

AFRICA RISK CONSULTING

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Zambia Summary 27 July 2018

Zambia's government and ministers host a variety of foreign officials on political and business visits in July. These include official visits by the United Kingdom's minister for Africa, Harriett Baldwin, a 53-person delegation from Japan, and Turkey's President Recep Tayyip Erdogan (2014-present). President Edgar Lungu (2015-present) commissions a \$500m China National Building Material cement plant in Chongwe. Patriotic Front (PF) candidate Miles Sampa wins the Lusaka mayoral election, keeping the capital under the control of the ruling party. Opposition United Party for National Development (UPND) leader Hakainde Hichilema claims poor voter turnout is an indictment of the Electoral Commission of Zambia. The president of Transparency International in Zambia, Reuben Lifuka, states that corruption has become "a beast running out of control" and is becoming "normalised" in Zambia.

Zambia hosts a number of foreign officials on political and business visits

Zambia's government and ministers hosted a wide variety of foreign officials for official political and business visits in July. The **United Kingdom's (UK)** minister of state for Africa, **Harriett Baldwin**, visited Zambia on 25-26 July to hold meetings with the vice-president, **Inonge Wina**, and finance minister **Margaret Mwanakatwe**.¹ Baldwin signed the **Energy Africa Compact**, which aims to expand the household solar market, and announced new development assistance for the sustainable energy sector of 406m kwacha (\$40m).² Of this, 36m kwacha (\$3.5m) will be granted to three local companies: solar home system company **Vitalite**; pre-paid electricity voucher supplier, **Kazang**; and **WID Energy**.³ Baldwin also stated that the UK private sector is keen to invest in Zambia because it has seen "tremendous opportunities".⁴

Japan sent a 53-person private and public sector delegation to Zambia for a business and investment trip from 25-27 July.⁵ Japanese vice-minister of foreign affairs **Manabu Horii** led the trip, accompanied by 30 business executives and officials from the **Japan International Cooperation Agency** and the **Japan External Trade Organisation**.⁶ Japan is not a major trading partner with Zambia, though this trip may help to increase trade. Currently, Zambia imports mainly automobiles and general automobile parts from Japan and exports minerals (particularly cobalt), tobacco and leather.⁷ The trade balance is heavily skewed in favour of Japan, as Zambia imports \$47m worth of goods, and exports just \$24.1m.⁸

Highlighting **China's** strong investment links with Zambia, President **Edgar Lungu** (2015-present) commissioned the **China National Building Material-Zambia (CNBM-Z)** plant in **Chongwe** on 26 July.⁹ The plant involves a \$500m investment over two phases.¹⁰ It will produce over one million

¹ Lusaka Times, 25 Jul 2018.

² Lusaka Times, 25 Jul 2018.

³ Daily Mail, 27 Jul 2018.

⁴ Lusaka Times, 26 Jul 2018.

⁵ Lusaka Times, 25 Jul 2018.

⁶ Lusaka Times, 25 Jul 2018.

⁷ www.mofa.go.jp

⁸ www.mofa.go.jp

⁹ Lusaka Times, 26 Jul 2018.

¹⁰ Lusaka Times, 26 Jul 2018.

tonnes of cement per year and offer 2,500 jobs once completed.¹¹ CNBM-Z is a subsidiary of **Hong Kong Stock Exchange-listed China National Building Material Co. Ltd (CNBM)**, the largest cement and gypsum board producer in China.¹² This is CNBM's first foray into Africa.¹³

There have been unverified rumours that the government was looking to China for assistance to restructure its debt. A statement on 11 July reportedly attributed to the presidency claimed that Lungu had assigned five cabinet ministers to travel to China to engage authorities on a debt-restructuring programme.¹⁴ Chief government spokesperson **Dora Siliya** described the statement on 26 July as "*fake news*" and stated that the government has no plans to seek debt assistance from China at the moment.¹⁵

Turkey's President, **Recep Tayyip Erdogan** (2014-present), will visit Zambia on 28 July for the first time to strengthen existing relations.¹⁶ According to the foreign ministry, Erdogan will meet with President Lungu to discuss multilateral issues, such as **United Nations Security Council** reform, as well as regional and continental peace processes.¹⁷ Turkey's ambassador to Zambia, **Sebnem Incesu**, had reportedly claimed that Zambia faced terrorism threats from **Fethullah Gulen**, the alleged organiser of the 2016 coup attempt in Turkey. However, Siliya said she was unaware of Incesu's comments.¹⁸ Despite Siliya's feigned ignorance, Erdogan is likely to bring up the topic of Gulen, as he has in most African countries he has visited since the coup attempt.¹⁹ For Lungu, this could be the opportunity he needs to ask for financial assistance to help restructure Zambia's debt in return for his cooperation to remove any Gulen associates from Zambia.

Erdogan called for stronger trade relations between Turkey and Zambia after receiving Zambia's new ambassador to Turkey, **Joseph Chilengi**, on 25 July.²⁰ Bilateral trade stood at \$22m in 2017.²¹ Erdogan stated that this does not reflect the potential and should be much higher.²² Some Turkish private sector companies have already expressed interest in increasing its investment in Zambia. **Turkey-based** solar panel manufacturing company, **Thor Inc**, identified Zambia as an investment destination where it wants to establish a solar manufacturing plant.²³

The official visits are a good public relations campaign for Lungu and his government. Any business deals are a good sign that foreign investors are confident in the Zambian economy, despite the debt issues that have prevented Zambia from receiving a desperately-needed **International Monetary Fund (IMF)** bailout. The IMF bailout looks to be far off without major economic reforms and it is unclear what the government will do if it is not forthcoming. The government may hope that these diplomatic meetings will signal to the IMF that other foreign investors have accepted their economic reforms thus far.

Patriotic Front candidate wins Lusaka mayoral election

Patriotic Front (PF) candidate **Miles Sampa** won the **Lusaka** mayoral election on 27 July, keeping Lusaka under the control of the ruling party.²⁴ The PF won 13 out of 14 ward elections in Zambia.²⁵

¹¹ Lusaka Times, 26 Jul 2018.

¹² www.cnbmltd.com

¹³ Zambia Reports, 26 Jul 2018.

¹⁴ Diggers, 26 Jul 2018.

¹⁵ Diggers, 26 Jul 2018.

¹⁶ Anadolu Agency, 25 Jul 2018.

¹⁷ Anadolu Agency, 25 Jul 2018.

¹⁸ Diggers, 26 Jul 2018.

¹⁹ Multiple sources: Ahval, 26 Jul 2018; Deutsche Welles, 25 Jan 2017; Turkish Minute, 27 Jan 2018; News24, 24 Jan 2017.

²⁰ Lusaka Times, 25 Jul 2018.

²¹ Lusaka Times, 25 Jul 2018.

²² Lusaka Times, 25 Jul 2018.

²³ Zambia Reports, 21 Jul 2018.

²⁴ Diggers, 27 Jul 2018.

²⁵ Diggers, 27 Jul 2018.

While the **Electoral Commission of Zambia (ECZ)** has yet to release official results for all constituencies, Sampa had a landslide lead in polls in three of the seven major constituencies in Lusaka over **Kangwa Chileshe**, the candidate for the opposition **United Party for National Development (UPND)**.²⁶ Other candidates were:

- **Mundia Mukubesa (People's Alliance for Change)**
- **Saboi Imboela (National Democratic Congress)**
- **Leslie Chikuse (Republic Progressive People)**
- **Saviour Chishimba (United Progress Party)**
- **Alfred Banda (United National Independence Party)**
- **Madalitso Musukwa (United Prosperous & Peaceful Zambia)**
- **Bwalya Nonde (National Restoration Party)**.²⁷

Voter turnout was perceived to be low, though the ECZ has yet to release official figures. President Lungu expressed disappointment in the voter turnout whilst UPND leader **Hakaide Hichilema** suggested the low turnout was “*an indictment on the ECZ and its failure to run credible elections*”.²⁸ Hichilema also alleged there was vote rigging in the elections. Hichilema claimed that the ink used to show when an individual has voted faded minutes afterwards, and that this showed it was an ECZ and PF move to allow double voters.²⁹ This is not the first time Hichilema has alleged vote rigging.³⁰

The results are a blow for the UPND. However, **Lusaka District** has always strongly supported the PF, giving it well over 65% of the vote in the 2016 presidential elections.³¹ For Lungu, the issue will be whether the votes were for the PF or for Sampa. Sampa, a nephew of former President **Michael Sata** (2011-2014), was the PF president after Sata's death until a court found the internal election to be illegal in December 2014 and Lungu was declared PF president.³² Sampa then resigned from the PF and entered alliances with several other opposition leaders, including Hichilema, before returning to the PF.³³ Lungu may have pushed for Sampa as mayor to prevent him from challenging him as the candidate for 2021. Or, he may have created a populist mayor who will use this time to groom himself as the rightful heir to the PF throne.

Transparency International says corruption out of control in Zambia

President of **Transparency International** in Zambia, **Reuben Lifuka**, stated on 25 July that corruption had “*become a beast running out of control*” and was becoming normalised in Zambia.³⁴ Lifuka made the comments while launching the **Zambia Bribe Payers' Index Survey**, which will be used to highlight the type and magnitude of corruption in Zambia.³⁵ The survey will assess Zambians' experiences with corruption when they seek services from public institutions.³⁶ The 2017 survey found that the traffic police department was the most corrupt department in the **Zambia Police Service**.³⁷ There was also an increase in corruption at the education ministry, although corruption at the ministry of lands and public services pensions fund decreased.³⁸

²⁶ Diggers, 27 Jul 2018.

²⁷ Lusaka Times, 26 Jul 2018.

²⁸ Lusaka Times, 26 Jul 2018.

²⁹ Lusaka Times, 26 Jul 2018.

³⁰ BBC, 15 Aug 2016.

³¹ www.elections.org.zm

³² Reuters, 4 Dec 2014.

³³ Zambia Reports, 26 Mar 2016.

³⁴ The Mast, 26 Jul 2018.

³⁵ The Mast, 26 Jul 2018.

³⁶ The Mast, 26 Jul 2018.

³⁷ Diggers, 26 Jul 2018.

³⁸ Diggers, 26 Jul 2018.

Lifuka noted that corruption was not necessarily increasing, but that Zambians are more likely to accept it.³⁹ This means the government invested more in resources to diagnose corruption than to actually stop it.⁴⁰ According to Lifuka, the government passes laws that it never fully enforces and only partially implements its policy pronouncements:

“Government leaders continue to make light of the problem. We hear statements like ‘corruption is sensationalised in Zambia.’ The media are not spared in this malaise. There is a penchant for media reporting on events and not on substantive analysis as to the reasons and drivers of corruption and on solutions to the problem.”⁴¹

In response to Transparency International’s findings, **Anti-Corruption Commission** director-general **Kapetwa Phiri** stated that the commission would review its anti-corruption policies:

“[The Anti-Corruption Commission] will not relent in its efforts to ensure that the levels of corruption in the country are reduced.”⁴²

As with most of its political and economic issues at the moment, the government is wondering how the IMF will view Transparency International’s findings. Increased corruption will reduce Zambia’s chances of an IMF bailout, but the government could use the findings to illustrate the steps it is taking to clean up its traffic department and other government areas where bribery has become routine.

Planner

20-21 Aug 2018 **(Zambia) Bank of Zambia Monetary Policy Committee** meeting
2021 **(Zambia)** Scheduled presidential elections;

Chronology

27 Jul 2018 **Lusaka (Zambia) Diggers. Patriotic Front** candidate **Miles Sampa** wins the Lusaka mayoral election;

26 Jul 2018 **Lusaka (Zambia) The Mast. Transparency International in Zambia** president **Rueben Lifuka** states that corruption is becoming out of control;

26 Jul 2018 **Chongwe (Zambia) Lusaka Times. President Edgar Lungu** commissions the **China National Building Material-Zambia (CNBM-Z)** plant in **Chongwe** which will involve a \$500m investment over two phases;

25 Jul 2018 **Lusaka (Zambia) AA. Turkey’s** President **Recep Tayyip Erdogan** will visit Zambia on 28 July for the first time to strengthen existing relations;

24 Jul 2018 **Lusaka (Zambia) Zambia Reporter. United Kingdom’s** minister for **Africa, Harriett Baldwin**, begins visit to **Zambia** on 25-26 July;

8 Jul 2018 **Lusaka (Zambia) africanews. United Party for National Development** members reject plans to impose legislation which would regulate social media use as infringing free speech;

³⁹ The Mast, 26 Jul 2018.

⁴⁰ The Mast, 26 Jul 2018.

⁴¹ The Mast, 26 Jul 2018.

⁴² The Mast, 26 Jul 2018.