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## **China stakes USD 5 million to private mining companies in Zambia**

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China has staked more than USD 5 million to private mining companies in Zambia in addition to a commitment to provide extra finance for the construction of a power hydro station in the Southern African country, local media reported.

The China Development Bank Corporation said that it will provide USD 5 billion of loans to companies involved in Zambia's mining sector as part of the agreements signed between the two countries since 2007.

During a signing ceremony in Livingstone, lying about 600 kilometers from the capital, Lusaka on May 12th 2010, Mr Jiang Chaoliang president of China Development Bank said that under an agreement signed between the 2 countries, private mining companies could utilize the funds to develop their projects. The Bank on May 11 pledged to provide equity amounting to USD 1 billion to Zambia to help build a key power plant that would boost the country's electricity output by 600 mega when completed in 2017.

Mr Chaoliang said that the lender was keen to help Zambia improve its hydro electric power industry and provide financing to small and medium sized enterprises. The facilitation of the funding follows China's president Mr Hu Jintao's visit to Zambia in 2007 and the recent visit to that country by Zambian leader, Mr Rupiah Banda from February 24 to March 4 at which the two countries signed a number of MoUs.

Mr Banda said that the medium term and long term loans would be provided to private companies operating in Zambia under an agreement signed between the ministry of mines and the China Development Bank.

He said that the Zambian private sector should work with their Chinese counterparts in order to access resources from the USD 5 billion funding."

Mr Banda said that a number of Chinese companies already operating in the southern African country such as China Non Ferrous Metals Mining Corporation had previously secured financing from the China Development Bank for investments in the country.

He said that foreign mining companies operating in Zambia include Canada's First Quantum Minerals, London listed Vedanta Resources Plc, Equinox Minerals, Glencore International AG of Switzerland and Metorex of South Africa.

Mr Banda said that during the occasion, Zambia and China signed 3 MoUs in the fields of agriculture and infrastructure development. One of the MoUs was between China and Africa Development Fund and the Ministry of Commerce, Trade and Industry on the establishment of an agency of CADF in Zambia. Another MoU was between CADF and China Agricultural Development Group about cooperation on developing agriculture in Zambia and the last one was between China Non Ferrous Metals Corporation and Jilin Grain Group also on agricultural development in Zambia.

He said that this is more evident now that Zambia is looking for resources to build multi sectoral infrastructure. For this reason we welcome assistance from China to bridge the resource gap.

Mr Banda said that China Development Bank and the CADF were not strangers to Zambia and had in the past supported various projects in mining, energy and telecommunication sectors. A number of companies in Zambia including China Non Ferrous Metals mining company, Albidon and MTN benefited from their financial support.

He welcomed the plan by the China African Development Fund to establish a regional office in Zambia. The selection of Zambia as a location for the central and East Africa office of CADF demonstrated the positive investment environment that Zambia had created.

On other Memoranda of Understanding signed in agriculture, Mr Banda said that Zambia was endowed with good natural resources which promoted the sector. He said that he had constituted a team of Cabinet ministers that would see to it that the works by the China Development Bank and the Zambian Government succeeded Mr Jiang said after Mr Banda paid a visit to China his Bank was tasked to make a follow up to see how it could help Zambia attain economic development.

(Filed by Mr Kapembwa Sinkamba SteelGuru Correspondent Zambia)

