

## Case 3

# The Triangle of Hope: Promoting Investment in Zambia through Malaysian Experiences

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### 1. Introduction

This case presents a project for sharing experiences between Asia and Africa. This cooperation aimed to assist in the development of Zambia's economy by improving the investment climate and inviting foreign direct investment (FDI). It utilised experiences and knowledge from Malaysia, which over the decades overcame the economic problems Zambia currently faces. The project was led with the concept of the "Triangle of Hope (ToH)" introduced by a Malaysian expert. The venture was implemented in two phases: Phase I 'Triangle of Hope, Strategic Action Initiative for Economic Development (ToH SAIED)' in 2006-2009 and Phase II 'Zambia Investment Promotion Project – Triangle of Hope – (ZIPP-TOH)' in 2009-2012. The Zambian organizations which played important roles were the State House, the Cabinet Office, the Ministry of Commerce, Trade and Industry, and the Zambia Development Agency (ZDA), as well as other line ministries, which undertook various tasks to improve the investment climate. With the strong initiatives of the government, high-level task forces were established to conduct the necessary actions to improve the investment climate.

Throughout the two projects, Malaysian experts supported Zambia's efforts, providing advice and know-how derived from their experiences in Malaysia. Their support brought significant outputs from the policy level to the practical level: the formation of the Client Charters and the development of investment promotion tools (e.g. the investment booklet, sector profiles). A number of investment promotion missions were dispatched to and from Zambia. Several investment projects were officially approved. Steady steps have been taken toward a diversified economic structure for Zambia and a better investment climate. These activities have been harmonized with those of Zambia's Private Sector Development Reform Programme.

First, this paper describes the background and main activities of this cooperation. Then, examining outputs, the paper looks at some key factors that contributed to its progress, along with some implications that can be derived from the cooperation between Asia and Africa.

## **2. Background: Encounter of the Two Countries**

### **2-1 Sharing the Experiences**

#### **(1) Zambia: The necessity for economic diversification**

The economic and industrial structure of Zambia, a landlocked country, has heavily been dependent on its copper resource. Its economy and financial conditions are significantly influenced by the international price of copper. Since the introduction of the Poverty Reduction Strategy Paper (PRSP) and the Transitional National Development Plan (TNDP) in 2002, the policy priority of the Government of the Republic of Zambia (GRZ), which focused on the



social sector, has shifted to the one more emphasised on the economic sector.<sup>1</sup> In addition, the GRZ has been making efforts to diversify its monoculture economic and industrial structure since its independence in 1964 from the United Kingdom. The GRZ prioritizes the promotion of investment through the improvement of the investment climate, in order to support its economic development and diversification.<sup>2</sup>

Under these circumstances, the GRZ formed the Fifth National Development Plan (FNDP) and the National Long Term Vision 2030 (Vision 2030) in 2007. The Vision 2030 aims to accelerate Zambia's economic growth through the implementation of the FNDP and future national development plans to become a middle-income country by 2030. The Six National Development Plan formulated in 2011 also emphasises the importance of economic development and diversification.

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<sup>1</sup> CAS2004.

<sup>2</sup> Zambia's started the reform of its investment policy in 1991 and introduced a series of acts, for instance, the Investment Act of 1991, the Companies Act of 1995, and the Banking and Financial Services Act of 1994 (Mwitwa 2006).

## (2) Malaysia: Rapid economic development and SSC

Like today's Zambia, Malaysia had a similar economic structure before the 1970s, which mainly relied on raw materials such as rubber, palm oil, and tin. However, during the 1970s and 1980s, the economic structure of Malaysia rapidly changed through the development



of secondary industries such as the electronic industry, by inviting FDI.<sup>3</sup> Although there was a temporary decline of FDI in the 1980s due to the end of the 1970's favoured treatment of foreign capital and increases of domestic wages, the Government of Malaysia (GOM) introduced new favourable incentives for FDI, which resulted in the rapid increase of foreign capital in the 1990s. In 2005, per capita gross domestic product (GDP) of Malaysia became US \$5,080, almost ten times bigger than that of Zambia's US \$500. The two countries, which in 1970 were at similar developmental levels (GDP per capita of Malaysia and Zambia were US \$400 and \$430, respectively), have taken quite different paths.<sup>4</sup> Malaysia is currently an upper middle-income country.<sup>5</sup>

The GOM started their South-South Cooperation (SSC) in the 1980s, calling it the Malaysian Technical Cooperation Programme (MTCP). Their main activities were comprised of short-term training (less than three months), scholarships, and expert despatching. For instance, the total number of the short-term training participants until 2005 was about 1,800 from 135 countries, among which the number of those from the ASEAN region was the highest.<sup>6</sup> Almost all training participants were government officials.<sup>7</sup> In trade and investment, training programs were offered mainly by the Ministry of International Trade and Industry (MITI), the Malaysian Industrial Development Authority (MIDA),<sup>8</sup> Malaysia Productivity Corporation (MPC), and the Malaysia External Trade Development Corporation (MATRADE). Among them, MIDA is

<sup>3</sup> Hiroshima University & MRI 2006, p. 83.

<sup>4</sup> Homma 2012, p. 1.

<sup>5</sup> OECD 2012.

<sup>6</sup> Hiroshima University & MRI 2006, p. 113.

<sup>7</sup> This trend is recently changing. The MATRADE is, for instance, conducting training for those of chambers of commerce.

<sup>8</sup> The official name of the MIDA has been recently changed into the Malaysian Investment Development Authority (MIDA).

known for its major role in contributing to the Malaysian economic miracle.<sup>9</sup> It has conducted seminars related to investment promotion for least developed countries since the 1990s.

Cooperation for SSC between Malaysia and Japan/Japan International Cooperation Agency (JICA) started with the latter covering the whole cost. However, since 2001, both countries have split the cost evenly under a new scheme, called the Malaysian Technical Cooperation Programme – Third Country Training Programme (MTCPP-TCCP).<sup>10</sup>

## **2-2 Seamless Cooperation Led by the Triangle of Hope**

### **(1) Making arrangement for matching two countries**

During 2003-2004, the GRZ was searching for ways to improve the investment climate of the country. They conducted studies assisted by the World Bank (WB),<sup>11</sup> some of the recommendations of which were adopted to form the Private Sector Development Reform (PSDR) agenda in 2004. However, the agenda was not implemented as planned due to a lack of effective institutional structure. In 2005, the GRZ established the PSDR Programme (PSDRP), which consisted of a steering committee, working groups in priority areas, a secretariat, and a basket fund created with support of bilateral donors (i.e. Netherlands, Finland, UK, and Sweden).<sup>12</sup> WB, USAID, and EU also supported the PSDRP. In parallel with the PSDRP, some donors came to support Zambia's PSDR: WB's SEED project and the US Millennium Challenge Account Threshold program.<sup>13</sup> Under these circumstances, JICA also began to support the GRZ, in cooperation with experts from Malaysia.<sup>14</sup>

*Preparation of the cooperation between Zambia and Malaysia: 2004-2006*  
Cooperation between Zambia and Malaysia was prompted by the third Tokyo International Conference on African Development (TICAD III) in

<sup>9</sup> Jegathesan & Ono, 2008.

<sup>10</sup> Hiroshima University & MRI 2006, p. 113.

<sup>11</sup> IFC PEP-Africa and FIAS 2007, *Review of the Government of Zambia's Private Sector Development Reform Program (PSDR) and Recommendations for Enhancing Impact*, p. 5.

<sup>12</sup> IFC 2007, p. 5, and JICA 2008, pp. 9-10.

<sup>13</sup> IFC 2007, p. 5.

<sup>14</sup> The ToH Programme was a 'fast track one, which aimed to implement urgent, important issues in a top-down style, although the action agendas had been formed based upon the consensus among those of the government and the private sectors. On the other hand, the PSDRP was more comprehensive program involving a wider range of stakeholders from the government to the private (JICA 2011, p. 8).

2003. The TICAD III called for assistance from the international community for the ‘expansion of partnerships’ as one of the eight important development agendas.<sup>15</sup> The agenda particularly emphasised the cooperation between Asian and African countries by sharing the former’s know-how and experiences of economic development and by establishing cooperative networks in the areas of agriculture, capacity building, technological transfer, and trade and investment.

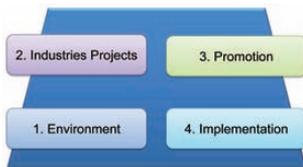
It was from these trends that the idea of utilising Malaysian’s development experiences for assisting Africa emerged. In 2004, the JICA Malaysia Office and the Economic Planning Unit of the Prime Minister’s Office, the GOM, sent a joint mission to Kenya, Zambia, Zimbabwe, and

**Box 1: The Concept of the Triangle of Hope and the Quadrant Strategy<sup>16</sup>**

For the economic development of a country, harmonisation of three forces is indispensable: 1) political will and integrity, 2) civil service efficiency and integrity, and 3) private sector dynamism and integrity. The most important point is to foster a common understanding of the concept among all stakeholders involved in the three forces and to take their cooperative endeavours towards the implementation of various development plans in the same direction.



The quadrant strategy is a pathway to connect the ToH with the ultimate object of creating jobs and wealth within the country. It takes four stages: 1) creating an investment environment, 2) identifying prioritised economic/business sectors, 3) implementing investment promotion, and 4) ensuring actual implementation.



<sup>15</sup> MOFA 2003.

<sup>16</sup> JICA, 2008, pp. 6-7, and Jegathesan & Ono 2008, pp. 211-216.

South Africa, in order to find possibilities for SSC activities.<sup>17</sup> Among the participants was Dato' J. Jegathesan, the former Deputy Director General of the MIDA, who was chosen for his rich hands-on experience in promoting investments. In Zambia, he presented the concept of the Triangle of Hope (ToH) to the Vice Minister of the Ministry of Commerce, Trade and Industry (MCTI) and the Minister of the Ministry of Finance and National Planning (MoFNP).<sup>18</sup> ToH is a concept created out of Malaysia's experiences that emphasises three forces as prerequisites for a country's economic development: 'political will', 'civil service', and 'private sector'.

The concept of the ToH as the strategic action initiative for national economic development was well accepted in Zambia, which resulted in the official request of assistance to the then Prime Minister of Japan, Junichiro Koizumi and JICA. In response to this request, in the first half of 2005, JICA dispatched Mr Jegathesan several times to Zambia to explain the concept and foster a shared common understanding of the concept among a wide range of various stakeholders, from the late President Levy Patrick Mwanawasa, parliament members, and government officials to those in the private sector.

During 2005 and 2006, the GRZ, with the support of Mr Jegathesan and JICA, made various preparations to introduce the ToH in Zambia. Under the President's initiative, twelve Task Forces<sup>19</sup> were established to identify important issues in selected sectors and make necessary recommendations for the strategic policy of Zambia's economic development. Each task force consisted of three members from related



A briefing of Mr. Jegathesan to the President of Zambia and ministers

line ministries and two from the private sector. For supervising and monitoring their activities, a Steering Committee was also appointed,

<sup>17</sup> These countries were selected based upon the concerns of their geo-political characteristics. This mission also became the opportunity for the MIDA, the MPC, and the MATRADE to create triangular training for African countries.

<sup>18</sup> It is currently the Ministry of Finance (MOF).

<sup>19</sup> These Task Forces were 1) air cargo hub, inland ports, 2) agriculture, 3) banking and finance, 4) cotton, 5) education, 6) government streamlining, 7) health, 8) information communication technology, 9) multi-facility economic zones (MFEZ), 10) small and medium enterprises, 11) tourism, and 12) mining (added later).

which was chaired by Dr. Musokotwane, the Deputy Secretary to the Cabinet, and co-chaired by the Special Advisor to the President (Programme Implementation and Monitoring), and the Resident Representative of the JICA Zambia Office. At the beginning of 2006, the Task Forces submitted their recommendations. By reference to the recommendations, each line ministry prepared action agendas. Consequently, the GRZ set twelve ToH Action Agendas, uniquely including health and education sectors as the priority sectors for their economic development. Thus, the GRZ started taking concrete steps towards the realisation of the ToH.

## **(2) Two projects: Extended cooperation**

The 12 ToH Action Agendas, now officially approved, had to be monitored to secure appropriate implementation. Therefore, one project was planned for supporting the GRZ to monitor the Agendas. At the end of the project, an urgent need emerged to develop the capacity of The Zambia Development Agency (ZDA), which was a newly established institution in charge of the investment promotion during the first project.<sup>20</sup> Consequently, the implementation of Thus Zambia's ToH programme came to be supported by the following two projects in which Malaysian experiences and know-how of investment promotion gave a significant influence.

### *Phase I 2006-2009: The strategic implementation of the Action Agendas*

In 2006, a new project titled "the Triangle of Hope, Strategic Action Initiative for Economic Development (ToH SAIED)" began in order to support Zambia's ToH programme and monitor the 12 ToH Action Agendas. The main activities were 1) to establish a monitoring system of the 12 Action Agendas and other related activities and to improve the policy framework for the development of investment environments, 2) to prepare and disseminate necessary information on Zambia's investment environments to prospective investors (e.g. booklets, websites, promotion activities), and 3) to prepare the implementation of administrative infrastructure (e.g. Clients' Charters). The approval and implementation of actual investment projects were the GRZ's responsibilities. It also continued to act to enhance the understanding of the concept of the ToH among stakeholders – such as high-ranking

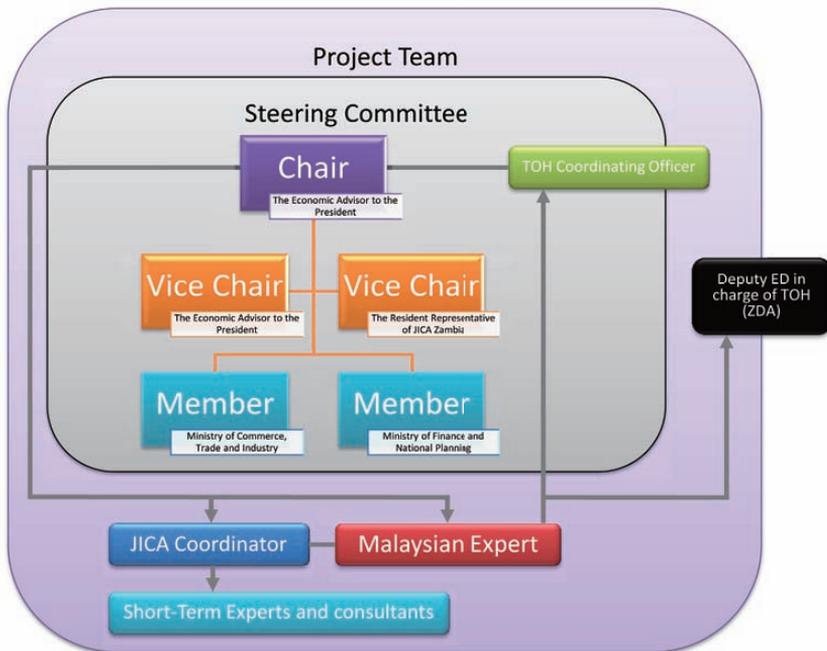
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<sup>20</sup> The ZDA was established in 2007 by the merger of five institutions, including the Zambia Investment Center (ZIC), one of the first counterparts of the ToH SAIED. It was about 2008 that the ZDA came to function after the allocation of a certain number of staff members.

government officials, politicians, and those in the private sector – through training and workshops.

The ToH SAIED was implemented under the coordination of the Steering Committee mentioned above, with support from five Malaysian experts as technical advisors, one of whom was Mr Jegathesan.

Figure 1: The Structure of the ToH SAIED (as of 2008)<sup>21</sup>



*Phase II 2009-2012: The development of the capacity of the ZDA*

Right after the completion of the ToH SAIED, a new project titled the Zambia Investment Promotion Project – Triangle of Hope – (ZIPP-TOH) started. It mainly aimed to strengthen the capacity of the ZDA together with other line ministries in order to effectively promote investment in Zambia. The ZDA was expected to play a central role in investment promotion activities in cooperation with other line ministries and the

<sup>21</sup> Modified by the author (Figure 6 in JICA 2008, p. 12). After Dr. Musokotwane, the Chair of the Steering Committee, had been transferred to the State House as the economic advisor to the President in a personnel reshuffle during the project, he came to play a role of the Chair, doubled as a Co-Chair.

private sector. However, it was not functioning well due to its organisational fragility and the lack of practical experiences among the staff, which prevented them from gaining trust from the private sector.

In the ZIPP-TOH, various activities were conducted for the development of institutional and individual capacities for better promotion of investment. For instance, investment promotion tools,



A business seminar at Malasia

such as investment promotion booklets, sector and sub-sector profiles, product profiles, were prepared and/or revised. Information on investment procedures and target countries was compiled to provide better services to investors. It also aimed to improve the collaboration in investment activities among the MCTI, the ZDA, other ministries, and the private sector through periodical dialogue, information exchange, and other activities. In the latter half of the project, on-the-job training through day-to-day activities in the ZDA was introduced for capacity development of individual staff members. Training of trainers was also conducted. Simultaneously, the monitoring of the ToH Action Agendas continued. The Malaysian experts constantly assisted the monitoring activities and provided advice for necessary policy reforms.

### 2-3 Changes in Zambia and a Future Task

As the result of emphasising the importance of the integration of the three forces, 'political will,' 'civil service efficiency,' and 'private sector dynamism,' the investment climate in Zambia has been improving, though it is still premature to measure ToH's impact on the Zambian economy. The World Bank's annual report, *Doing Business 2011*,<sup>22</sup> ranked Zambia in the top ten countries to have improved investment climate and introduced policy changes. The improvement of Zambia's investment climate is currently attracting FDI. The interest of Japanese companies in Zambia is also rapidly increasing recently. In Zambia investment seminars<sup>23</sup> held in Japan (Tokyo and Osaka) in July 2012, more than 170 companies attended. According to interviews and a survey among international corporations, economic associations, and

<sup>22</sup> IFC2010, p. 5.

<sup>23</sup> These seminars were organised by the UNIDO Investment and Technology Promotion Office (ITPO), Tokyo, and the JICA.

foreign investors in Zambia, they felt that Zambia's investment climate and ZDA's services have improved.<sup>24</sup> This section explains some results to which the above two projects contributed to some extent.

*The development of economic and business environments*

Various activities for improving the investment climate have been conducted by the GRZ. More than half of the one hundred activity items<sup>25</sup> set under the Action Agendas have been (and are going to be) implemented. In addition, the ZDA Client Charter, of which ZDA staff members had prepared a draft in a workshop, was published. Other governmental institutions (e.g. the Zambia Revenue Authority, the Department of Immigration) also formed their Client Charters.

Many investment promotion tools were prepared and distributed at seminars, workshops, by investment promotion missions to other countries, and at meetings with investors visiting Zambia. For instance, in cooperation with the government and the private sector, a number of sector and product profiles, and user manuals have been published and/or revised and distributed among prospective investors within and outside Zambia. As of June 2012, there were six general investment promotion materials ready for reference (e.g. *Zambia's Investor Guide, Zambia, Africa's New Frontier for Investments and Profits*), two manuals for applying investment licenses, eight sector profiles (agriculture, energy, mining, manufacturing, infrastructure, education, health, tourism), four sub-sector profiles (agro-processing, mineral beneficiation, copper fabrication, iron and steel), and two product profiles (computers, leather and leather product). Most of them were prepared by working groups consisting of ZDA staff members. These investment tools are updated annually and are available on the ZDA website.

Regarding the E-Governance system introduced by Mr Jegathesan, the Ministry of Communication and Transport is preparing its basic design with support from UNDP.

*Investment promotion activities and the development of the ZDA's capacity*

An important feature of the projects, particularly the ZIPP-TOH, is its

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<sup>24</sup> JICA2012, p.7.

<sup>25</sup> More than two hundred activity items, which were originally set under the ToH Action Agendas, were organised and reduced to one hundred after the mid-term review of the ZIPP-TOH in June 2011.

on-the-job capacity development of the ZDA and its staff members through their participation in actual investment promotion missions. Taking advantage of the professional networks of Mr Jegathesan, a number of investment promotion missions were organised to India, Malaysia, Thailand, South Africa, and Japan. During the missions, a number of investment promotion seminars were held. With the support of the ZDA, Zambian companies prepared about thirty joint venture proposals. By sending these missions as well as by receiving investment missions from other countries, the ZDA could obtain direct feedback from prospective investors and learn of their expectations.

These activities have resulted in nine investment projects in various sectors, most of which are FDI from Malaysia and India (including joint venture with Zambian companies), having been officially approved. Over thirty projects are currently under negotiation.

#### *The Diversification of Zambia's Economic Structure*

These activities of improving the investment climate have helped to shed light on potential sectors other than copper, particularly in non-traditional sectors (e.g. tourism, education, health, information and communications, and finance). Until recently, the private sector was not involved in these sectors in which the central government had been expected to take initiative in the socialist era.<sup>26</sup> However, with the advice



A mobile phone factory

of the Malaysian expert, the successful promotion activities in these non-traditional sectors resulted in increasing FDI and contributed to the diversification of sectors for private investment. This trend has been sustained by enhancing the common understanding of the ToH concept among stakeholders.

Investment projects are emerging in the information and communications and the health sectors, for instance, through international business promotion meetings in Malaysia and India. In the education sector, regulations were revised in order to enable national universities to conduct business on a commercial basis, which lead to serious

<sup>26</sup> JICA2008, p.8.

discussions on joint ventures between national universities in Zambia and international corporations.<sup>27</sup> Several projects have been realised or are in the process toward realisation, such as a mobile phone manufacturing factory, an information and communication college, and a high-tech hospital.<sup>28</sup>

#### *Remaining tasks and the future of Zambia's ToH*

The continual implementation and monitoring of the ToH Action Agendas are important for the further economic development of Zambia. For this purpose, the ZDA needs to develop its internal system, such as training, in order to disseminate and utilise skills and knowledge obtained by its staff members, who had participated in investment promotion activities. This would sustain (and improve) the capacity of the staff members and enable the ZDA to continue improving investment environments and supporting investors. In addition, Zambia's ToH and its related activities have been being harmonised with the PSDRP and continuing even after the completion of the ZIPP-TOH. In this sense, the continual implementation and monitoring of the Action Agenda are also vital.

### **3. The Learning Process**

This section looks at some factors that have contributed to the positive progress of the project thus far.

#### **3-1 Key Factors**

##### **(1) Fostering ownership with shared visions**

A key to the success of Zambia's ToH is to secure that the concept of the ToH and its visions are shared among various stakeholders, from the President to those in the private sector. A number of briefings and workshops were repeatedly organised. The Malaysian expert provided important advice to ministers. MoFNP, for instance, was advised about the overall policy of investment promotion, preferential tax and other incentive treatment for investors, and individual investment projects. Other ministers were advised about ways to attract investors to their sectors, from the policy level to the individual project level.

As a result of this, a high-level commitment was developed. The leadership of the Steering Committee with the strong commitment of Dr.

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<sup>27</sup> JICA2008, p. 21.

<sup>28</sup> JICA2008, p. 21.

Musokotwane, the economic advisor to the President, made it possible to form and monitor the 12 ToH Action Agendas by coordinating concerned ministries; complex issues requiring the commitment of many governmental institutions were implemented swiftly. In addition, the top-management of the ZDA was very active in ToH related activities. It was, however, observed that the robust top-down structure of the Committee sometimes resulted in undermining the feeling of ownership among other stakeholders, particularly that of line ministries.

## **(2) Change drivers**

Several factors have worked as drivers of change in this exercise.

### *Promotion of Asia-Africa cooperation*

The emphasis of the importance of Asia-Africa cooperation in the TICAD III created a favourable atmosphere for Zambia, whose economy had been faltering and was searching for ways to diversify their economic structure. The joint mission of Japan and Malaysia to Africa resulted in bridging the two countries together, Malaysia and Zambia.

### *Powerful examples of Malaysia's experiences*

Relatively fresh experiences of economic development of Malaysia, which had successfully changed their economic structure and achieved rapid economic development, were instrumental in stimulating and motivating Zambia to undertake economic development with the support of Malaysian experts. Mr Jegathesan, who used to work for the MIDA in Malaysia as the Deputy Director General in the middle of the development process of the country, played a key role in bringing Malaysia's experiences and know-how to Zambia. The GRZ directly was able to learn the ways in which the GOM had promoted the policy of introducing FDI and changed the country's economic structure.

### *Timely start of the projects*

The timely start of both projects, the ToH SAIED and the ZIPP-TOH, facilitated Zambia's ToH. The GRZ could obtain effective and timely advice from the Malaysian expert, right after the preparation period of 2004-2006, during which the Zambian governmental stakeholders had developed strong interest in the concept of the ToH.

## **(3) Learning in the process**

The two projects were designed to highlight the process of learning

through the implementation of related activities both on theory and practice. This enabled the GRZ to obtain interactive feedbacks between the policy level and the implementation level.

Malaysian experiences were effectively modified and utilised for Zambia at both levels. At the policy level, some practical ideas were suggested by the Malaysian expert to the GRZ. One example was an idea of streamlining governmental services for making investment in Zambia competitive and providing incentives to the private sector.<sup>29</sup> This idea was transformed into the 12 Action Agendas and one hundred activity items through discussions in each Task Force. Together with the monitoring process in the Steering Committee, this process of internalising foreign expert's advice was a learning process for the GRZ.

Similar processes of learning were observed at the implementation level. Some of investment promotion tools were prepared by adapting and modifying the ones which Malaysia had developed during their economic reform. For instance, *Zambia's Investor's Guide and Cost of Doing Business* were made with reference to the materials published by the MIDA.

In addition, on-the-job training before, during, and after investment promotion missions to other countries enabled the ZDA staff to learn and develop skills under the instruction of the Malaysian expert. Such skills were related to, for instance, the organisation of missions, the preparation of presentation, the effective use and distribution of missions also included staff members of the private sector. These skills promotion materials, and follow-up activities. Investment promotion and knowledge could be used for receiving missions from other countries. Additionally, one Japanese expert provided daily on-the-job training by giving more detailed advice for the ZDA staff to improve their everyday services.

ZDA had several channels of feedback in the process of providing services; for instance, they received feedback from staff members taking care of investors, from stakeholders of the government and the private

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<sup>29</sup> From the Summary Table (JICA2008).

**Box 2: Investment Promotion Missions as Practical Training<sup>30</sup>**

The participants of investment promotion missions, such as ZDA staff members and Zambian private companies, were able to learn lessons from various activities for successful promotion (i.e. preparation, implementation, follow-up) to professional attitudes under the instruction of Mr Jegathesan. In the beginning, Zambian participants, without much practical experiences in investment promotion, tended to get confused when they received a number of questions from Asian investors. Mission members sometimes had a hard time convincing the potential investors that the GRZ was doing its best to maintain law and order for those investors, whose biggest concern usually was security. Through these experiences, Zambian counterparts directly understood the difficulties of inviting FDI and accumulated basic knowledge on what was expected of them from investors and how to attract investors.



A business meeting between the ZDA and a Malaysian company at Malasia

sector on the draft sector profiles prepared by them, and from the participants of investment promotion missions and seminars.<sup>31</sup> Through these feedback channels, what they learned in the practical level could be brought back to the policy level.

**(4) Coordination with other programmes**

The GRZ did not receive financial support from JICA for their ToH programme. JICA's support was only to provide technical support for the GRZ to implement the programme. Dr. Musokotwane, the chair of the Steering Committee, sometimes made necessary coordination between their ToH programme and the PSDRP, and obtained funding for the former.<sup>32</sup>

<sup>30</sup> Fukuda 2009.

<sup>31</sup> JICA 2012, p. 7.

<sup>32</sup> This coordination was smoothly conducted particularly during the time when Dr. Musokotwane played the roles of the both chairs of the PSDRP and the ToH (JICA 2008, p. 9).

## **3-2 Key Roles of Malaysia and Japan**

### **(1) Respecting the ownership of the beneficiary country**

For the Japan and Malaysia's cooperation for Zambia's ToH programme, the assistance of Mr Jegathesan was important. His rich experiences accumulated through his service at the MIDA during the economic development of Malaysia was the source of strong support for forming and realising the 12 ToH Action Agendas in the ToH SAIED and the ZIPP-TOH projects. In cooperation with the government of Malaysia, which strongly promoted South-South Cooperation, and private corporation associations, together with the Malaysian expert's professional networks, the GRZ could successfully send and receive investment missions to and from Malaysia.<sup>33</sup> However, what is notable is that the two projects only supported part of activities related to Zambia's ToH programme, but did not take over their works. In the preparation period, the Malaysian expert provided advice to the task forces (and the Steering Committee later), while emphasising the GRZ's ownership. He made them work out their problems on their own. Later, this relationship became more pronounced. When the ZDA staff members had developed their capacities to conduct investment promotion missions, the Malaysian expert let the Zambian side implement and manage missions almost entirely.<sup>34</sup>

### **(2) Effective combination of Malaysian and Japanese experts over time**

Japan/JICA played the role of catalyst in the formation of the cooperation between Malaysia and Zambia. JICA had strong connections to both countries. Due to the long cooperation with them, the idea of applying Malaysia's highly relevant experiences and know-how to Zambia emerged. A joint mission of Japan/JICA and Malaysia to Zambia made a bridge between Malaysia and Zambia. Moreover, it was very efficient and effective to recruit Mr Jegathesan as a Malaysian expert, who had rich experiences in MIDA and a strong connection with prospective investors in Malaysia and India. The expansion of investment sectors to non-traditional ones, such as health and education, was also derived from his experiences in Malaysia. His long-term commitments throughout the two projects greatly contributed to support Zambia to implement ToH related activities.

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<sup>33</sup> JICA2008, p. 21.

<sup>34</sup> JICA2012, p. 8.

Moreover, where necessary, the inputs of Japanese experts brought synergistic effects for Zambia's ToH from time to time. For example, when it was necessary to expedite the progress of ZDA's capacity development, Japan immediately arranged the dispatch of a Japanese expert specialised in training of investment promotion activities. There was a broad division of labour between the Malaysian and Japanese experts: the former provided guidance on 'what' to do, while the latter on 'how' to implement it.<sup>35</sup>

#### **4. Implications**

This case study provides some implications for future effective cooperation.

##### *Validity of Asian experiences for Africa and the potential future business*

This experience indicates the possibility that Asian experiences can have some relevance for African countries. Some Southeast Asian countries, particularly those who became middle income countries, have similar experiences in having to overcome economic weakness by learning from other advanced countries, and applying these experiences to their different socio-cultural-economic environments. Like Malaysia, some experienced economic development through investment promotion by inviting FDI under the strong government initiative. If such exchanges are developed, Asia-Africa cooperation may create business opportunities for participating countries.

##### *Political high-level commitment*

The commitment of high-level stakeholders became a driving force for realising Zambia's ToH programme. This commitment was based on the shared understanding of the concept of the ToH, which had been fostered and intensified through repeated briefings and workshops since the preparation period. This approach was based upon the experiences of the Malaysian expert, who had learned the importance of inviting investors under the strong government initiative.<sup>36</sup>

##### *Capacity development: Learning by doing*

It was extremely effective to provide opportunities for developing and strengthening the capacity of individual ZDA staff members and the ZDA as an organisation, not only through training for transferring

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<sup>35</sup> JICA2011, p.12.

<sup>36</sup> JICA2008, p.31.

knowledge and skills, but also through the implementation of actual investment promotion missions. They learned both from the successes and failures of such missions, which helped them to build self-confidence.

*Harmonisation among various projects*

The GRZ and donors in the private sector development have long recognized the need for strengthening the coordination and harmonization of programs and projects in the sector.<sup>37</sup> In addressing the issue, the GRZ has started to take leadership in deepening harmonization and coordination between the two programmes of ToH and PSDRP through closer communication and the information exchanges over the last few years. Although the exercise is still on-going, reasonable improvements in terms of the complementarity of the two programmes have already been reported. Such closer communications among stakeholders and international donors is important to further improve the effectiveness of cooperation in the sector.

*Flexible management of the projects and combination of different types of knowledge*

The flexible framework of the projects, particularly that of the ToH SAIED, proved effective in making use of the various ideas of the Malaysian expert. He made available the broad range of ideas based on his Malaysian experiences and helped to adapt them to the country and sector context. In the ZIPP-TOH, his advisory activities were complemented by Japanese experts, who provided timely and practical advice to the ZDA staff in the form of on-the-job training. The ideas of the Malaysian expert indicated some directions of Zambia's ToH programme, while the practical daily advice of the Japanese experts helped the realisation of the former's ideas. Flexible management and an effective combination of different types of knowledge are effective for this kind of cooperation.

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