



FACT SHEET

Economic Growth

The Republic of Zambia's potential in the agricultural and natural resources sectors is the main engine for poverty reduction and trade expansion, with over 50 percent of national income derived from agricultural activities. However, the country is not recognized as a competitive player in local, regional or international markets. USAID is helping the private sector redress the situation by providing assistance to improve technical and professional skills.

USAID assistance addresses agricultural competitiveness, improves private sector productivity, advances trade and investment capacity, increases financial services, and promotes inclusive economic law and property rights. The program also works to remove regulatory and institutional constraints on businesses, reform the financial and capital markets, and promote the growth of small and medium-sized enterprises, particularly those in the agricultural sector. The programs help generate and implement policies that lead to private sector-led agricultural growth.

Fast Facts-2006

1. \$349: GDP per capita
2. 6%: GDP annual growth rate
3. Main exports: copper/cobalt (64%), electricity, tobacco, flowers, cotton, scrap metal
4. Main imports: machinery, transport equipment, petroleum products, electricity, fertilizer, food stuffs, clothing
5. 60% employees in Agric-sector
6. 50% of national income from the agriculture sector
7. 12% formal work force is in mining
8. 3 years: longest credit term

The economic growth theme for the next five years is "Increased Private Sector Competitiveness." USAID assistance will increase trade and investment through improved policies and analysis on reforms, regulations, and administrative systems needed to sustain an enabling trade and investment environment. It will also strengthen the administrative capacity of public institutions, enhance farm productivity in key sectors and increase the potential for the commercial export of cotton, livestock, and other commodities. USAID supports the following activities:

- Increasing agriculture production through improving farmers' access to markets and inputs
- Opening up sources of finance and capital.
- Providing technical information that promotes the use of modern technologies (adding value to products)
- Helping farmers make use of business management services
- Support public/private sector dialogue; identify trade opportunities, issues and constraints; and address production-related issues
- Provide sustainable development of non-timber natural resource products and tourism business opportunities that will benefit rural communities living around protected areas
- Expand access to markets for small farmers and create links to larger private sector entities.
- Provide an enabling environment through assistance to the Government of the Republic of Zambia (GRZ), and other organizations that deal with policy and regulatory issues
- Increasing export competitiveness of agricultural commodities through increased farm-level productivity and greater efficiencies throughout the targeted value chains, and



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- Expansion of the credit guarantee programs to share risks with local banks in the development of new business opportunities.

USAID and the GRZ will collaborate to reduce bureaucratic, administrative, and trade barriers that prevent the private sector from attaining its full potential. This collaboration includes work on the following:

- Agricultural resource policy which emphasizes sustainable utilization of natural resources as the centerpiece for broad-based income generation
- Food policy which ensures that food security issues complement and operate within market mechanisms
- Agricultural market standards and regulations that stress efficient market operations and lower transaction costs
- Public investment policy which guarantees that public policy supports research and development, infrastructure, and international cooperation crucial to agricultural development
- Technical assistance that focus on building public and private sector capacity to analyze the impact of trade and investment agreements on economic growth, productivity, and other aspects of the economy.



U.S. Ambassador Carmen Martinez visits USAID-supported Freshpikt, Zambia's only fruit and vegetable canning facility, in Lusaka. (Photo: USAID/Zambia)

A prosperous Zambia with a robust and growing economy will represent a stable and peaceful neighbor in the Southern Africa region and a successful model for other less-developed countries to follow. The USAID/Zambia assistance for economic growth will continue to support this objective.

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