Chapter 8

Strategic Action Initiatives for Economic Development: Trade and Investment Promotion in Zambia

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This chapter outlines the technical assistance of the Japan International Cooperation Agency (JICA), which has been supporting economic development in Zambia through the creation of an enabling environment for promoting trade and investment. This technical assistance, called the Strategic Action Initiative for Economic Development (SAIED) Programme, or alternatively, the Triangle of Hope (TOH) concept, pays special attention to how best successful development experiences in East Asia (in this case, Malaysia) can be utilised in the present development challenges faced in Africa (in this case, Zambia) under the South-South Cooperation Framework. The chapter also endeavours to show a concrete example of how Dato' J. Jegathesan, as a Malaysian expert with close to 30 years' hands-on experience in helping in the development of Malaysia, is collaborating with Zambian officials and the private sector in an attempt to help create an ideal investment environment, both administrative and physical, for private sector investment, and, subsequently, to realise country-led trade and investment promotion initiatives through intensive face-to-face dialogues.

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1. Background

For years, many developed nations have been pouring development funds into Africa through outright grants and low-interest loans. Despite the billions of dollars being poured into Africa, however, the continent has yet to achieve any significant economic success, unlike the series of economic miracles among Asian nations. Many African nations that were "richer" than their Asian counterparts in terms of per capita income when they became independent in the 1950s and 1960s—almost at the same time as some Asian nations did—are now much poorer. Many have even gone backwards in virtually every aspect of national development.

Since the first Tokyo International Conference on African Development (TICAD I) in 1993, the Japanese government has been leading international discussions on African development by advocating the importance of ownership of Africa and partnership with the international community. As the former Prime Minister, Junichiro Koizumi, announced at the G8 Summit in 2005, Japan's key ODA strategies for Africa under TICAD include "comprehensive support to promote trade and investment" and "strengthening of Asia-Africa cooperation to share Asia's experiences".[1] It is emphasised that Asia's post-war experiences in economic development can be valuable assets for Japan's assistance to African development. For this reason, the Japanese government has adopted an approach to development assistance to Africa to take into account the factors that made development possible in Asia. The Asian success model that created the region's dynamic growth was, and is, seen as a programme where the private sector becomes the engine of growth. This model holds that governments must not engage in business, but should create an economic environment that encourages private sector dynamism.

JICA looked at Malaysia's experience of moving from Least Developed Coun-

1. "Japan's Policy for African Development—Prime Minister Koizumi's Message to Africa in the context of the G8 Summit"(6th July, 2005). Retrieved from http://www.mofa.go.jp/region /africa/policy.pdf

try (LDC) status to becoming an economic success story and decided to utilise Malaysians' technical expertise and experiences to support economic development in Africa. The organisation approached Dato' J. Jegathesan, the former Deputy Director General of the Malaysian Industrial Development Authority (MIDA), to assist in these efforts. MIDA has been widely acknowledged as having played a central role in the creation of the Malaysian economic miracle.

From the end of November 2004 to early December of that year, the JICA Malaysia Office and the government of Malaysia (specifically, the Economic Planning Unit of the Prime Minister's Office) sent a joint mission to several countries in Africa (Kenya, Zambia, Zimbabwe and South Africa) to study possibilities of new cooperation activities in Africa under the framework of South-South Cooperation.[2] Prior to this joint mission, the JICA Malaysia Office and Dato' J. Jegathesan, as the JICA consultant, held a series of discussions on criteria for selecting countries to create successful models of economic development in Africa. Geo-political characteristics were particularly taken into account, and it was proposed to establish: 1) a model for landlocked countries, 2) a model for nations with a coast and a relatively large population, and 3) a model for island nations.

During the mission to Zambia, the concept of the project was presented to the Minister for Finance and National Planning, Ng'andu Magande. Subsequently, it was welcomed by the President of the Republic of Zambia, Levy Patrick Mwanawasa. During the visit of the President of Zambia to Japan in January 2005, the President formally requested technical assistance for trade and investment promotion from JICA. Consequently, JICA dispatched a mission in March 2005 and agreed to assist the government of Zambia in implementing a

2. The United Nations Development Programme (UNDP), which is actively promoting South-South Cooperation, defines the term as "a means of promoting effective development by learning and sharing best practices and technology among developing countries". JICA's task force on South-South Cooperation has used the UNDP definition as a base from which to construct its own definition: "Mutual cooperation aimed at fostering self-sustaining development, involving deepening relations among developing countries while conducting technical and economic cooperation" (see http://www.jica.go.jp/english/about/policy/south/policy.html).

series of events for business, trade, and investment promotion. During these events, the concept of the Triangle of Hope (or TOH, which will be discussed in Section 3) was presented to various stakeholders in Zambia, including the President. Implementation of the concept in the form of technical assistance through the Strategic Action Initiative for Economic Development (SAIED) Programme received the President's approval.

Because Zambia is landlocked, the nearest port is over 2,000 km away from the Zambian provinces of Lusaka and Copperbelt. The country's economy depends heavily on mining and agriculture, so it is vulnerable to changes in the international market and natural disasters such as draught. While the recent improvement in GDP growth rate (at an average of 4.8 percent between 2000 and 2006)[3] is providing a positive macro-economic picture, other factors/indicators such as high inflation rates (at an average of 19.5 percent between 2000 and 2006)[4] and high interest rates (at an average of 38.3 percent between 2000 and 2005)[5] are constraints to the diversification of economic activities, including the development of value-added industries. JICA's assistance with the technical expertise of Dato' J. Jegathesan, with his experience in Malaysian economic development, aims at creating a conducive environment to promote and diversify investment and industries.

2. Malaysia's experiences in industrialisation

Malaysia successfully industrialised its economy in the 1970s and 1980s, going from producing mainly raw materials (e.g., rubber, palm oil, and tin) to concentrating on manufacturing activities; further transformation is ongoing under the challenges of globalisation. The diversity of its population has been a central issue in Malaysia's development; the nation's population consists of

3. Calculated by the authors using data from IMF World Economic Outlook Database, October 2007.
4. Ibid.
5. Calculated from the figures available from the Bank of Zambia (http://www.boz.zm/snapshot.htm).

Malays and indigenous minority tribes (*Bumiputra*) (about 50 percent), Chinese (about 40 percent), and Indians (about 10 percent).

During the British colonial administration, the Indians and Chinese were brought into Malaysia from the late eighteenth century to the nineteenth century from southern India and southern China as rubber plantation workers and tin mine workers. After acquiring its independence in 1957, Malaysia experienced a racial riot in May 1969. Several negative socio-economic factors led to the riot. Critical among these factors were:

- High unemployment rates
- Identification of economic activities with race
- Imbalance of wealth distribution among the major races (richer Chinese, middle-class Indians, and poor Malays, despite Malays being the majority population)

Thus, the reduction and eradication of poverty among all Malaysians and balanced economic wealth creation became the major strategies of the government of Malaysia. Creating and strengthening national unity became an overarching goal of the government.

In order to improve the well-being of its people irrespective of race, the government of Malaysia introduced new policy frameworks and strategies in 1970. These consisted of the New Economic Policy 1970-1990, the National Development Policy 1991-2000, and Vision 2020. The economic policies were also translated into more detail as the Outline Perspective Plans and the 5-year cycles of the Malaysia Plan, while specific sectoral plans, such as industrial master plans and national agricultural policies, have also been formulated and periodically revised.

Prior to the introduction of the New Economic Policy, the government's economic policies had been focused on accelerating the growth of the economy through investment in infrastructure and agriculture, without much attention to the equitable creation of jobs and distribution of wealth among all races.

Such purely "growth-oriented" policies risked further dividing Malaysians by race, or between the "haves" of one race and the "have nots" of another. Thus, it was of paramount importance that the government take a strong and active role in economic and business activities while working very closely with the private sector to create job opportunities and wealth for all Malaysians.

To make such a role possible, an institutional framework was firmly established within the government machinery with strong leadership of politicians, headed by the Prime Minister, and public service with the central government planning body, especially the Economic Planning Unit (EPU) of the Prime Minister's Office. The EPU was created in 1961, and in the same year, the National Development Planning Committee (NDPC) was established, headed by the Chief Secretary to the government with heads of ministries as its members, to oversee the formulation and review of all plans prepared by the ministers. The EPU acts as the secretariat. The National Planning Council (NPC) was also established as the highest decision-making body on various public policies. NPC membership is composed of the ministers for key ministries, such as the Ministry of Finance and the Ministry of International Trade and Industries. Such economic policy planning has been carried out in close partnership with the private sector.

The government of Malaysia also adopted the Malaysia Incorporated concept as the core policy in 1983 to provide a framework for mutual cooperation between the public and private sectors. With the growing private sector becoming an integral part of Malaysia's economic success, the government launched the Malaysian Business Council with the Prime Minister as its chairman and its members drawn from the government and the private sector. The council formed several committees to deal with specific issues such as infrastructure, monetary and financial issues, human resources development and, most importantly, trade and investment.

The government learned from its hard experiences in the changing global economic environment. It implemented various policies, undertook development projects, and established a comprehensive institutional framework, thus creating a conducive environment for massive inflows of foreign direct investment (FDI) and mobilisation of domestic savings to boost its economy. By 1980, the government had managed to transform the country from a raw material producer to the world's largest producer of electronic semi-conductors and the third-largest exporter of room air conditioners, with the creation of over 150,000 jobs within these sectors alone. Malaysia experienced rapid economic growth from 1970 to 2000 at an average of 6.6 percent. The real GDP more than tripled from RM (Malaysian ringgit) 21.4 billion in 1970 to RM 79.1 billion (in 1978 prices) in 1990,[6] and almost tripled again, reaching RM 209.3 billion (in 1987 prices) in 2000.[7] The incidence of poverty declined from 49.3 percent in 1970 to 7.5 percent in 1999.

3. The essence of the SAIED Programme and the concept of TOH

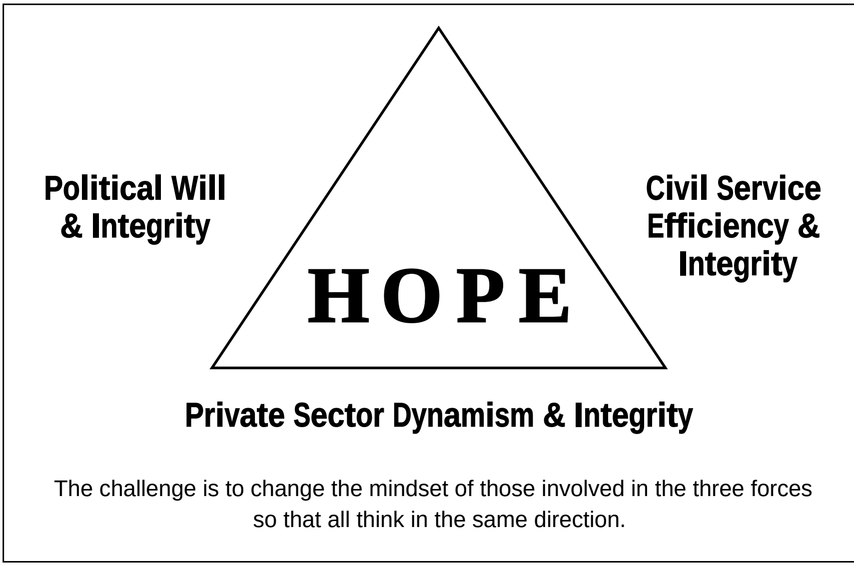
The SAIED Programme being implemented in Zambia is built on Malaysia's experiences in industrialisation in the 1970s and 1980s, as explained above. The essence of this programme can be represented by the Triangle of Hope (Figure 8-1) and a Quadrant Strategy (Figure 8-2). The TOH concept was originally a small part of the programme, but the name TOH caught on and has become the commonly used name for the SAIED Programme.

Triangle of Hope (TOH)

The TOH is a concept designed to open the eyes of the leadership of developing nations to the three forces that must work together for the economic success of any nation. This concept stresses that the poor of any nation (be it the US, UK, Germany, Japan, Malaysia or Zambia) literally pray to God that these three forces work together, and only if this happens can one expect jobs and wealth to be created. These three forces are 1) political will and integrity, 2)

6. Government of Malaysia, Third Outline Perspective Plan, 1991-2000.
7. Government of Malaysia, Eighth Malaysia Plan, 2001-2005.

Figure 8-1: Conceptual Framework of Triangle of Hope



civil service efficiency and integrity, and 3) private sector dynamism and integrity. In Malaysia, all three forces shared the same vision and strategies, and together implemented various development plans.

The first force, political will and integrity, refers to the need for government leaders/cabinet members/politicians/parliamentarians to be selflessly dedicated to national development and be incorruptible. They should have the same vision for the future of their nation and see themselves as “gifted by God” to serve their nation and its people selflessly. The second force, civil service efficiency and integrity, refers to the need for civil servants to understand that they are servants of the people, and not civil masters. They should be dedicated, incorruptible, and totally apolitical, serving the government without fear or favour. The third force, private sector dynamism and integrity, refers to the need for a corporate/private sector that is dynamic and aware of the problems of the nation. Instead of waiting for handouts from the government, people in the private sector must be prepared to work with the government to achieve national prosperity. They must realise that only if the ordinary people are happy and prosperous can they, too, succeed.

As can be seen in Figure 8-1, integrity (good governance within the government and private sectors) is a common element. If even one of these three forces does not work to its full potential, the nation will not succeed. Of course, in any nation, however badly governed and however much in discord, there will be a trickle of investments by companies hoping to reap the profits of high-risk activities, such as mining and supplying to armed groups.

For such a trickle of investments to come in, no great macro and micro economic efforts may be necessary. To convert that trickle into a wave, creating thousands of jobs and ensuring that wealth reaches the unemployed and the less advantaged, requires concerted strategies and for that, the TOH must manifest its full potential. To do this requires changing the mindset of all levels of leadership, to move from "business as usual" to an awareness of the need for dynamic change and a strong commitment to growth and development.

Quadrant Strategy

Once the TOH concept is understood, the Quadrant Strategy becomes the vehicle to move from concepts and principles to creating jobs and wealth.

The term "quadrant" is used because four steps must be taken. The first step in this process is to create an attractive environment for general and specific sectors. Second, identify projects/industries that have comparative and competitive advantages. Third, promote the national image to attract investment. Finally, implement the approved projects as speedily as possible to provide jobs and wealth within the country.

The investment environment created by Malaysia during its rapid economic development can (in hindsight) be described by the following formula:

E + C4 + O = P

Where **P** = profits for companies and prosperity for the nation; **E** = an environment in which every investor will observe the "10 Commandments" for an investment decision:

1) Political stability
2) Economic strength/fundamentals
3) Attitude of welcome—from highest minister to most junior civil servant
4) Government policies
    a. Equity
    b. Employment of expatriates
    c. Exchange control
    d. Rule of law (ownership of assets, etc)
5) Infrastructure—land, electricity, water, etc.
6) Labour (trainability, education, work ethics, harmony, productivity)
7) Banking and finance
8) Government bureaucracy—friend/ally or hostile obstacles
9) Local business environment
10) Quality of life,

C4 = cost of doing business; convenience provided at all stages; capability of infrastructure and government; and concessions (incentives, etc.), and **O** = opportunities.

More specifically, Figure 8-2 below illustrates the Quadrant Strategy. The details regarding each of the four quadrants follow.

■ Investment Environment

The creation of an investment environment conducive to rapid economic development will motivate the movement of foreign and domestic investments into the productive sectors. This will be at two levels:

(i) The administrative environment, requiring the reduction of red tape and the establishment and improvement of transparency, rule of law, speed of approvals, etc.
(ii) The physical environment, involving for instance industrial parks

Figure 8-2: The Quadrant Strategy

that offer infrastructure for problem-free economic and business activities.

■ Priority Industries/Sectors

The identification of priority economic/business sectors that offer the best competitive advantage to the nation is critical. Many developing nations seek to copy the success of other nations and want to jump onto a business bandwagon that has succeeded elsewhere. This mistake has caused many developing nations to waste scarce and valuable resources with little success. The need to investigate what will work for the specific country is critical.

■ Investment Promotion

The implementation of well planned strategies for investment promotion is important to maximise success and minimise expenses. The moment it is known that a country is interested in FDI, advice will flood into the country from the media industry and public relations consultants to convince the country to launch massive public relations programmes in developed nations, and to take out expensive advertisements in magazines and newspapers.

Developing nations with no experience reaching out to foreign investors are forced to use valuable and scarce resources on these programmes, which more often than not bring very few tangible benefits. The key to investment promotion is to understand that it is not an activity (i.e., it is not effective for a president or minister to lead a delegation of local businessmen—mostly hangers on—to an FDI exporting nation). Rather, investment promotion is a process which starts with the first two quadrants (Investment Environment and Priority Industries/Sectors) of the Quadrant Strategy so that the nation has something positive to sell.

■ Implementation

A great challenge is to ensure that approved projects are speedily implemented so that they offer jobs and create wealth for the nation. Ministers in developing countries often proudly announce, “We approved 300 projects last year!” When the same ministers are asked how many projects have been implemented, they cannot produce any details. This is a major problem in many developing nations, including those in Africa. Very few seem to be interested in the “hard work” involved in ensuring speedy implementation of every project approved.

The central government may say they have speedily approved all projects that are within their responsibility. However, that is not enough: as far as the investor is concerned, the government is one monolithic structure. Whether the bureaucratic delay is at the central, state, municipal, city or departmental level, it is still seen as government delay. As long as the project is unable to take off, government inertia drains the private sector and deprives the nation of employment and wealth creation benefits.

Lessons for Africa based on Malaysia’s experiences

It is a common view of policy-makers in Africa and advisers from donors that comparative advantage is an important and essential factor for a country’s economic development. However, comparative advantage is not the key. It is competitive advantage that is the most essential element for development. In simple terms, comparative advantage depends on factors like a country's natural resources and location, so the country has no choice in the matter, while competitive advantage must be fostered by man to make full use of comparative advantage.

For competitive advantage to develop, there is a need for maximum cooperation, efficiency and incorruptibility among the forces that initially make up a TOH. Malaysia successfully created competitive advantage with strong leadership under the principles of the TOH concept, and also created a conductive environment for rapid flow of FDI into the country through the implementation of the Quadrant Strategy. FDI flow was facilitated by the Investment Promotion Agency as the key implementing agency, while all government departments and the private sector worked together to realise the growth of the economy and equitable distribution of wealth to achieve the common goal of the nation.

The economic growth of any nation can be translated into the three waves of economic development. The process of economic development in Malaysia was no different. The first wave is agricultural and commodity development. This wave is rather slow, but continuous development should be on-going, with improvement of productivity and cost efficiency of the factors of production. The second wave is industrial development based on competitive advantage against other countries, which can only be created when the principles of the TOH concept are fully realised. The third wave is a service/knowledge-based drive, where human resources with knowledge create huge amounts of economic growth. These three waves were carefully analysed within the context of the JICA programme in Zambia and will equally apply to any country in Africa. Taking this process into account enabled the SAIED Programme to be effectively designed and implemented.

4. Implementation of the SAIED Programme and TOH in Zambia

Zambian economy

Zambia is a typical landlocked country with a population of 11.8 million (2006 estimates). The country is sparsely populated by more than 70 ethnic groups. Eight countries border Zambia, namely, Angola, Botswana, Malawi, Mozambique, Namibia, Tanzania, Democratic Republic of Congo and Zimbabwe. Zambia's shortest route to the sea is via Zimbabwe to Beira in Mozambique.

In the late 1960s, Zambia was the world’s third largest copper miner, after the US and the former Soviet Union. It was said at the time of independence in 1964 that the country could be the richest nation in Africa, thanks to its abundant copper reserves. However, world copper prices collapsed in 1975 with devastating effects on the country’s economy, and the government lost control of the economy due to financial mismanagement. Thus, various policy reviews urged the government of Zambia to diversify its economic structures, including tourism and agriculture, and tighten its fiscal policy and government expenditures. However, the mining sector still remains a major hub of economic activity, which accounted for 12.0 percent of total GDP with US$3,084 million worth of export in 2006, while agriculture accounted for 22.6 percent of total GDP (US$10.1 billion) in that year. Only 3.2 percent of GDP comes from the manufacturing sector. The annual GDP growth rate was 5.8 percent in 2006.

With successful implementation of a fiscal policy and the recent booming increase in the world copper price, inflation in Zambia fell to single digits in 2006 (8.2 percent at the end of the year) for the first time in 30 years. Under the attempt to diversify its economic activities, the country has also seen commercial agriculture in maize, tobacco, cotton and coffee as potential areas for viable economic growth. However, the majority of ordinary Zambians still experience chronic livelihood insecurity compounded by frequent droughts.

During the implementation of the Fourth National Development Plan (1989-1993),[8] the government abandoned its intervention in the economy in 1991 and left it completely up to the market, assuming that the market would be fully functional to bring active economic growth. However, the results were mixed because no effective mechanism had been put in place to develop infrastructure and human resources, and because neither proper development planning nor management systems had been established to support the potential of a liberalised market economy.

Learning from these results, the government reviewed its position in 2002 and began to play a complementary role in the market economy with a strong policy coordination and implementation mechanism, accompanied by a proper public investment programme.

Zambia completed the Heavily Indebted Poor Countries (HIPC) Initiative process in 2005 and has received significant debt relief under the Multilateral Debt Relief Initiative (MDRI). It received 100 percent cancellation of debt stock owed to the International Monetary Fund (IMF), the World Bank and the African Development Bank. As a result, with a favourable international market price of copper export, the balance of payments has significantly improved to over US$100 million in 2007.

However, despite positive trends within economic activities represented by the mining and agricultural industries, Zambia ranks low in the UNDP's 2006 Human Development Index, at 165 out of 177 countries. Infant mortality rates are amongst the worst in Sub-Saharan Africa. With one in five mothers being HIV positive, Zambia has one of the world's highest rates of HIV infection. The infection kills around 80,000 people each year. More than half of hospital beds throughout the country are occupied by people with HIV/AIDS and related illnesses. Apart from AIDS, the main causes of death are malaria

8. After the Fourth National Development Plan (1989-1993), it was not until the formulation of the first Poverty Reduction Strategy Paper (2002-2004) and the Transitional National Development Plan (2002-2005) that the government resumed national development planning.

(50,000 each year), tuberculosis, diarrhoea, pneumonia and other preventable infections.

The Fifth National Development Plan (FNDP) 2006-2010, which has been also accepted as the second Poverty Reduction Strategy (PRS) by the IMF and the World Bank, is currently being implemented with the long-term national vision under Vision 2030 with the aim of making Zambia a prosperous middle-income country. The theme of the FNDP is “broad-based wealth and job creation thorough citizenry participation and technological advancement” with economic and social sub-themes. The focus of the FNDP is to create an environment which encourages private sector growth, including agriculture and rural development, through macroeconomic stability, investment in infrastructure (roads, hospitals, schools) and human resources, and public sector accountability. Within the framework of the FNDP, the government of Zambia emphasises the importance of the promotion of commerce and trade, as well as the manufacturing sector, where the private sector is expected to play the most important role as the engine of growth.

The Private Sector Development (PSD) Programme was launched in 2004 with the support of various international and bilateral development assistance agencies. PSD is being implemented to accelerate private sector-led economic growth with the aim of increasing the share of the manufacturing sector in total GDP from the present level of 11 percent to 15 percent by 2010. The FNDP also aims at identifying appropriate trade expansion measures for export promotion.

In order to achieve the objective of further promotion of rapid industrial development for both domestic and regional markets as well as exports, the government, as per the recommendations of SAIED/TOH, adopted the concept of Multi-facility Economic Zone (MFEZ), which covers aspects of domestic trade, investment and exports. The MFEZ, which combines the best advantages of an industrial park and an export processing zone/free trade zone, will be operated and coordinated through the Zambia Development Agency (ZDA).

Adaptation of the TOH and the Quadrant Strategy by the government of Zambia

During the visits of the JICA mission to Zambia in 2004 and 2005, mentioned earlier, the Minister for Finance and National Planning expressed his interest in the concept of TOH presented by JICA. Subsequently, when a cabinet briefing was given on the SAIED Programme (TOH and the Quadrant Strategy), the President, in a display of unprecedented political will, gave full support to the JICA proposal.

This strong political will and support from the highest person in the government of Zambia was critical to begin the implementation of the SAIED Programme. As explained earlier, the Malaysian experience indicates that political will is an essential element of the TOH concept. The policy framework for the implementation of SAIED/TOH was also in place within FNDP, as mentioned earlier. The President subsequently appointed the members of the TOH Steering Committee, which is chaired by the economic adviser to the President and co-chaired by the Resident Representative of the JICA Zambia Office, and another adviser to the President.

In an attempt to fulfil three of the four quadrants (Investment Environment, Priority Industries/Sectors, and Implementation), the following twelve task forces were formed under the President's direct authorisation. Each has three government members and two from the private sector and the option to co-opt others. It should be noted that other than the JICA Malaysian consultant these committees did not have any other expatriate advisers or consultants. This concept perhaps differed from many other donor-supported projects where there are often a number of short- to long-term foreign consultants and advisers for every sector who tend to carry out the work that is supposed to be performed by local members.

The twelve task forces were as follows:

1) Agriculture & Agro-based Industry

2) Cotton and Cotton-based Projects
3) Education
4) Medical & Health
5) Information and Communication Technology (ICT)
6) Tourism
7) Banking and Insurance
8) Mining
9) Small and Medium Enterprise Development
10) Air Cargo Hub & Inland Ports
11) Multi-Facility Economic Zones (as substitute for Free Trade Zones)
12) Streamlining Government Machinery

Direct appointment of about seventy task force members by the President himself gave members strong commitment to and ownership of the SAIED Programme. The areas to be covered by the twelve task forces were identified by taking into account the economic situation of Zambia. The country already had a growing agriculture and commodity sector and this should be developed (first wave). However, due to its landlocked nature and high costs of local manufacture due to transport and other factors, Zambia does not have the competitive advantage for many industrial products, as compared to its coastal neighbours (needed for the second wave). Even so, the country could move into the third wave by value addition of local natural resources and undertaking limited import substitution where viable. Thus it was proposed that Zambia should leapfrog itself into the third wave and use skills and knowledge as its competitive edge. Under the SAIED (TOH) strategy, these three waves are planned to drive Zambia's economic efforts for jobs and wealth creation.

Dato'J. Jegathesan as the consultant responsible for putting this initiative into action, and for meeting JICA's and the government of Zambia's expectations, undertook the challenge of creating the terms of reference for all the task forces, except for the mining task force. Each task force was presented with ideas as to what kind of policies, measures and incentives would be needed to create dynamic private sector growth. They were invited to study the propositions presented, and were asked to assess the propositions and accept, amend, or reject them. Finally, the task forces presented viable and sustainable strategies that both government officials and the private sector must take ownership of for implementation. Each task force was individually briefed on all aspects of the terms of reference, the recommendations, etc., and it was emphasised to all that once the task forces accepted any recommendation that had been offered, the Malaysian consultant would disclaim all ownership of the idea and that these would be the task forces' ideas alone.

The task forces were given three months by the President to produce action plans for each theme. While there was a general assumption that the work by local people alone might not manifest such speedy results, all the task forces managed to complete their action plans and submit their reports to the President within the allotted time. During their initial stage of work, the committees were provided with appropriate advice and guidance. Dato'J. Jegathesan as the consultant responsible for the proper direction of all the task forces conducted a mid-term review of their work halfway through their three-month assignment. The strong political will of the President, which was demonstrated by the direct appointment of the task force members, also brought strong will and commitment by members of task forces, who were from both public and private sectors. This government leadership, civil service commitment and pro-active private sector participation were the critical ingredients of the TOH strategy, as had been emphasised from the beginning stages of the SAIED Programme.

Project identification

For the period between 2005 and 2006, much work was done laying the groundwork for an ideal economic environment, and many recommendations made to the Cabinet have been approved and are being put in place during 2007/2008.

Investment promotion (the third of the four quadrants) only started in 2007. The first target nation was Malaysia, and in March 2007, a Malaysian business delegation was organised with the support of the Malaysian Industrial Development Authority (MIDA) and the Malaysian South-South Association (MASSA). Thus, for the first time, a Malaysian business investment delegation (18 members in all) proceeded to Zambia. Two projects are to be implemented as a result of this mission. One is a mobile phone assembly/manufacturing operation to make Zambia the hub for Africa, and the other is a private vocational and technical college. The private sector expects that both projects will be operational by mid-2008.

In April 2007, the SAIED Programme turned its attention to India. A Zambian investment promotion initiative was launched in India (Chennai, Bangalore, Coimbatore and Mumbai). This project may come on stream in the beginning of 2008. A number of Indian companies, which have no prior knowledge of or interest in Zambia, have committed to visit Zambia in 2008. As a result of these initiatives, consultants from an Indian hospital group visited Zambia in May 2007 and the group has committed to the government of Zambia to set up a super-specialty medical centre in Zambia. Only the government's ability to provide for a suitable building will delay or accelerate the implementation of this project. The first Asian Business, Investment & Trade Conference (ABITC) is planned to be held in Zambia at the end of January 2008. This event will cater to businessmen from any part of Asia, but with specific focus on a business delegation from India and Malaysia with very specific projects in mind.

The key question is: What types of sectors should be promoted as viable, considering Zambia's high cost of transportation and landlocked position? The various task forces, dealing with economic/business sectors, identified the following areas as priorities for Zambia.

1) Education: Thousands of Zambians and those in neighbouring nations go to Europe and the US, etc. for their college and university education, simply because facilities are inadequate in their own countries. Under the TOH strategy, the government has agreed that Zambia should have the vision to become a regional centre of educational excellence.

2) Medical and dental: Despite the presence of excellent foreign-trained doctors (many of whom have gone abroad to serve in developed nations due to lack of facilities in Zambia), Zambia does not have enough sophisticated medical facilities. Thus, for MRIs, angiograms, angioplasty and many other sophisticated medical tests and procedures, Zambians go abroad. Under the TOH strategy, the government has agreed that Zambia should have the vision to become a regional centre of medical excellence.

3) ICT: With its excellent English speaking population, high unemployment and increasing e-linkages with the world, Zambia can become the next ICT growth centre initially for call centres, and, subsequently, for other more sophisticated offshore operations. The high cost of imported electronic items provides opportunities for domestic assembly of electronic equipment. The high cost of use of internet facilities (internet cafés, etc.), gives opportunities for the establishment of facilities that will bring down the cost of ICT usage.

4) Electrical household items: Landlocked Zambia must import bulky household electrical items through neighbouring ports. This cost of transport problem creates an opportunity for semi-knocked-down (SKD) and completely-knocked-down (CKD) imports of components for local assembly and eventual manufacture. Items such as refrigerators, washing machines, fans, computers, and microwave ovens could be candidates for such opportunities.

5) Cotton products: Zambia is a producer of cotton, but 90 percent of it is exported in raw form (lint). The TOH strategy has given the Zambian government a vision to make Zambia a centre of excellence for the growing of cotton, and also the processing of cotton into highest value cotton products, thus minimising the cost factor in transportation. The government is developing a strategy to promote clusters of cotton-related companies. Land will also be made available for companies who wish to grow cotton.

6) Agriculture and agro-based industries: Zambia's economy is based on agriculture. With its high altitude and favourable agronomic environment, Zambia could become a major producer of high-quality, organic agricultural products. This sector is another priority, so land and support (incentives, etc.) will be offered to companies that set up commercial agricultural production. Support will also be offered for the processing of these products into finished or semi-finished products. The government is also prepared to offer land to those who want to grow trees, and this will be encouraged with incentives.

7) Mining: Zambia is a major producer of copper and gemstones. Opportunities exist for forward integration of these minerals into higher value products before export. This is another priority economic sector.

8) Tourism: The relative lack of 4- and 5-star hotels in Lusaka has caused a shortage of hotel rooms and a prevalence of high room rates. Livingston, the site of the Great Victoria Falls, is in dire need of good hotels, so the government is prepared to offer land for hotels in this area that could one day become a great tourist destination. The government is promoting the establishment of hotels and will provide support and incentives. There is also potential for the manufacture of items the hotels will need, such as furnishings, linen, detergents, and toiletries.

9) Energy: Zambia imports all the energy it uses. Any project that can help reduce the imports of energy would be encouraged and given incentives and support. For example, energy from biomass that can help bring power to rural areas or convert urban waste to energy would be welcome.

Development of Multi-facility Economic Zone (MFEZ)

As one of the key areas of development under the SAIED Programme, JICA has been assisting the government of Zambia with technical advice in the development of a MFEZ. This advice is based on the Malaysian experience, which involved the establishment of various economic zones (industrial parks, free trade zones, etc.). A new concept has been developed that combines the advantages of a sophisticated industrial park and an export processing/free trade zone, while minimising disadvantages.

The government of Zambia will utilise experts from the Kulim High Tech Park (KHTP) in Malaysia, which was developed with Japanese technical assistance fifteen years ago, as well as from Japan (JICA), to develop a master plan and conduct a feasibility study for the establishment of a MFEZ in the outskirts of the capital of Lusaka. It is anticipated that financing from development financing institutions will follow to realise the MFEZ.

5. Challenges ahead

Priority areas identified by the twelve task forces were approved by the Cabinet and translated into action plans, which are expected to be implemented by the relevant government ministries/departments and institutions. Implementation is to be monitored by the Triangle of Hope (TOH) Steering Committee. The Steering Committee will evaluate the performance of the respective ministries and government agencies in light of whether or not the benchmarks set in the action plans are achieved.

The task forces will compile quarterly monitoring reports with performance indicators, and discuss whether any specific measures need to be taken to expedite the implementation of the Strategic Action Initiative for Economic Development (SAIED) Programme. The civil servants must now undertake the challenge to show the same spirit and commitment as that of the President and key ministers by implementing the action plans in an effective manner.

It can thus be seen that the SAIED Programme is not a one shot, short-term affair, where a study is done, a report presented, and then, whether it is feasible or viable and can be implemented is left to the government of Zambia. This JICA initiative is a sustained programme of actions, where the government of Japan (through JICA) works with the Zambian government and even the private sector with the objective of creating visible outputs to contribute to economic growth with job creation through domestic and FDI promotion. It is a further challenge for the government of Zambia to maintain the momentum of opportunities to create continuing competitive advantages for Zambia.