

Speech H.E. Ambassador Mr Gilles Hervio, Head of Delegation of the European Union to Zambia and Representative to COMESA, at the Consultation event with Civil Society and Private Sector, Thursday 27th September 2012, Taj Pamodzi Hotel

Ambassadors

Representatives from the diplomatic corp and development agencies

Member of the government of Zambia

Representatives from the private sectors and from the civil society

Ladies and gentlemen,

It is my pleasure to host together with the honourable Secretary to the Treasury, Mr. Fredson Yamba this consultation meeting on the future of the EU cooperation with Zambia. I wish all of you a warm welcome.

Many of you may know that co-operation between the European Union and the Republic of Zambia has a long history which began in 1975, with the signing of the Lomé I Convention. This and subsequent Lomé Conventions provided a framework of cooperation between Europe and developing ACP countries (from Africa, Caribbean and Pacific). It had two main aspects. It provided preferential access for most ACP agricultural and mineral products to the EC market. Secondly, the EC made funds available for aid and investment in the ACP countries.

In 2000, the Lomé Convention was succeeded by the Cotonou Agreement. This agreement signed for 20 years is actually the framework for the relations between the 27 EU Member States and the 79 countries of the ACP region.

This Partnership Agreement does not only address the question of development assistance. It has a political dimension which paves the way for diplomatic relations, political dialogue and the promotion of democracy, equity and justice. The trade chapter was revisited, moving away from preferential access based on a quota system towards a WTO compatible Economic Partnership Agreement.

I mention this because - although we are here to talk about development co-operation - financial and technical cooperation is only one part of the story of the EU's relationship with Zambia.

These wider dimensions will become more and more important for a country like Zambia. In fact, we believe that Zambia's capacity to attract private European investment will become at least as important as the work we do on development co-operation – and certainly more as Zambia moves toward becoming a middle income country.

Ladies and gentlemen,

This meeting comes only a few days after Zambia secured a 750 million dollar Eurobond. Even by itself, this shows how donor and investor confidence in Zambia has grown in recent times. This is very good news for Zambia, and I want to commend the government, the Minister of Finance and yourself Secretary to the Treasury for this achievement.

This is good but at the same time may raise questions in Europe, where some European Countries have to borrow money at higher interest rates than Zambia. So it is vital that when we provide an account to our political leaders and our taxpayers, we are able to demonstrate how we have been contributing to the long-term impact of development assistance to Zambia and how we intend to ensure maximum impact from future resources.

Over the years we have worked together across many areas of development, including roads, health, governance, education, agriculture and many more. Let me give you an example of a recent project.

Since 2009, an EU funded project contributes to greater food security in Zambia as a result of increased food production and more sustainable use of environmental resources. So far 60 000 farmers have benefited from support and yield for farmers increased by an average 45 %. With the profit from production surplus, farmers can cover other needs such as education, health, services and reinvestment in their farming business.

Of course, we do not do this alone. All EDF money is co-managed between the government and the EU. Every project, every contract, every payment are done together. But over the course of almost 40 years we have worked closely together not only with government, but also with EU Member States and other international development partners, civil society and private sector. Many of these organisations are represented in this room today.

And indeed we believe there are persuasive reasons to maintain our support to Zambia. We all know that there remains certain fragility in Zambia's growth prospects because of its over-reliance on the price of copper. We also know that one of the government's key challenges is not only to maintain growth. It is also to ensure that all Zambian citizens have an opportunity to participate in, and enjoy the benefits of that growth.

Despite a decade of commendable improvements in basic services in Zambia, the country unfortunately still ranks 150 out of 169 countries on the Human Development Index. Millennium Development Goals related to child health, maternal health, and environment are not on track. This reflects the fact that poverty remains high in Zambia and that the government faces difficult decisions and significant challenges. These are well-described in the SNDP but also in the PF Manifesto.

This brings me to some of the big questions for today. We know that as growth continues, aid will become a smaller part of government spending. So we, and these questions are not only for EU but for all partners of Zambia, must ask ourselves:

- Is it still necessary and useful to provide development aid to Zambia?
- If yes, for doing what?
- In which area this support will be the most useful?
 - Some believe it will be in improving service delivery or even direct support to the populations?
 - Other in supporting the financement of big infrastructure?
 - or to support the government in more difficult issues that are not yet at the top of the government agenda, such as regional integration or climate change?

We hope to have your views on this.

In answering these questions we have to remember that Development Aid is not only financement and is not easy money. If grants or concessional loans have a lower financial price than the Eurobond, we all know that there are hidden costs in terms of time and conditionality. International development partners will always have to justify their support and maintain their requirements. They will never be able to finance any project without a deep analysis of the impact of its financing. They are also bringing international experience and technical assistance.

Taking into account these factors other questions can be raised.

- In which sector can external partners add value thanks to these additional constraints or their capacity to bring new ideas and experience?
- In which sectors should they get out of the way because the conditions attached to their support are effectively counter productive?
- In what circumstances – and in which sectors - is it better for Zambia to rather have access to private development finance with fewer constraints?

Later today, we would like to have your views on how you see more specifically the role of EU cooperation. We will give a presentation to give you some information on what has been done in the past, and our ideas concerning how the EU could add value to future co-operation in a more targeted way.

We are here today to receive your opinion on how the EU can become a more useful development partner with Zambia. We – together with our colleagues in Government - are here to receive your advice, ideas and comments on how to improve the efficiency of our aid.

As a supporter of the SNDP and to use the word of the President of the Republic of Zambia Michael Chilufya Sata words at the opening of the National Assembly last week, we are ready to be part of the team which intends to support sustainable growth in Zambia in a transparent and inclusive way.