

AFRICA RISK CONSULTING

Zambia Monthly Briefing March 2020

Zambia Summary 12 March 2020

The Zambian health ministry, together with its partners, intensifies measures to mitigate the coronavirus (COVID-19) as 24 reported alerts increase concerns around the country. To date Zambia has no positive cases of COVID-19. United States-based railway development company Railnet International aims to invest \$11 billion into the construction and development of a modern railway that will connect Zambia, Zimbabwe and Mozambique. The police make 556 arrests as the gassing of Zambians continues across the country, which has caused more than 50 deaths since mid-December.

Zambia braces itself for COVID-19

At time of writing, **Zambia** has no cases of the **coronavirus COVID-19** and has implemented measures to prevent the spread of the disease into the country. Health minister **Chitalu Chilufya** reassured members of parliament on 4 March that the tests of all 24 suspected cases of COVID-19 in Zambia had come back negative.¹ The healthy ministry has deployed health practitioners and assistants nationwide at points of entry to conduct temperature scans.² A hospital in **Chilanga** district, **Lusaka**, has been designated as an isolation centre for treating possible cases of the outbreak.³ Chilufya reassured Zambians that government will not ban those who want to travel to and from **China** as doing so would amount to “*social stigma and xenophobia*”. However, all individuals arriving from China will be subject to 14-day self-quarantine.⁴

*“Zambia has not recorded any cases of the 2019 novel coronavirus. Government is working with its partners to enhance the country’s preparedness to handle any case should it arise. Through the disease intelligence wing, the **Zambia National Public Health Institute (ZNPHI)**, government has heightened surveillance, including at points of entry, and continue to monitor the situation as it evolves in affected countries.”⁵*

The government has also approved the establishment of a contingency fund for emergency preparedness, prevention, and mitigation measures against the COVID-19 outbreak.⁶ Zambia is one of 13 countries that the **World Health Organization (WHO)** has identified as top priority countries in **Africa** due to its direct links and high-volume travel to China, and says the government needs to be particularly vigilant for potential cases of the coronavirus.⁷ Addressing the **Zambia National Broadcasting Corporation (ZNBC)** on 4 March, chief government spokesperson **Dora Siliya** emphasised that the contingency plan was to protect the public from possible social, economic, and cultural effects of the disease.⁸

“Intensified disease surveillance at points of entry including airports and in health facilities have been developed and distributed guidelines for follow up of all travellers returning from high-risk

¹ *Zambian Watchdog*, 27 Feb 2020

² *Garda World*, 21 Feb 2020,

³ *Garda World*, 21 Feb 2020

⁴ *Zambian Watchdog*, 27 Feb 2020

⁵ Minister of health, Dr. Chitalu Chilufya quoted by the *Zambian Watchdog*, 27 Feb 2020

⁶ *Lusaka Times*, 3 Mar 2020

⁷ *World Health Organization Africa*, 20 Feb 2020

⁸ *Lusaka Times*, 3 Mar 2020

areas. Government has also procured and pre-positioned personnel protective equipment in strategic high risk areas and identified isolation facilities to be used in case of any eventualities.”⁹

Economic experts say COVID-19 could have major implications on Zambia’s economic outlook for 2020.¹⁰ China is one of Zambia’s primary trading partners with about 20% of Zambia’s exports going there. The coronavirus outbreak has slowed demand in China, the largest consumer of most commodities and whose economy represents 18% of global GDP, resulting in rattled markets that have sent copper prices tumbling in Zambia.¹¹ Weaker demand from China will put Zambia’s copper-dependent economy at risk.¹² **Bank of Zambia** (central bank) governor **Denny Kalyalya** cautioned on 20 February that the coronavirus is a threat to the local economy given the impact on falling copper prices:

“It is quite clear, we have seen the copper price being affected, it has reduced, so that obviously affects our economy very directly. The full extent of that is not calibrated at this point, but it definitely will have a negative effect.”¹³

Zambia secures \$11 billion railway development investment

The Zambian government and **United States (US)**-based railway infrastructure development company **Railnet International** signed a Memorandum of Understanding on 6 March worth \$11 billion to construct and develop a standard gauge railway system.¹⁴ The US, much like China, has taken the soft power approach to investment competition in Africa with recent plans to link three **Southern African** countries – Zambia, **Zimbabwe** and **Mozambique** – via a network of high-speed trains.¹⁵ Transport minister and communication permanent secretary **Misheck Lungu** emphasised at the signing ceremony in Lusaka on 6 March the importance of the agreement, noting that the project will transform the country into a transport hub and assist in moving bulk cargo goods away from the road.¹⁶

*“The construction of the railway system from Zambia to **Beira** in Mozambique will help connect Zambia to the rest of Africa. It will enable businesses including mining companies in Africa’s second-largest copper producer to transport bulk cargo by railway instead of using roads.”¹⁷*

The development, stretching from Zambia’s **Copperbelt Province** to the port of Beira in Mozambique via **Harare** in Zimbabwe, will create jobs and allow thousands of Zambians to participate in the local economy.¹⁸ The development of a railway system across transnational borders will improve the flow of commerce and traffic within the Southern African region.¹⁹

Construction is expected to commence in January 2021 with Railnet International building the new railway line parallel to the existing one in Lusaka. Upon completion of the railway, Railnet International will operate it for a defined period under a concession deal and hand it over to the government once it has recovered its returns from investments made.²⁰

Gassing cases unresolved

What began as a minor incident in **Chingola** district in Zambia’s Copperbelt Province in December when unidentified perpetrators began spraying unknown chemicals in residences, continues to

⁹ Chief spokesperson, Dora Siliya quoted by Lusaka Times, 3 Mar 2020

¹⁰ Source, analyst, Pretoria

¹¹ Bloomberg, 23 Feb 2020

¹² Bloomberg, 23 Feb 2020

¹³ Bloomberg, 23 Feb 2020

¹⁴ Lusaka Times, 7 Mar 2020

¹⁵ Ecofin Agency, 9 Mar 2020

¹⁶ Lusaka Times, 7 Mar 2020

¹⁷ minister of transport and communication permanent secretary quoted by Lusaka Times, 7 Mar 2020

¹⁸ Source, analyst, Pretoria

¹⁹ Source, analyst, Pretoria

²⁰ Ecofin Agency, 9 Mar 2020

spread to all parts of Zambia.²¹ In early February, nationwide tensions forced President **Edgar Lungu** (2015-present) to deploy troops in Lusaka with the aim of curbing civil disturbances and mob justice perpetuated by local vigilante groups lynching those suspected of gassing people and spraying chemicals in public spaces.²²

Although the motives of the attacks are unclear, minor opposition **Rainbow Party** secretary general **Wynter Kabimba** claims there is an economic aspect to them. The spate of violence has gripped Zambia at a time when inflation has soared, economic growth has significantly slowed, and households have electricity cuts for hours on a daily basis. Kabimba, who served as justice minister under former president **Michael Sata** (2011-2014), said in an interview on **Joy FM Zambia** in Lusaka on 5 March that the government needs to address poverty, unemployment, and inflation, amongst other socio-economic and political drivers and root causes that have influenced individuals to perpetrate the current rash of violent activities across Zambia.²³

“We have a situation where those of us in the urban areas, the so-called elite, will be scared to go to the rural areas for as long as this [gassing] situation persists. We have come to be perceived to be enemies of the dispossessed. That’s why, in my view, this issue must be analysed from an economic dimension – a meltdown of the economy which has given rise to the anger of another society within the same society of the disaffected and the dispossessed.”²⁴

In his **State of the Nation Address** to parliament on 6 March, President Lungu suggested that the government establish a commission of inquiry into the gassing attacks.²⁵ The suggestion has attracted criticism as being “a waste of already scarce resources”.²⁶ In an interview with the **Southern Times** news agency on 20 March, opposition **United Party for National Development (UPND)** leader **Hakainde Hichilema** urged the Zambian government to enhance its investigation of the covert acts and gassing incidents by consulting and engaging with international investigators.²⁷ While the military approach and police coordination have led to the arrest of 566 people,²⁸ lawlessness continues with the spraying of chemical substances on members of the public, riotous behaviour, and instances of mob justice.²⁹

²¹ News Break, 6 Mar 2020

²² Bloomberg, 13 Feb 2020

²³ The Mast, 9 Mar 2020

²⁴ The Mast, 6 Mar 2020

²⁵ Lusaka Times, 6 Mar 2020

²⁶ The Mast, 9 Mar 2020

²⁷ Southern Times, 20 Feb 2020

²⁸ News Diggers, 5 Mar 2020

²⁹ Source, analyst, Pretoria

Planner

18-19 Mar 2020 **Lusaka (Zambia)** The Alliance for Rural Electrification Energy Access Investment Forum (ARE-EAIF);

1 Jul 2020 **(Africa)** African Continental Free Trade Area deadline for 90% tariff liberalisation.

15-17 Jul 2020 **Livingstone (Zambia)** International Conference on Development and Investment Infrastructure Strategies for Africa (DII);

2021 **(Zambia)** Zambia General Elections

Chronology

10 Mar 2020 **Rabat (Morocco)** *Morocco World News*. Director of Public Prosecutions **Fulata Lillian Shawa Siyuni** meets with her **Moroccan** counterpart, **Mohammed Abdennabaoui**, to discuss ways of increasing Morocco-Zambia collaboration within the judiciary;

9 Mar 2020 **Lusaka (Zambia)** *The Mast*. The **Zambian** government faces intense criticism over its decision to engage **Ethiopian Airlines** re-launch Zambia's national airline, **Zambia Airways**, which is expected to cost Zambia \$700,000 (10.3m kwacha) a month;

9 Mar 2020 **Lusaka (Zambia)** *African Markets*. Financial rating agency **Fitch Ratings** forecasts that **Zambian** debt will peak in 2020, but remain at a level that keeps the government's external financing requirements high relative to official foreign exchange reserves as a result of high and rising government debt;

8 Mar 2020 **Wuhan (China)** *Zambia Daily Mail*. **Huazhong University of Science and Technology** medical student, **Tisiliyani Salima**, president of the **Zambian-Wuhan Student Association**, says no Zambian student has been taken in ill with **COVID-19** so far, but many are living in fear;

6 Mar 2020 **Johor Baru (Malaysia)** *News Diggers*. The **Zambian High Commission in Malaysia** disputes claims that **Zambian** wood destined for **Vietnam**, worth over \$2m and seized by the **Malaysian Customs** department, belongs to politically exposed persons (PEPs);

6 Mar 2020 **Lusaka (Zambia)** *News Diggers*. Health minister **Chitalu Chilufya** says the government will not ban flights to and from **China** as a way of preventing the outbreak of the virus, as doing so would amount to social stigma and xenophobia;

2 Mar 2020 **Lusaka (Zambia)** *News Diggers*. Economist **Chibamba Kanyama** says the continued depreciation of the kwacha against other convertible currencies will be a huge blow to the country's economy;

22 Feb 2020 **Lusaka (Zambia)** *Lusaka Times*. Police inspector general **Kaakoma Kanganja** tells members of the press at police headquarters in Lusaka that 43 people have been killed and 23 others injured in a spate of mob violence across the country.

About Africa Risk Consulting:

Africa Risk Consulting (ARC) is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

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