

**European Union Joint Framework Paper - Zambia**

**EU COOPERATION AND COLLABORATION IN ZAMBIA**

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| <p><b>1. Introduction</b></p>                   | <p>The EU Delegation and Member States missions in Zambia have over the past year discussed how to ensure closer collaboration at development cooperation and political level, which co-operation mechanisms need to be updated to improve relations with Government counterparts, and what would be the prospects of improving collective EU visibility.</p> <p>The Council Conclusions on stepping up Joint Programming<sup>i</sup> have given a further impetus to this process.</p> <p>Partners agreed that the best scope for closer collaboration exists at sector level. The attached sector documents provide an indication per sector where partners already work together and how this can be further enhanced in the future. A common approach will also enhance EU visibility in the country.</p>  |
| <p><b>2. Country context and challenges</b></p> | <p>Zambia’s population stood at 15.72 million people in 2014 with a country GDP of \$27.07 billion. The Country attained a middle income status in 2011 and during the last decade, the annual GDP growth averaged about 6.4%. However, 60% of the population remains below the poverty line and 42% of the population still lives in extreme poverty, particularly in rural areas where about 60% of the population lives<sup>ii</sup>. Since mid-2015 Zambia economic outlook has been impacted by a 6-year low copper price, heavy load-shedding measures impeding commercial activities, budgetary overspending, and a steep depreciation of the national currency losing grossly 40% of its value against the US Dollar and the Euro. Against this background, the annual inflation rate remained contained below 8% during the first three quarters of 2015 only to sharply increase since then and reach 21.8% in January 2016<sup>iii</sup>. According to the latest Zambia Living Conditions Survey the GINI co-efficient has increased to 0.69, and Zambia is now ranked among the 5 most unequal countries in the world.</p> <p>Economic growth over the past 15 years did not sufficiently reduce the number of people living in poverty and social inequality. Partners will therefore have to continue addressing the underlying causes of poverty. These causes include first and foremost weak governance, as well as the social imbalances in Zambian society (high level of inequality, poor health and education), the narrow economic base and limited economic infrastructure, the unfavourable status of women, and corruption. The demographic changes Zambia is facing over the coming 25 years will further challenge the development prospects of the country.</p> <p>At the same time opportunities for private sector investments still exist, be it in agriculture, ICT, energy, and tourism.</p> |
| <p><b>3. EU joint objectives</b></p>            | <p>To reduce poverty and social exclusion and to promote economic and inclusive growth, the EU will address governance issues, support the agriculture and energy sectors, as well as the fight against malnutrition. The fight against corruption remains a priority, while more attention will be</p>  |

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|  | <p>paid to the environment and the fight against climate change.</p> <p>The attached sector papers Health (Sweden), Governance (Germany), Education (Ireland), Nutrition (UK), Social Protection (Finland), Environment (Finland), Energy (EUD), Agriculture, including private sector involvement (EUD), and Gender (EUD), provide an analysis of the sector context, joint objectives, expected results, activities and scope for further collaboration.</p>  |
| <b>4. Total EU allocation</b>              | <p>Collectively, through the ongoing bilateral agreements and country strategy papers the European Union has made a total envelope of 1.22 billion EUR available to Zambia. These are largely grants to which the substantial financial support made available by European Development Banks (e.g.: AFD; EIB; KFW; etc) and the support provided by Civil Society Organisations can be added.</p> <p>Intervention period: 2013-2020</p>   |
| <b>5. Expected results</b>                 | <p><b>Key results from the revised 6<sup>th</sup> NDP:</b></p> <ul style="list-style-type: none"> <li>• Employment and jobs created;</li> <li>• Accelerated rural development;</li> <li>• Enhanced human development;</li> <li>• Accelerated infrastructure development.</li> </ul>   |
| <b>6. Intervention summary</b>             | <p>See the attached financial overview that provides an overview of the existing and planned country strategy papers and indicative programmes, while the attached division of labour document specifies in which areas partners are active.</p>  |
| <b>7. Scope for enhanced collaboration</b> | <p>Closer collaboration will be sought through the structured EU political dialogue with the Zambian authorities. For key sectors (e.g. Governance) and where considered feasible and useful, the EU will use joint declarations with the Government of Zambia and interested Cooperating Partners as a tool for political dialogue, as is currently being done in the energy sector.</p> <p>The expected IMF programme will offer another opportunity for collective dialogue on economic and financial matters with the authorities.</p> <p>The analysis of this Framework Document will feed into the discussions with the authorities in the context of the 7<sup>th</sup> National Development Plan (7NDP), currently under preparation, as well as in the preparation of the Joint Assistance Strategy Paper for Zambia III (JASZ III) that will be elaborated with all Cooperating Partners in response to the 7NDP.</p> <p>Collaboration shall also be intensified at political level in the context of global public goods, such as climate diplomacy for COP21 and COP22.</p> |

<sup>i</sup> Document no° 8831/16 of 12/5/2016

<sup>ii</sup> World Bank Country Profile

<sup>iii</sup> Central Statistical Office of Zambia