

## AFRICA RISK CONSULTING

### Zambia Monthly Briefing June 2016

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#### Zambia Summary 28 June 2016

*The Zambia Revenue Authority (ZRA) shuts down the Post Newspapers and police arrest its editor, Fred M'membe. Opposition figures including United Party for National Development (UPND) leader Hakainde Hichilema condemn the move as political as the Post has campaigned against the ruling Patriotic Front (PF). The Electoral Commission of Zambia (ECZ) threatens to stop all campaigning if political parties do not act to prevent increasing incidents of electoral violence. Media outlets leak an alleged PF political strategy document which orchestrates violence, alongside other methods to manipulate the elections including registering voters in neighbouring Malawi. The state-owned Industrial Development Corporation (IDC) selects two consortia to build 50 megawatt (MW) solar plant in Zambia with the aid of the World Bank's 'scale solar' programme.*

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#### ZRA shuts down post in a new move against the Cartel

The government of **Zambia** has shut down the **Post Newspapers** and arrested its editors. The **Zambia Revenue Authority (ZRA)** closed down the paper on 22 June claiming that the company owed \$6m in unpaid taxes.<sup>1</sup> Media and civil society sources view the move as political in the run-up to general elections taking place on 11 August.<sup>2</sup> The Post obtained a court order on 27 June from a provincial court in **Lusaka** allowing it to continue operating during the ZRA's investigation.<sup>3</sup> Despite the court order, police arrested Post editor **Fred M'membe**, his wife **Mutinta Mazoka-M'membe** and deputy managing editor **Joseph Mwenda** on 28 June.<sup>4</sup> M'membe, his wife and Mwenda were among those who went to access the premises of the newspaper following a court order restraining law enforcers from keeping it closed.<sup>5</sup> The Post's managing editor, **Joan Chirwa**, argued that the ZRA ignored a court order that the newspaper obtained not to shut the organisation down.<sup>6</sup> Chirwa also argues that other publications, including the pro-**Patriotic Front (PF) Zambia Daily Mail**, are in similar debt to the state.<sup>7</sup> The Post is continuing to publish from an undisclosed location.<sup>8</sup> Anti-corruption campaigners argue that the decision by the ZRA to shut down the newspaper is excessive. **Transparency International** representative in Zambia **Lee Habasonda** said:

*"We are very concerned that such a thing is happening at this time of campaigns for the August 11 elections."<sup>9</sup>*

President **Edgar Lungu** (2015-present) of the ruling PF party has told the media that shutting down the Post is not a political move.<sup>10</sup> However, M'membe is a key member of the so-called **Cartel** – a group of senior political and business figures that held considerable influence over the previous PF

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<sup>1</sup> Lusaka Times, 22 Jun 2016.

<sup>2</sup> Lusaka Times, 22 Jun 2016.

<sup>3</sup> Reuters, 28 Jun 2016.

<sup>4</sup> Zambia Reports, 28 Jun 2016.

<sup>5</sup> Zambia Reports, 28 Jun 2016.

<sup>6</sup> Lusaka Times, 22 Jun 2016.

<sup>7</sup> Daily Maverick, 28 Jun 2016.

<sup>8</sup> Zambia Reports, 28 Jun 2016.

<sup>9</sup> Habasonda in Reuters, 22 Jun 2016.

<sup>10</sup> Zambia Reports, 30 Jun 2016.

government of **Michael Sata** (2011-2014).<sup>11</sup> The government started investigating the Post newspapers for alleged tax fraud in December 2015, leading employees of the newspaper and members of the opposition to claim it was a campaign of harassment (see *ARC Briefing Zambia December 2015*). Since coming to power in January 2015, the president has moved against other members of the cartel:

- Lungu dismissed former PF vice-president **Guy Scott** in January 2015 (see *ARC Briefing Zambia January 2015*);
- removed **Mutembo Nchito** from his position as director of public prosecutions (DPP) in May 2015 (see *ARC Briefing Zambia May 2015*); and
- encouraged investigations in December 2015 into how **Zambia Finance Bank** chairman **Rajan Mahtani** acquired key investments (see *ARC Briefing Zambia December 2015*).<sup>12</sup>

The cartel is a highly controversial group, and sources in Zambia argue that Lungu is right in pursuing them:

*"You may not agree with his methods but the cartel used the Sata government to get rich off other people; Mahtani took other people's companies for little money, M'membe slandered opposition candidates in the press and Nchito made sure they never got prosecuted."*<sup>13</sup>

However, opposition figures say the government is using the legal system to restrict the freedom of the press. Primary opposition candidate the **United Party for National Development (UPND)** leader **Hakainde Hichilema**, **Movement for Multiparty Democracy (MMD)** leader **Nevers Mumba**, and **Alliance for Democracy and Development (ADD)** leader **Charles Milupi** held a press conference in support of the Post on 29 June.<sup>14</sup> The rally follows an official representation by diplomats from neighbouring countries and from major Western powers to Lungu pressing him to halt the closing of the newspaper on 28 June.<sup>15</sup> Hichilema told the media that the closure of the Post signals that Zambia would not have free and fair elections:

*"The current environment, where basic freedoms are contravened by the government, does not support the desire of Zambians to have free and fair elections."*<sup>16</sup>

Sources in the media argue that whatever role M'membe may have played in the cartel, the government is using it as an excuse to clamp down on press freedom:

*"This is no accident that it comes just over a month before the elections, the Post was for the UPND, perhaps this was to get back at Lungu for the cartel, perhaps it was not...the result is still the same – the government has used the revenue authority to shut down a newspaper. Anyone could be next."*<sup>17</sup>

Campaigners for greater government transparency also view the move as an attack on the freedom of the press:

*"Whatever cartel may have operated during Sata's time, they don't have power now. Fred M'membe was in newspapers a long time before he got his political influence and the Post has many columnists and journalists that provide fearless criticism of the PF...this is about the elections."*<sup>18</sup>

<sup>11</sup> Lusaka Times, 22 Jun 2016.

<sup>12</sup> Zambia reports, 20 Nov 2014

<sup>13</sup> Source, director of a think-tank, Lusaka

<sup>14</sup> Zambia Reports, 30 Jun 2016.

<sup>15</sup> Zambia Reports, 30 Jun 2016.

<sup>16</sup> Hichilema in Zambia Daily Mail, 23 Jun 2016.

<sup>17</sup> Source, journalist, Lusaka

<sup>18</sup> Source, constitutional freedom campaign leader, Lusaka

## ECZ threatens to stop campaigning over violence, as opposition claims fraud

The **Electoral Commission of Zambia (ECZ)** threatened on 17 June to stop all campaigning unless the PF and UPND acted to prevent growing incidents of electoral violence.<sup>19</sup> Zambia has a history of electoral violence, particularly around the 2011 elections, and all parties agreed earlier this year to campaign peacefully.<sup>20</sup> The **Electoral Process Act (2016)** allows the ECZ to suspend all campaigning if necessary to keep the elections free and fair.<sup>21</sup> The ECZ released a statement saying that:

*"The commission is compelled to warn political parties and candidates participating in the 2016 general elections and the referendum to desist from acts of violence, failure to which it will suspend all political party campaigns and disqualify them from the elections. All political parties are expected to ensure that their candidates...and supporters abide by the code."<sup>22</sup>*

The election is a close race between Lungu and Hichilema, which most polls in Zambia say is too close to call.<sup>23</sup> There have been dozens of reports of violence at political rallies across the country since campaigning started on 11 May.<sup>24</sup> So far there have not been any deaths as a result of violence, but fighting between supporters has left over 200 people injured.<sup>25</sup> Zambia's inspector-general of police, **Kakoma Kangaja**, warned the country on 25 June that there was a zero-tolerance policy towards violence at rallies and carrying weapons in public.<sup>26</sup> Kangaja said police had found:

*"A proliferation of dangerous items including machetes, air pistols, tazer guns and catapults being carried in public to and at political events... any individual carrying these weapons in public will be arrested."<sup>27</sup>*

According to sources in the Zambian media, political parties at the local level encourage violence:

*"There is no point pretending, we all know that the local coordinators of these cadres arrange to go and disrupt the other parties' rallies... until serious orders come from the top down there will be no change. We should not have to wait for loss of life to take this seriously."<sup>28</sup>*

The UPND claims that the government has orchestrated the violence as part of 'Operation 777', an alleged PF electoral strategy document that online newspaper **Open Zambia** leaked on 9 June.<sup>29</sup> The strategy document calls on PF cadres to:

- remove opposition observers from polling stations;
- manipulate the printing of ballot papers;
- eliminate critical coverage by The Post, the last critical mass-market publication;
- give Zambian passports to foreign nationals;
- restrict the opposition party's use of airspace; and
- purchase votes in a "well co-ordinated manner".<sup>30</sup>

The UPND claims the operation is well underway, pointing to the closure of The Post (see above). It also claims PF supporters attempted to prevent Hichilema from addressing a rally on 13 June in northern Zambia and that police tried to shut down a rally in **Kitwe (Copperbelt Province)** on 25 May.<sup>31</sup> There are also allegations that there are 132,000 duplicate voters on the electoral roll, and that

<sup>19</sup> ECZ statement, 17 Jun 2016.

<sup>20</sup> Reuters, 17 Jun 2016.

<sup>21</sup> ECZ statement, 17 Jun 2016.

<sup>22</sup> ECZ statement, 17 Jun 2016.

<sup>23</sup> Reuters, 17 Jun 2016.

<sup>24</sup> Janes, 28 Jun 2016.

<sup>25</sup> Janes, 28 Jun 2016.

<sup>26</sup> Janes, 28 Jun 2016.

<sup>27</sup> Kangaja in Janes, 28 Jun 2016.

<sup>28</sup> Source, journalist, Lusaka

<sup>29</sup> Daily Maverick, 28 Jun 2016.

<sup>30</sup> Daily Maverick, 28 Jun 2016.

<sup>31</sup> Reuters, 23 May 2016.

the PF registered thousands of citizens of **Malawi** onto the roll at the border constituency of **Vubwi**.<sup>32</sup> According to **Jeffrey Smith** of the pro-democracy **Africa Vanguard** movement:

*"Zambians deserve free, fair, and credible elections. The current trajectory of events casts serious doubt on that possibility."*<sup>33</sup>

However, other sources in Zambia say that the strategy document is not official and that the incidents are isolated rather than part of a major campaign:

*"I think there is little doubt that some PF cadres, and some UPND cadres, are trying to win the election by any means, we have seen this before in other elections...but there is not evidence that the PF centrally are rigging it...the closing of The Post may be political but I don't think this is a campaign to steal the election. Lungu has gone after M'membe since he got into power."*<sup>34</sup>

### Zambia shortlists two solar power developers

The state-owned **Industrial Development Corporation (IDC)** announced on 2 June that it had shortlisted two companies to build 50 megawatt (MW) solar power installations.<sup>35</sup> Zambia's power shortfall fluctuates between 500MW and 1000MW due to the ongoing drought, and this will cause further electricity shortages as the country enters its dry season. The **Zambia Electricity Supply Corporation (Zesco)** is due to lose \$277m in revenue as a result.<sup>36</sup> This in turn threatens industrial output, the value of the kwacha and government revenues – as the state has to pay for costly diesel generated emergency power supplies.<sup>37</sup> The two projects will be the first large-scale solar independent power producers (IPP) in Zambia.<sup>38</sup>

The IDC selected a consortium of **United-States (US)**-based photovoltaic (PV) developer **First Solar Inc** and **France**-based **NEON sas** to develop one of the plants. First Solar put its tariff bid at 6.02 cents per kilowatt hour (kWh) fixed for a 25-year period.<sup>39</sup> The second bid is from **Italy**-based energy multinational **Enel Green Power SpA**.<sup>40</sup> Enel put its tariff bid at 7.84 cents per kWh, also fixed for a 25-year period.<sup>41</sup> The two winning bids were part of seven final proposals the IDC received after initial interest from 480 companies.<sup>42</sup> According to the IDC, this is well below the average tariff, which often falls between 8 and 10 cents per kWh:

*"The two provisional winning tariffs are both well below those typically offered under unsolicited proposals from solar developers in Zambia or elsewhere in Africa."*<sup>43</sup>

The two projects are part of the **World Bank's** 'scaling solar' initiative.<sup>44</sup> The World Bank provides countries with technical guidance, and bid structuring to get solar plants up and running effectively in a short space of time.<sup>45</sup> The programme is currently active in Zambia, **Senegal**, and **Madagascar**, and aims to put 1 gigawatt (GW) of solar power online in the next three years.<sup>46</sup> The **International**

<sup>32</sup> Daily Maverick, 28 Jun 2016.

<sup>33</sup> Smith in Daily Maverick, 28 Jun 2016.

<sup>34</sup> Source, director of a think-tank, Lusaka

<sup>35</sup> IDC statement, 2 Jun 2016.

<sup>36</sup> Lusaka Times, 5 Jun 2016.

<sup>37</sup> Reuters, 2 Jun 2016.

<sup>38</sup> Reuters, 2 Jun 2016.

<sup>39</sup> Quartz, 7 Jun 2016.

<sup>40</sup> Quartz, 7 Jun 2016.

<sup>41</sup> Quartz, 7 Jun 2016.

<sup>42</sup> Reuters, 13 Jun 2016.

<sup>43</sup> IDC statement, 2 Jun 2016.

<sup>44</sup> Quartz, 7 Jun 2016.

<sup>45</sup> Quartz, 7 Jun 2016.

<sup>46</sup> Quartz, 7 Jun 2016.

**Finance Corporation (IFC)** of the World Bank claims that the winning bids are good news for low-cost renewable energy across the continent.<sup>47</sup> According to IFC CEO **Phillippe le Houérou**:

*"These are the lowest solar power tariffs seen to date in Africa, and among the lowest prices for solar power anywhere in the world – a game changer for Zambia and other countries in the region facing electricity shortages."<sup>48</sup>*

## Implications

The actions of the government during the current election contrast with the presidential by-election of January 2015. There are serious allegations of manipulation of the press for political gain, credible accusations of orchestrated violence and of false voter registration. Zambia has a long history of multiparty democracy and the current actions of the PF come close to putting its future in doubt. It is likely that many of the electoral issues are organised at the local level, but it is also highly likely that people higher up the chain know about them. People in the party headquarters of both the PF and the UPND are either willing to turn a blind eye to violence and manipulation, or are actively encouraging it.

The closure of The Post is a move by Lungu against the cartel – itself a fundamentally undemocratic group – and comes at a time that benefits the PF's campaign. The Lungu administration has gone after M'membe and other cartel members from the time it entered power. The cartel attempted to prevent Lungu from becoming president in December 2014. The action cannot just be seen in the context of the current electoral struggle. However, the post was the only major newspaper actively campaigning against the PF.

The UPND and Hichilema are still in the race. Lungu has failed to turn around the economy – despite reasonable efforts to do so – and the country is now negotiating a financial settlement with the **International Monetary Fund** (see *ARC Briefing April 2016*) to be finalised after the elections. Zambians have endured a continuing power crisis and a continually devalued currency. No matter what actions the PF might take against the UPND, there is still a chance that the populace will vote for a change of leadership.

The party that wins the August elections will have to deal with the IMF negotiation and the return of widespread power shortages. The IDC's selection of reputable global players to add 100MW of solar power to the grid is a good step towards stability. However, the 400 MW that the energy ministry promised in January 2015 to add to the grid by now (see *ARC Briefing January 2015*) have not appeared. Zambia needs large-scale development of both thermal and renewable energy in order to reduce its reliance on hydroelectric power generation, and the increasingly unpredictable climate of **Southern Africa**.

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<sup>47</sup> Reuters, 13 Jun 2016.

<sup>48</sup> Le Houérou in Reuters, 13 Jun 2016.

### About Africa Risk Consulting:

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