 2006, the 2007 allocation that is being used at present



## 8. WATER FACILITY

Support has been provided to this sector through provision of boreholes in various rural areas of Zambia in order to provide the rural areas with clean water. Zambia has won two programmes funded under the EU Water Facility (outside EDF funding), amounting to a total of about €8 million. The focus of these EU-funded interventions in the sector concentrates on (a) Improvement of regulatory system and governance of water under Water Resources Action Programme, (b) water and sanitation infrastructures under the Devolution Trust Fund. In addition, the EU supports a number of civil society initiatives in the sector.

The programmes / projects that have been implemented in the past in the sector include:

- The Drilling of Borehole in Eastern and Northern Provinces; and
- North West Lusaka Water Supply



## 11. GOVERNANCE AND SUPPORT TO NON-STATE ACTORS

Under the Democracy and Good Governance programme, Presidential and General Elections 2001 have been supported since 2001 to the tune of €8.5 million. Other initiatives in the sector include the fight against child labour.

In addition, a number of projects of Non-State Actors have also been supported, in line with the stipulations of the Cotonou Agreement.

## 12. OTHER PROJECTS



Among the previous cooperation projects, the Micro projects Programme (MPP), which began in 1985 and ended in 2004, is probably the most prominent. It was aimed at decentralising capacity building at the grass root level, through the planning and implementation of small infrastructure projects. The MPP was a demand-driven community programmes consisting of more than 1,000 separate projects at community level. These projects were consistent with national development objectives. The majority of requests were for rehabilitation of schools and construction of

health centres which also included water supply and sanitation elements. MPP supported other activities, including rural road and bridge repairs, markets, village post offices and group income generation activities. Reviews and evaluations of the MPP were quite positive and showed that it was one of the most successful EDF funded projects in Africa.

Other sectors that in the past received EDF support include

- Cultural Sector, through the Support to the Cultural programme € 2 Million. The most prominent achievement under this project was the rehabilitation of the Livingstone Museum.
- Forestry Sector, through the Forestry Support Programme( € 2 Million): This Programme laid the foundation for the introduction of a Forestry Commission. The support to the sector was abandoned in 2004, when Government did not proceed to allocate the necessary funding for the establishment of the Commission.
- Tourism through the Development of Tourism Programmes I & II, Zambia Wildlife Authority Funding (€6 Million)
- Micro Credit through Micro-Credit Delivery for the Empowerment of the poor programme(€3 Million)

## CONCLUSION

With these interventions, the EU has clearly proven to be an all wheather partner of Zambia, responding swiftly to Government's appeal





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