

The World Bank Group

in Zambia

Accelerating and Sharing Growth through Improved Competitiveness



The World Bank Group in Zambia



The World Bank Group is actively supporting
Zambia's efforts to **accelerate
economic growth**
and better share its benefits
**through improved
competitiveness**



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Accelerating and Sharing Growth through Improved Competitiveness

The World Bank's Country Assistance Strategy for Zambia for the FY08 - FY11 period looks forward to a period of great potential and transition, as Zambia's economy moves from stagnation and dependence on aid toward steadier growth, greater prosperity, and readier access to domestic and foreign investment. The strategy is closely aligned with the Zambian Government's Vision 2030 and the Fifth National Development Plan (FNDP). The FNDP is organized around the theme of "broad-based wealth and job creation through citizenry participation and technological advancement." Specific development goals are to foster a competitive and outward-oriented economy in order to significantly reduce hunger and poverty and reach middle-income status.

The World Bank Group's strategy adheres to the principles agreed with the other Cooperating Partners supporting Zambia's development efforts as articulated in the Joint Assistance Strategy for Zambia (JASZ) and comprises highly selective and targeted interventions that maximize the impact of the government's development efforts.



Helping Zambia achieve its vision of becoming a prosperous middle income country by 2030

Zambia is a peaceful, democratic country with enormous economic potential, now grounded in its rich endowment of natural resources. With good economic management and several years of strong economic growth, Zambia has turned around its image as a country performing below its potential. In sharp contrast with the 1991-1998 period, the country has recorded positive GDP growth for the last nine consecutive years, led in particular by the mining, construction and services sectors.

However, the country needs to grow faster than its current rate of 6 percent per year in order to achieve the Millennium Development Goals and the national vision of becoming a middle income economy by the year 2030. In addition, the growth needs to be diversified, as continued dependence on copper creates risks and is unlikely to generate the jobs and income levels needed to achieve its goals.

Reaching and sustaining growth at between 8 and 10 percent will depend on Zambia's ability to become globally competitive and integrated with the regional global economy. At the moment, Zambia ranks 117th out of 128 countries included in the 2007 Global Competitiveness Index. Moreover, despite efforts to ensure macroeconomic stability and diversify the economy, rural areas have suffered from years of development neglect.

Underlying the slow pace of development is a chronic lack of investment in public infrastructure and services—both hard (roads, energy, information and communication technologies) and soft (skills, health, markets)—and the poor investment climate, resulting from the slow pace of implementing much needed structural reforms.

To respond to Zambia's evolving development needs, the Bank's Country Assistance Strategy (CAS) recommends a multisectoral program of assistance organized around four inter-related areas: (a) macroeconomic and expenditure management; (b) infrastructure development; (c) institutional capacity enhancement; and (d) social sector development. In particular, two areas get special emphasis.

First, because of the potential fiscal windfall coming from the boom in copper export prices, the CAS supports improved expenditure management and close collaboration and monitoring with the government and local stakeholders to ensure that those revenues are used wisely and effectively to benefit as many households as possible. Second, because of the significant gaps between urban and rural areas, and the need for increased access to regional markets, the CAS supports a program of investments in infrastructure that will increase economic opportunities for all Zambians through improved connectivity and integration with regional economies, resulting in increased competitiveness.

To operationalize the strategy, a wide menu of World Bank Group products will be used including IDA lending and non-lending activities; IFC support for private sector investment; MIGA political risk guarantees for foreign investment; IBRD partial risk guarantees; and access to trust funds managed by the World Bank such as the Global Environmental Facility (GEF), Carbon Financing Fund, Water and Sanitation Program, Public-Private Infrastructure Advisory Facility and Africa Catalytic Growth Fund.



Harmonizing Development Assistance

The World Bank is a signatory to the 2005 Paris Declaration on Aid Effectiveness, which promotes country ownership, harmonization, alignment, results and mutual accountability of development assistance and partners. The Declaration is a roadmap to improve the quality and effectiveness of development assistance. Zambia is an excellent example of a country in which the intentions of the Paris Declaration are being implemented.

At the country level, the World Bank is also a signatory to the Wider Harmonisation in Practice (WHIP) memorandum of understanding, which outlines principles of donor harmonization between the cooperating partners in Zambia.

As part of this process, the Cooperating Partners have prepared a Joint Assistance Strategy for Zambia (JASZ) to collectively respond to the national priorities highlighted in the Fifth National Development Plan and Vision 2030. Partners have agreed on a division of labor, based on their respective comparative advantages.

*“Sticks in a
bundle are
unbreakable”*

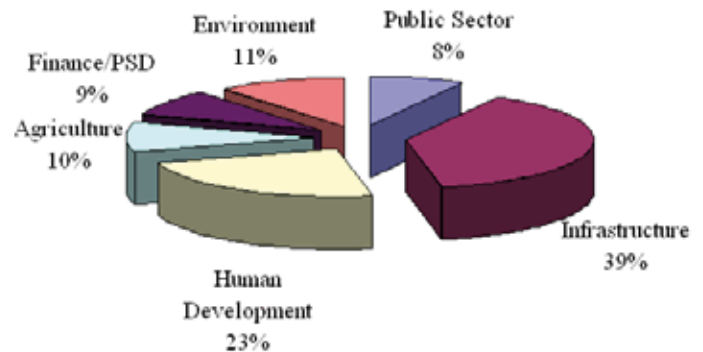
African
Proverb

Helping improve lives by providing financial resources

The World Bank has, since 1955, financed 250 projects through concessional IDA credits (no-interest loans) and grants, with a total value of US\$ 4.6 billion. As of June 30, 2008, there were 11 active projects in the Bank's portfolio with total net commitments of US\$372 million.

As summarized in the chart, infrastructure accounted for 39 percent, the social sectors for 23 percent, with the remaining portfolio comprising initiatives aimed at improving the investment climate, environment and supporting public administration reform.

IDA Commitment As of June, 30 2008



The World Bank has forgiven Zambian Debt ...

Zambia has benefited from debt cancellation under the Highly Indebted Poor Country (HIPC) initiative and the Multilateral Debt Relief Initiative (MDRI). MDRI is an extension and a deepening of HIPC. Zambia reached HIPC completion point in April 2005. Under MDRI, the World Bank provided Zambia with a total of US\$2.7 billion in debt relief, resulting in a saving of US\$233million in debt service obligations between 2000 and 2007. This cancellation of debt allows scarce Government resources to be used for critical development expenditures such as investments in health, education and rural infrastructure.

... and at the same time is providing financial support to the Zambian Budget

The World Bank is one of nine cooperating partners providing direct budget support to the Government of Zambia. Budget support contributes towards the funding of government's Poverty Reduction Strategy as reflected in the Fifth National Development Plan.

Since 2005, the Bank has provided two budget support credits worth US\$50 million. Under the first budget support credit, the World Bank supported government reforms in the following areas: preparation of the Financial Sector Development Plan (FSDP), the sale of the Zambia National Commercial Bank (ZNCB) and reform programs in the civil service pension system. Under the second budget support credit, the Bank is supporting the government in the areas of public sector reform, pension reform and macro economic management, particularly the creation of a credit reference bureau.

The Bank is also helping in the preparation of legislation on agricultural marketing, strengthening government capacity and reducing the cost of doing business.

Improving Integration and Connectivity by Investing in Roads

The World Bank has invested significantly in improving the road network in Zambia. During the past decade, total investments in the roads sector have amounted to US\$120 million, through Roadsip 1 (1997-2004) and Roadsip 2 (2004-13). This financing has resulted in the construction of the Lusaka-Kafue Bridge road, the Siavonga Road, the Chingola-Kasumbalesa road; the Luanshya-Kafulafuta road; and the once dreaded Lusaka-Chirundu mountain road.



In addition, the Bank has supported the upgrading of feeder roads in Luapula and in the North Western and Northern Provinces. Improved access to the economic centres of Chibombo, Mpongwe Sinazongwe, Zambezi and Kalabo would not have been possible without the Bank's investment in rehabilitating numerous community roads in these areas. These roads have significantly reduced commuting times and have made it possible for rural communities to access markets, thereby improving competitiveness and contributing to improved livelihoods. Under the Support to Economic Expansion and Diversification Project (SEED), the World Bank has also supported the rehabilitation of road infrastructure in Livingstone and the rehabilitation of road and bridge infrastructure in Kafue National Park in order to increase areas accessible to tourists visiting the Victoria Falls.

The World Bank has also supported the formulation and the enactment of the Public Road Act of 2002, which resulted in the establishment of the Road Development Agency, the National Road Fund Agency, and the Road Transport and Safety Agency, thereby laying a solid institutional foundation for the future development of the roads sector in Zambia.

Empowering Zambians through Investment in Energy



The World Bank's engagement in the energy sector in Zambia began with its investment in the Kariba dam, which remains the principal source of electricity in Zambia. Since that time, the Bank has been an important partner that has supported government's efforts to rehabilitate and upgrade Zambia's major hydropower facilities at Victoria Falls, Kafue Gorge, and the Kariba North Bank through the Power Rehabilitation Project (1999 - 2005). In addition, the World Bank has financed the rehabilitation and upgrading of the transmission network, supporting a 330 KV/132/33 KV substation in Lusaka West and the line from Kafue West, along with the rehabilitation of the distribution systems in Lusaka, Kitwe and Ndola.

Through IFC, the World Bank is now supporting government in addressing the power shortage by preparing the Kafue Gorge Lower Project. The Bank has recently approved a five-year, US\$75 million access expansion program aimed at providing electricity services to 65,000 new customers, including households, schools, clinics, and farm blocks, a project that will benefit 550,000 Zambians. The World Bank has also provided more than US\$400 million to support transmission and generation projects in the Southern Africa power pool, of which Zambia is a member.

Providing Safe Drinking Water and Sanitation

Since 1995, the World Bank has provided over US\$90 million to improve water and sanitation services in Zambia and has thus contributed to improving the health of Zambians and specifically the welfare of women and children by releasing them from the burden of fetching water from unsafe sources.

Under the Mine Township Services Project, the World Bank provided investment for the rehabilitation and extension of water and sanitation facilities in five mine townships of the Copperbelt, which resulted in increased water production capacity and environmental improvement. A total of 320,000 people benefited directly as access to water supply increased from 13 hours per day to 17 hours per day, with improvements in water quality as well.



Under the Urban Restructuring and Water Supply Project (URWSP), 1.2million Zambians benefited directly from investments in rehabilitation and extension of water and sanitation facilities in nine towns across the country. At least 71,000 people resident in previously not served peri-urban areas, also benefited directly from improved access to clean water. URWSP also supported water sector reforms, which resulted in the creation of commercial water utilities.

Under the Water Sector Performance Improvement Project, the Bank is presently supporting the Government by financing the Lusaka Water and Sewerage Company to improve service delivery to the 2 million residents of Lusaka and the 130,000 residents of urban Chongwe, Kafue and Luangwa Districts.



Helping Boost Agricultural Productivity

The World Bank has played an increasingly supportive role in boosting productivity in Zambia's agriculture sector. From 1992 to 1996 the Second Coffee Project contributed to achieving the objectives of expanding the agricultural base and diversifying foreign exchange earnings. The project supported the establishment of export-based coffee and cut flower industries and about 1,550 hectares of coffee and 20 hectares of cut flowers were developed as a result. The coffee farms were equipped with drip irrigation and wet-processing facilities for producing high-quality washed coffee, while cut flower producers adopted high-technology production systems, consisting of greenhouses and automated irrigation.



The Agriculture Sector Investment Program has contributed to refocusing the Ministry of Agriculture and Cooperatives' extension services away from the top-down and resource demanding Training & Visit system of public extension services to a participatory group-based approach. The project supported a number of specific research programs and provided resources for the creation of the Golden Valley Agricultural Research Trust (GART), which is currently one of the prominent agricultural research trusts in Zambia.

The Enterprise Development Project provided a line of credit and term loans to farmers at a time when commercial banks were providing only short-term loans and hence contributed to the development of commercial agriculture. Out of a line of credit of \$US35 million, about 10 percent went to support out grower operations; 22 percent to large scale commercial agriculture and 15 percent supported agro-processing.

Creating Jobs by Facilitating Private Sector Development



Over the last twelve years, the World Bank has provided \$113 million to help Government improve the business environment, thereby encouraging new business formation, growth and job creation. In the nineties, Bank projects focused on supporting Government's economic reform program, supporting businesses and revitalizing the mining sector. Government's efforts, coupled with the increased copper prices, transformed Zambia's copper industry: production of copper ore increased from 300,000 in 1999 to 523,000 in 2007 and jobs grew from 30,000 to 49,000 over that same period.

Over the next few years, the Bank undertook studies that helped Government to identify and dismantle constraints to business that deterred investment and growth. Drawing on this analysis, Government launched the Private Sector Development Reform Program (PSDRP) to make it easier to start and grow a business. With the support of a consortium of other cooperating partners, the PSDRP has achieved milestones such as shortening the time taken to register a business (seven to three days), developing a policy for public private partnerships and establishing a small claims court to resolve commercial disputes.

During this same period, Government sought to diversify the economy so that it became less dependent on copper, and the Bank supported this effort. The Support for Economic Expansion and Diversification Project (SEED) has provided \$28 million to improve the business environment for the tourism and gemstone sectors, including the small businesses that comprise them. Together with the

European Union, SEED has funded a computerized mining cadastre that will streamline the process of securing a mining license and provided a range of facilities to improve the productivity of small scale miners in Mapatizya and Ndola. In the tourism sector SEED is funding a “one stop shop” to license businesses in Livingstone, refurbishing roads, museums and historical buildings and providing training and improved market access for small lodge operators and curio sellers. In partnership with Norway, SEED is helping to improve the management of Kafue National Park so as to protect natural resources, encourage tourism and make the park self sustaining. SEED is rehabilitating 200km of roads and airstrips in Kafue National Park, increasing patrols for wildlife protection and supporting the development of a sustainable business plan.

To help private firms reduce costs, a Regional Trade Facilitation project financed by the Bank has successfully established a credible insurance mechanism against losses caused by political risks. This type of insurance was not available from the private market.



Improving the Environment for people and Development



Zambia faces a number of environmental challenges. These range from high deforestation, loss of biodiversity as well as air, to water and soil pollution in the urban and mining areas. The loss of ecosystem services linked to this degradation creates liability for investors as well as presents serious health, food security and energy risk to the citizens. It also erodes the foundation for tourism development. Furthermore global climate variability may act as a catalyst to further weaken the country's resilience to environmental degradation.

The World Bank has adopted strict environment safeguards applicable to all projects. Once Zambia adopted a National Environment Action Plan (NEAP), the World Bank assisted its implementation with an Environment Support Project (ESP). This project enabled Zambia to develop its initial instruments to monitor environment issues and help the country build its legislative framework and capacity for Environment safeguarding.

In 2004, the Copperbelt Environment Project was launched to help Zambia mitigate the environmental liabilities of soil and ground water pollution in the mining areas. Under the Mine Township Project for example, the Bank provided investment for the rehabilitation and extension of water and sanitation facilities in five mine townships on the Copperbelt. These have resulted in increased water production capacity and environment improvement.

The Bank is helping Zambia seek stronger compliance with environmental legislation, particularly in extractive industries. In addition, the World Bank and Norway have joined hands to support Government's efforts to rehabilitate Zambia's national park management systems and biodiversity through the IDA credit and grants from the Global Environment Facility (GEF),

In 2004, the Bank commenced engagement in the wildlife and tourism sector and this involvement is already showing positive results. Better infrastructure and the improvement in wildlife population in Kafue National Park has attracted new investors, augmenting the number of available beds from 104 to 286. This has led to a 37% increase in visitors and a 50% increase in revenues.

The Bank has also partnered with other cooperating partners to broaden its support to biodiversity conservation in several protected areas, such as Lavushi Manda in Northern Province and Nyika Trans-frontier with Malawi, in the Eastern Province.



Strengthening Public Service and Economic Management

The Bank, together with a consortium of Cooperating Partners, is providing assistance to Government to strengthen institutional capacity and improve Government effectiveness. Central to this effort is the ongoing Public Expenditure Management and Financial Accountability (PEMFA) Program, whose aim is to improve government capacity to effectively and efficiently mobilize and use public resources and strengthen financial accountability. The program has supported government's efforts to improve the credibility of budget management through the introduction of the improvements in the medium term expenditure framework (MTEF) and activity based budgeting (ABB) framework.



Financial reporting has also been enhanced through the improvements made to the financial management system (FMS). Implementation of an integrated financial management information system (IFMIS) is underway to further improve the timeliness, comprehensiveness and credibility of financial reporting. The program is supporting procurement reforms through the revision of the procurement law and development of staff capacity. The program is also supporting reforms in the Office of the Auditor General (OAG); especially notable is the support given for the decentralization of the office of the OAG to five provinces thus increasing audit coverage.

Linked to the PEMFA program, is the support that the Bank is providing for institutional reforms in the public service through the Public Service Management (PSM) program. The program is assisting Government enhance effective management of the people employed in the public service in order to improve their performance and that of the ministries and institutions for which they work.

Activities supported under the PSM program include the development of a comprehensive pay policy for the public service, specially targeting, managerial, professional and technical staff and development of service charters and service standards by sectors. Included in the PSM program is support to reforms that will directly result in improvements in service delivery.



Some of the projects that have been supported provide improved access to justice through the provision of mobile courts, improved outcomes for science and technology in rural schools through provision of mobile laboratories, and improved maternal and child health through training and provision of equipment and supplies to traditional birth attendants in rural areas. So far the World Bank has contributed US\$30 million to make this program possible.



Improving Health Outcomes



The Bank was the first Cooperating Partner to invest in HIV/AIDS by providing Zambia with a grant of US\$42million. This was done through the Zambia National Response to HIV and AIDS (ZANARA) project that supported community response to HIV and AIDS (CRAIDS) and funded 1080 community based initiatives. In addition, the project supported forty-one Ministries and government departments, which now have HIV workplace policies in place and are implementing successful workplace HIV programs. The project also supported capacity building in the National AIDS Council, which is now able to effectively executive, its mandate of program coordination, monitoring and evaluation.

As a result of this and other initiatives implemented by Government, a transparent mechanism for funding HIV/AIDS community response has been established, including strengthening of the HIV/AIDS taskforces at the district level. There are signs of positive behaviour change among the youth - the median age of first sex has increased among the 15-24 years age group by 2 years from 16.5 to 18.5. There has been a decline in HIV prevalence among pregnant women aged 15-19 years attending antenatal clinics from 13 percent in 2002 to 8.7 percent in 2007. While still very high, the national HIV prevalence rate has been reduced by about two percentage points from 16 percent in 2002 to 14.3 percent in 2007.

Malaria is the leading cause of morbidity and the second highest cause of mortality in Zambia, particularly for women and children. The disease accounts for 50,000 deaths a year and almost half of all out- and in patient hospital visits. The Bank is supporting the government in implementing the Zambia National Malaria Strategy 2006-2011 through the Zambia Malaria Booster project. Activities include the scale-up of the Indoor Residual Spraying (IRS) campaign, mass distribution of long lasting bed nets, strengthening of the community response to malaria and improved monitoring and evaluation of the malaria program.

These interventions, also supported by other cooperating partners, have resulted in increased utilization of bed nets by pregnant women from 7.8 percent in 2001 to 32.7 percent in 2007; improved coverage of sprayed houses to 87 percent of all eligible households and increased use of antimalarials during pregnancy from 35.8 percent in 2001 to 86.5 percent in 2007. These interventions have resulted in a remarkable reduction of malaria cases in Zambia. Analyses of Zambia's national-level HMIS data, which covers all hospitals and clinics, shows a decline of 29 percent in malaria cases for children under the age of five and a decline of 33 percent in malaria related under five deaths. The corresponding percentage declines for all age groups were 31 percent in malaria cases and 37 percent in malaria related deaths.

Through its contributions to the Social Development Fund, the Bank has financed the construction of 88 new rural health centres, providing 1,445 beds, benefiting 647,959 patients.



Providing Education and Developing Skills



The World Bank has invested US\$95million in the education sector in Zambia, as a result of which 2,924 new classrooms and 1,945 teacher's houses have been built and 2,992 classrooms and 1,366 teacher's houses rehabilitated. Sixty seven percent of this activity has taken place in rural areas. In addition World Bank funds have financed 6,044,135 copies of textbooks and teacher guides between 2000 and 2006. In addition, the Bank's contribution to the Social Investment Fund has resulted in the construction of 748 classrooms for 52,435 pupils and the provision of 28,550 desks benefiting 114,576

pupils.

Significant gains in enrolment have taken place, as a result, with the gross enrolment ratio reaching 119 percent by 2005 and significant progress in achieving gender parity in education. Substantial challenges remain, however, particularly in terms of quality of education and the Bank, working closely with other Co-operating Partners is, assisting the Government access additional support for the education sector through the Fast Track Initiative.



In addition to supporting Basic Education, the World Bank has supported improvements in technical and vocational training (TEVET) through a US\$25 million credit. The project focuses on developing a TEVET system that would improve the skills for both formal and informal sectors of the economy through creation of a high quality, sustainable, demand-driven, and equitable training system. Progress to date shows that 95% of employers perceived TEVET training to be relevant and of good quality.

The TEVET Qualification Framework was introduced with operational guidelines and standards for all areas of TEVET training. Most TEVET institutions (public and private) received TEVETA funds for training and upgrading training facilities. Selected institutions have received equipment and learning materials and their infrastructure has been improved through a construction and rehabilitation component. Substantial challenges remain, however, particularly in the sustainability of TEVETA training fund. The World Bank, together with other Co-operating Partners, is working closely with the Government to continue developing skills for the country's labor force.



Enhancing Regional Integration for Effective Results

As a landlocked country, Zambia's economic development potential is closely linked to the fate and development of its eight bordering countries and other countries in the region. Zambia, through its membership in the Common Market for Eastern and Southern Africa (COMESA) and Southern Africa Development Community (SADC), recognizes the importance of regional integration to the development of the country's economic infrastructure and to boosting intra-regional trade and global competitiveness.

Through the Regional Integration Assistance Strategy (RIAS), the World Bank has pledged US\$2 billion in IDA15 funds to support regional integration efforts in Sub-Saharan Africa. The strategy prioritizes three pillars of support and one cross-cutting theme, and these are; Regional Infrastructure (development of power, transport, and ICT infrastructure); Institutional Cooperation for Economic Integration (increase trade and private sector investment, facilitate intra-regional migration); Coordinated Interventions to Provide Regional Public Goods (improve regional environmental, health, and social conditions and development of shared natural resources). The cross-cutting theme is to strengthen regional strategic planning and its connections to national development plans.

The World Bank will seek to leverage these funds to benefit Zambia and its regional neighbors. Work will focus on the preparation of a regional technical advisory service to provide timely advice to Governments transactions with the private sector for infrastructure and natural resources projects; support to the COMESA Infrastructure Fund for developing a pipeline of bankable regional infrastructure projects; support to COMESA in the development of a regional agricultural marketing program and implementation. This support will also include a regional HIV/AIDS program for Southern Africa, the development of the Nacala Corridor linking Zambia to Malawi, Regional Communications Infrastructure Program to facilitate Zambia to link to the EASSY undersea cable and expand broadband. The Bank will continue to support the Southern Africa Power Pool, and the potential project to rehabilitate the transmission line connecting the Inga power plant in DRC to Zambia and Tanzania.

Providing Cutting Edge Analytical and Advisory Services

The World Bank provides a range of analytical and advisory services that are designed to provide Zambia with experiences from around the world in order to help it improve its policy environment and accelerate its development efforts. While the Bank's analytical studies provide the basis for diagnosing key development challenges and identifying customized solutions, the Bank's non-lending technical assistance program helps augment Government capacity and provides quick support to implement policy reforms. Studies and technical assistance activities are selected and prepared in collaboration with Government, development partners and other stakeholders and are widely discussed and disseminated once they are completed. This type of work is funded from the World Bank's administrative budget, often complemented by support from other development partners.

Some examples of analytical reports and advisory services include:

Poverty and Vulnerability Assessment: Using household income and expenditure data collected by the Central Statistical Office, the 2005 poverty and vulnerability assessment analyzed the poverty situation in Zambia across a number of dimensions, including material deprivation, vulnerability, destitution and social stigmatization. It discussed the causes of poverty in the country, the role of risk and the policy challenges that needed to be addressed in order for Zambia to make faster progress in reducing poverty.

Investment Climate Assessment: This is a periodic survey of several hundred companies that provides an indication of the competitiveness of Zambian firms and the operating environment. These surveys are done throughout the world, thereby providing regional and global benchmarks against which Zambia can measure itself. The first Zambian ICA was completed in 2004 and the 2007 ICA will illustrate how firm performance and the operating environment has changed over the past few years.

This information is useful to Government, businesses and development partners as it highlights the problems that are most costly to firms which, if fixed, would allow firms to become more productive and competitive.

Public Expenditure Reviews in the Health and Education Sectors: Following a request from Government, the Bank has assisted the Ministries of Health and Education in conducting a public expenditure review and service delivery study to gain a better understanding of the linkages between public sector resources and performance in these key social sectors. The studies explore the efficiency and equity with which Government resources are used and offer recommendation on how resource use efficiency can be improved.

Smallholder Agriculture Commercialisation (SACS) study shows that smallholder agriculture has demonstrated potential in Zambia as increased competition in world markets implies that the comparative advantage of Zambian agricultural exports will continue to rely on low production costs of smallholder production systems. However, the majority of smallholders will not be able to independently access increasingly sophisticated global value chains without the support of agribusinesses. The success of smallholder commercialization in Zambia is closely associated with the ability and willingness of private sector enterprises to continue investing in the sector and work directly with smallholders. Addressing constraints for smallholder commercialization will require thus interventions that benefit both smallholder and the large scale commercial agriculture sector, as well as agricultural/non-agricultural enterprises in rural areas.

Economic and Poverty Impact of Nature-Based Tourism study demonstrates that the economic impact of nature based tourism is substantially higher than was previously perceived. Specifically, nature based tourism generated an impact (including direct and indirect linkages) of \$2,300 per tourist, which, on an aggregated basis, represents 3.1% of GDP and 10% of formal sector employment. The findings from this study are helping Government determine a strategy through which tourism contributes more to economic growth and poverty reduction. The study was done in collaboration with local organisations and Cooperating partners.

Unleashing Private Initiative

The International Finance Corporation (IFC) is the World Bank's "Private sector arm", and has been scaling up its programs in Zambia in recent years. A key objective is to create an enabling business environment as a result of which there will be an increase in investment in the economy and especially in small and medium enterprises and in sectors other than mining.

In November 2006, IFC committed a US\$ 2 million equity investment in one of its first real estate investments in Africa, a regional property development company called Areco. Areco will invest in middle-income residential projects and related infrastructure, starting in Zambia and expanding into neighbouring countries.



Following a successful pilot with Konkola Copper Mines, IFC is now expanding the Copperbelt SME Suppliers Development Program. This program provides customized technical assistance to 150 SMEs that supply the mining companies. IFC is also providing investment support and technical assistance to a variety of other SMEs in partnership with the Development Bank of Zambia.

IFC, has recently ventured into the energy sector in Zambia and has been appointed Transaction Advisor for the 750MW Kafue Gorge Lower hydro project.

Facilitating Foreign Private Investment

The Multilateral Investment Guarantee Agency (MIGA) currently has no exposure in Zambia. Previously, however, it has insured a number of foreign investors in the country and the Agency remains ready to support eligible projects that contribute to Zambia's development.

MIGA received a request from the Ministry of Commerce, Trade and Industry to assist in merging five government agencies that deal with investment and export promotion, industrial and economic zones, privatization and the development of small and medium-size enterprises. Following an assessment in mid-2006, MIGA identified a number of donor programs that could address some of the issues for which the Government had requested assistance.

MIGA's online investment promotion services (www.fdi.net and www.pri-center.com) are unique web portals that offer free country analyses and information relating to foreign direct investment and political risk management and insurance on 175 countries. These initiatives contribute to MIGA's mandate of promoting foreign investment in developing countries as a way to enhance growth and development. At present, these services feature 156 documents on investment opportunities and the related business, legal and regulatory environment in Zambia.

Operation	Period	Committed (US\$ million)	Disbursed (US\$ million)	Sector
CLOSED				
116 Closed operations from 1953-2007	1953-2006	32,505	30,971	
ACTIVE				
Regional Trade Facilitation Project (Cr. 3493)	2001-2011	14	7	Finance
Technical Education Vocational & Entrepreneurship Training (Cr.3521)	2001-2008	25	23.6	Education
ZANARA HIV/AIDS (Grant H0170)	2002-2008	42	50.1	Health
Copperbelt Environment (Cr.3741)	2003-2008	19	6.3	Energy-Mining
Copperbelt Environment (Grant H0260)	2003-2008	21	0	Energy-Mining
Road Rehabilitation Maintenance Project Cr. 3866)	2004-2008	75	42.3	Transport
Support for Economic Expansion and Diversification (Cr.3966)	2004-2009	28.2	14.8	Mining-Industry
Malaria Health Booster (Cr.4126)	2005-2010	20	16.2	Health
Water Sector Performance (Cr.4233)	2006-2010	23	3.6	Water-Sanitation
Public Service Management Program Support (Cr.4140)	2006-2010	30	16.9	Public Administration
Agriculture Development Support Program (Grant H2200)	2006-2012	37	5.9	Agriculture
Increased Access to Electricity Service Project (Cr. 44460)	2008-2014	37.5	-	Energy
Economic Management and Growth Credit	2008-2008	10	-	PREM
TOTAL		381,7	186,7	

IDA and IBRD Operations (Credits, Grants and Guarantees), 1953- 2007

Global Environment Facility (GEF) Operations

Operation	Period	Committed (US\$ million)	Disbursed (US\$ million)	Sector
Securing the environment for Economic Development (SEED)		4.2	2	Biodiversity
Promotion of Renewable Energy to Increase Access to Electricity		4.7	2	Energy
Sustainable Land Management in the Zambian Miombo Ecosystem		0.7	0.5	Rural
TOTAL		9.6	4.5	
Regional				
Climate, Water and Agriculture: Impacts on and Adaptation of Agro-Ecological Systems in Africa		0.7	0.7	Rural
TOTAL		0.7	0.7	

MIGA Operations. 1994-2007

Operation	Approval Date	Initial Exposure Amount (US\$ million)	Sector
CLOSED			
Scaw Ltd	1999	1.8	Manufacturing
Chambishi Metals Plc.	2000	30.0	Manufacturing
Marunouchi Motors Ltd	2001	2.4	Services
Agriflora Ltd	2003	3.6	Agribusiness
TOTAL		37.8	

IFC Operations. 1972-2007

Operation	Approval Date	Committed (US\$ million)	Disbursed (US\$ million)	Sector
CLOSED				
Bata Shoe ZA	1972/1973	1.14	0.92	Textiles. Apparel & Leather
Century Pack	1975	0.88	0.88	Plastics & Rubber
DBZ	1976	0.54	0.00	Finance & Insurance
ZCCM	1980/1982	50.14	50.14	11.09
Kafue Textile	1980/1984/1989	11.09		Textiles. Apparel & Leather
Ethanol Zambia	1982	4.16	3.55	Chemicals
ZHP	1983/1988/1989	7.50	7.50	Accommodation & Tourism Services
Mpongwe	1984	1.96	1.58	Agriculture & Forestry
Gwembe	1987	4.50	3.70	Agriculture & Forestry
Masstock	1988	8.69	6.50	Agriculture & Forestry
AEF Big Five Car	1994	0.58	0.58	Finance & Insurance
AEF Kaila Lodge	1995	0.19	0.19	Accommodation & Tourism Services
AEF Ubizane	1996	1.14	1.14	Agriculture & Forestry
AEF JY Estates	1997	0.89	0.89	Agriculture & Forestry
AEF Pentire	1997	0.67	0.67	Accommodation & Tourism Services
Finance Bank	1997	5.00	5.00	Finance & Insurance
IMDHZ	1997	0.50	0.00	Finance & Insurance
AEF Amaka Cotton	1998	1.30	1.30	Agriculture & Forestry
NICOZAM	1998	0.30	0.00	Finance & Insurance
AEF Esquire	1999	0.46	0.46	Agriculture & Forestry
AEF Mpelembe	1999	0.20	0.20	Oil. Gas & Mining
APC Ltd	2000	2.50	2.50	Agriculture & Forestry
KCM	2000	30.44	0.00	Oil. Gas & Mining
Marasa Holdings	2000	4.60	4.60	Accommodation & Tourism Services
ACTIVE				
AEF Drilltech	1998	0.15	0.15	Oil. Gas & Mining
Zamcell	1999	9.09	9.09	Telecoms
AEF Chingola Htl	2001	0.96	0.96	Accommodation & Tourism Services
AEF Michelangelo	2001	0.20	0.20	Accommodation & Tourism Services
Stanbic Bank	2006	11.00	11.00	Finance & Insurance
AEF Protea Hotel	2007	1.80	0.90	Accommodation & Tourism Services
TOTAL		162.56	125.68	

World Bank Group

Mission: *To fight poverty with passion and professionalism for lasting results*



The **International Bank for Reconstruction and Development** (IBRD) provides loans and development assistance to middle income countries, and creditworthy low income countries. IBRD gets most of its funds by selling bonds in international capital markets.



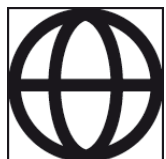
The **International Development Agency** (IDA) supports the poorest countries with interest-free loans and grants. Zambia is an IDA country. IDA depends on contributions from its wealthier member countries for most of its financial resources.



The **International Finance Corporation** (IFC) promotes economic development in the developing world by financing private sector investments and providing technical support and advice to governments and businesses.



The **Multilateral Investment Guarantee Agency** (MIGA) encourages foreign investment in developing countries by providing guarantees to foreign investors against loss caused by non-commercial risks. It also provides technical support to help developing countries promote investment opportunities and uses its legal services to reduce possible barriers to investment



The **International Centre for the Settlement of Investment Disputes** (ICSID) provides facilities for settling investment disputes between foreign investors and their host country.

“World Bank” refers to IDA and IBRD, while **“World Bank Group”** includes all five institutions.

THE WORLD BANK GROUP

The World Bank Group mission is to fight poverty with passion and professionalism for lasting results.

It aims to help people to help themselves, and their environment by providing resources, sharing knowledge, building capacity and forging partnerships in the public and the private sectors.





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