

		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Connectivity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	transport	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	education and research	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Migration @ (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @ (methodology for marker and tagging under development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): BGUE-B2022-14.020122-C1-INTPA Total estimated cost: EUR 28 700 000 Total amount of EU budget contribution EUR 28 700 000 IFIs may be associated to the action, such as for example: European Investment Bank (EIB); Netherlands Development Finance Company (FMO), the Nordic Environment Fund Corporation (NEFCO) the German Development Bank (KfW) and its daughter the Deutsche Entwicklungsgesellschaft (DEG) and the Swedish Swedfund,			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Direct management through: - Grants The Action may be complemented by budgetary guarantee(s) under the EFSD+, as set out in section 4.4.3.			

1.2 Summary of the Action

Zambia is exposed to external shocks, due to an economy heavily based on copper and agriculture exports, with a limited diversification base. Water and soil contamination is widespread in urban areas, and the rapid depletion of the country's natural resources, as indicated by the high level of deforestation, is steadily accelerating, along with population growth. Poverty is still very high and the Gini index reflects a society of high inequality and regional disparities. The high level of public debt that keeps the country at high risk, with the consequence that the private sector is crowded out from financing opportunities. President Hichilema has put sustainable and green growth, based on increasing local transformation, value addition and job creation, at the centre of his political agenda.

The President confirmed his commitment by officially opening in May 2022 the 1st EU-Zambia Economic Forum, which promoted “Economic transformation through green growth”. Given the current fiscal constraints, the private sector will play a key role, while the Government of the Republic of Zambia (GRZ) needs to take measures to improve the business-enabling environment and the investment climate. In this context, micro, small and medium-sized enterprises (MSMEs), which represent 70% of the GDP and about 97% of all businesses¹, are bound to play an essential role. Yet, MSMEs remain fragile and face several challenges, such as limited size, lack of entrepreneurial, digital and financial skills, reduced access to affordable business development services as well as to finance, and limited market penetration, particularly at regional and international level.

¹ Ministry of Small and Medium size enterprises, Draft MSME policy, April 2022