
Building Partnerships through South-South Cooperation

A Case of Zambia



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It remains for developing countries in the global South to address the various challenges of implementing SSC, such as developing appropriate domestic, and international trade and relations policies in order for them to secure the benefits of the SSC philosophy and agenda.

Introduction

South-South Cooperation (SSC) is a broad framework for collaboration among countries of the South¹ in key domains such as politics, economics, social reform, culture, environmental management and technical support. SSC can involve two or more developing countries, and can also take the form of bilateral, regional, sub-regional or interregional collaboration. In the context of SSC, developing countries share knowledge, skills, expertise, and resources to meet their development goals through concerted efforts. Recent developments in SSC have taken the form of increased volume of South-South trade, South-South flows of foreign direct investment, movements towards regional integration, technology transfers, sharing of solutions and experts, and other forms of exchanges and collaborations. The article seeks to highlight the significance of SSC for developing countries in the Global south with specific focus on Zambia, while recognising Africa engagement with India and china.

Geography of Zambia

Zambia is a landlocked country located in Southern Africa bordering a total of eight countries. It has a total area of 752,618 km² of which 9,220 km² is water. Zambia is also home to the mighty Victoria Falls, which is among the Natural Wonders of the World as recognised by UNESCO.



Source: Zambia Tourism Board, 2011.

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Zambia is a democratic country with a liberalised economic system since the inauguration of the multiparty system in 1991.

India-Africa Cooperation

SSC has traditionally been an important pillar of India's foreign policy and diplomacy. In a rapidly transforming global environment, SSC has come to acquire a special place with increased salience. In fact, India has been in the forefront of sharing its expertise and development experience with other developing countries in the bilateral, regional and multilateral framework. The Indian Technical and Economic Cooperation (ITEC) programme is the most important means by which India provides technical assistance to around 158 partner countries.¹

Among India's support efforts, is its contribution towards the African Development Fund- the concessional window of the African Development Bank (AfDB) Group, since 1982. More recently, it has boosted its overseas development assistance in the African region. Since the establishment of the ITEC programme in 1964, India has continued to engage the Africa region through fora such as the Africa-India Forum Summits (such as the one held in April 2008). During the summit, the Indian government pledged to enhance programmes of training and capacity for health professionals and physicians in Africa. Other pledges included joint projects involving the expansion of railway networks and other need areas, such as energy infrastructure projects.

Zambia - India South-South Cooperation

Zambia and India's economic and political relations have existed for a very long time. The two countries have cooperated from the time that India attained independence from Britain. Since then, Zambia has on several occasions turned to India for both political and economic support, in its struggle for independence against British colonial rule. The first republican President and other nationalist freedom fighters visited India and met Indian political leaders for material and moral support. While India - as a country - was offering this support, Indians (who were resident in Zambia, some of whom later became citizens at independence) also contributed significantly to the attainment of Zambia's independence.² Zambia's first leader Kenneth Kaunda also drew inspiration from Mahatma Gandhi who led the Indian freedom struggle. Kenneth Kaunda was largely influenced by the work of Mahatma Gandhi and the concept of "positive action." In May 1958, Kaunda travelled to India to meet those who had taken part in the non-violent movement that enabled India to secure its independence from British colonial rule. Kaunda continued to develop his ideology of positive non-violent action during Northern Rhodesia's campaign for independence.³ Through Gandhi's philosophy of peaceful resistance Kenneth Kaunda developed his ideology of *Humanism*.

After independence in 1964, Zambia had a number of challenges which included a great shortage of medical

1 OECD south-south questionnaire

2 <http://saipar.org/zambia-india-relations-era-economic-liberalization-globalization/>>

doctors, teachers, and other experts. In addition, Zambia did not have institutions and adequate financial capacity to train its people, hence the intervention of friends from the global South such as India, Cuba, China to mention just a few. Zambia has benefited a lot from India's expertise especially in the fields of science and technology.

Zambia has continued to engage with the partners in the global South. The most recent engagement between the governments of India and Zambia was in January 2010, when the Honourable Vice President of India (at the time), Shri M. Hamid Ansari, paid an official visit to Zambia. During the visit, the Honourable Vice President announced a new line of credit of US\$75 million for developmental projects in Zambia and a grant of US\$5 million for projects in the health, education and social sectors. A Loan Agreement between EXIM Bank of India and the Ministry of Finance in Zambia was signed to extend US\$50 million line of credit to Zambia for the Itezhi-Tezhi hydropower project involving TATA of India and ZESCO Ltd. of Zambia.

The Itezhi-Tezhi project is a 120MW base-load hydro power plant developed at the site of the existing Itezhi Tezhi dam on the Kafue River in Zambia. The project agreement was signed at the time when Zambia's power deficit had reached alarming levels as this was as a result of low installed capacity coupled with low water levels in rivers and other water bodies such as dams.

The project was developed by Itezhi-Tezhi Power Corporation Ltd (ITPC)

- a joint venture special purpose vehicle established in 2007. ITPC is 50% owned by Tata Africa and 50% by ZESCO. The company has a 25-year concession and a 25-year off take agreement with ZESCO. Following the completion of the Itezhi-Tezhi project, additional generation capacity of 120MW was added to the National Grid. The additional energy supply is a recipe for investment in industrial activities such as mining which has been the main economic activity and foreign exchange earner for the country. Other benefits are related to the Social status of communities which were hooked up to the national grid as the power supply meant that children could now study in the night and this resulted in improved literacy level among the communities and the general population of the country. The investment has also resulted in technology transfer through skills transfer that took place between the Zambian Engineers and their Indian counterparts during the construction phase of the project.

Technical and Economic Cooperation between Zambia and India

India has continued to provide economic assistance to Zambia, including hosting a wide range of skill development courses and training programmes. The main component of the ITEC training programmes comprises the civilian training programmes for capacity building covering a very wide range of subjects. Every year, around 5000 participants attend 200 courses in 43 select institutions in India which are centres of excellence

³ Source URL (retrieved on 01/08/2018 - 03:55): <https://nvdatabase.swarthmore.edu/content/zambians-campaign-independence-1944-1964>



(Itezhi Tezhi Dam)

in their respective fields.⁴ Zambia avails a large number of ITEC scholarships and to date around 2400 civilians have been trained in India in various disciplines under ITEC.⁵

The decision regarding setting up the ITEC programme was predicated on the underlying belief that “it was necessary to establish relations of mutual concern and inter-dependence based not only on commonly held ideals and aspirations, but also on solid economic foundations. Technical and economic cooperation was considered to be one of the essential functions of an integrated and imaginative foreign policy.”⁶

Regarding trade between India and Zambia, India’s exports to Zambia stands at US\$132.27 million (2007-08), US\$ 107.43 million (2008-09), US\$ 88.34 (2009-2010) and India’s imports from Zambia are at US\$74.84 million (2007-08), US\$ 208.40

million (2008-09) and US\$102.67 (2009-10). India’s export items include medical drugs and pharmaceuticals, machinery various instruments, transport equipment, cotton yarn and fabrics, plastic, rubber, chemicals, and electronic goods. India’s imports from Zambia includes non-ferrous metals, ores (copper and cobalt), semi-precious stones and raw cotton. India and Zambia had set up a Joint Permanent Commission at the Ministerial level and its last meeting was held in New Delhi in September, 2005.⁷

India’s FDI in Zambia

Since 2007, foreign direct investments from India into the Zambian economy has amounted to \$3 billion. This includes a \$2.6 billion investment by Vedanta Resources in Konkola Copper Mines, the establishment of a \$300 million manganese processing plant by Taurian Manganese and Bharti Airtel’s establishment of

⁴ OECD South –south questionnaire

⁵ www.hcizambia.gov.in

⁶ ITEC presentation, India

Airtel Zambia after its acquisition of Zain Telecom's African businesses.⁸ The investments have resulted into job creation and additional sources of tax revenue for the Zambian government.

Nava Bharat Singapore Limited, a subsidiary of Nava Bharat Ventures Ltd. of Hyderabad, purchased 65% equity shares in Mamba Collieries Ltd. The government of Zambia retains the remaining 35% shares through Zambia Consolidated Copper Mine Investment Holdings (ZCCM-IH). Nava Bharat invested US\$108 million in the recapitalization of Mamba Collieries and the installation of the new coal handling and washing plant. Nava Bharat also developed a coal fired power plant with a minimum generating capacity of 270 megawatts using the low grade coal of Mamba Collieries. The investment has added value to the low grade coal which was normally discarded as waste. The additional power to the national grid is supporting economic activities such as the development of the steel industrial cluster in Kafue town in Lusaka Province.

Furthermore, the EXIM Bank of India has a 34% share in the Development Bank of Zambia after a debt settlement agreement with the Government of Zambia, who owed \$18.8 million to EXIM Bank. Out of \$18.8 million, \$9.4 million was written off, \$8 million paid by the Government of Zambia in six instalments to EXIM Bank and \$1.4 million invested in DBZ. To date the EXIM Bank's equity stands at 20%, due to increase in the equity subscribed/paid up by other institutions.

China's Contribution to the Construction of Tazara Railway as part of SSC

China in the framework of SSC provided support to newly independent countries of Tanzania and Zambia in form of a railway line to improve the transport infrastructure. It came at a time when other developed countries declined to help and was perceived an impossible undertaking. Since Zambia was blockaded it had no alternative route to the sea except through South Africa via Zimbabwe which proved costly and as an exporter of copper which is a bulky commodity transportation via the road and air was also impossible. The TAZARA Railway, also called the Uhuru Railway or the Tanzam Railway, is a railway line in East Africa linking the port of Dar es Salaam in Tanzania with the town of Kapiri Mposhi in Zambia's Central Province. The single-track railway is 1,860 km (1,160 miles) long and is operated by the Tanzania-Zambia Railway Authority (TAZARA).

The Governments of Tanzania, Zambia and China built the railway to eliminate landlocked Zambia's economic dependence on Rhodesia (Present day Zimbabwe) and South Africa, both of which were ruled by white-minority governments (Thomas and David, 1994). The railway line provided the only route for bulk trade from Zambia's Copperbelt to reach the sea without having to transit white-ruled territories. The spirit of Pan-African socialism among the leaders of Tanzania and Zambia and the symbolism

⁷ <http://saipar.org/zambia-india-relations-era-economic-liberalization-globalization/>

⁸ "India's FDI to Zambia tops US\$3 billion". African Review. 14 June 2012. Retrieved 29 December 2017.



Maamba Collieries Coal Fired Plant in Sinazongwe, Zambia.

Source: <http://www.maambacoal.com/power.htm>

of China’s support for newly independent African countries gave rise to TAZARA’s designation as the “Great Uhuru Railway”.

The project was built from 1970 to 1975 as a turnkey project financed and supported by the government of China. At its completion, the TAZARA was the longest railway in sub-Saharan Africa (Brautigam, 2010). TAZARA was also the largest single foreign-aid project undertaken by China at the time, at a construction cost of US \$406 million; the equivalent of US \$2.50 billion today. The investment was important because it opened Zambia’s trade route to the sea via the port of Dar es salaam in Tanzania. This resulted in increased volume of copper exports and additional revenue for the country realised from copper exports.

Challenges of Implementing SSC

The largest impediment in relation to the SSC emanates from limited

or lack of participation of the citizens of the beneficiary countries in needs assessment, project design and implementation. This is further compounded by the lack of frameworks and structures by the providers of South – South co-operation to consult widely beyond the immediate beneficiaries of a project usually the government or the private sector.

At another level, the absence of an overall national policy on SSC makes it difficult for African countries such as Zambia to pursue SSC in a comprehensive manner. Even with political declaration



Source: Free Encyclopaedia, 2017. Locomotive at Kapiri Mposhi in Zambia.

for the support of the SSC at the highest political level, legal reforms and institutional and policy framework are inadequate to guide the engagement.

The lack of a special bank dedicated to the countries of the south has also slowed development and implementation of developmental projects. The bank could act as a special purpose financing mechanism for projects in the global south with capacity to offer loans at terms favourable and accessible by participating countries.

Recommendations

1. Countries in the global south should embrace the philosophy of SSC in order to build capacity among them and be ready to implement developmental projects.
2. The level of international cooperation must not follow a one size fits all, but countries should engage in cooperation agreements based on their development needs and mutual benefits in target programmes.
3. There is need for countries in the global south to set priorities among many competing needs such as efficient investments in technology, physical capital and human capital; supported by reforms in their international relations policies.
4. As articulated by Chakrabarti (2016),⁹ the modalities of development cooperation

must be pursued meaningfully, so as to contribute to the development of partner countries without infringing on their sovereignty, but also derive mutual benefits for both countries engaged in such a partnership.

Conclusion

In concluding I would state that India has actively engaged other developing countries such as Zambia in the cooperation programmes. In the preamble of his book, "The logic of sharing" (Chaturvedi, 2016), it highlights India's cooperation policy: "independent India has a history of successful cooperation with other developing countries. The extension of Indian resources and expertise to the global South, which dates back to the early 1950s, became institutionalised under the India ITEC programme established in 1964."¹⁰ India as a country has also emerged as a rapid growing economy together with other economies such as China resulting in increased development assistance from the two economic giants within the context of the SSC. It remains for developing countries in the global South to address the various challenges of implementing SSC, such as developing appropriate domestic, and international trade and relations policies in order for them to secure the benefits of the SSC philosophy and agenda.

⁹ Policy Brief: development compact – The cornerstone of India's Development Cooperation: an "Externalities" Perspective.

¹⁰ Chaturvedi S (2016): The logic of sharing; Indian approach to South-South Cooperation. Cambridge University press.