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The ruling Patriotic Front (PF) fights over its candidate for the presidential by-election due to take place on 20 January 2015. Main candidates for the election emerge from the three main parties: Edgar Lungu for the PF, Hakainde Hichilema for the United Party for National Development (UPND), and Nevers Mumba or Rupiah Banda for the Movement for Multiparty Democracy (MMD). Mumba comes back into the running after a controversial court case victory on 19 December and intends to ally the MMD and UPND into a single opposition party for the election. The International Monetary Fund (IMF) decreases its growth forecast for 2014 for Zambia from 7% to 5.5% citing the poor performance of the kwacha and the decrease in the price of copper in early 2014 as its reasons. The IMF and ratings agency Moody's also warn of potential economic instability in the run-up to the elections in 2015. Local commentators don't predict political violence during the campaign but the Electoral Commission of Zambia threatens to postpone the election if evidence of party-sponsored violence emerges.

The ruling PF fights over an electoral candidate....

Intra-party conflicts have wracked the ruling **Patriotic Front (PF)** over its choice of a presidential candidate for the 20 January 2015 presidential by-election. The leading contender, justice and defence minister and PF general secretary, **Edgar Lungu**, is likely to emerge as the successful representative of the PF. Acting-president **Guy Scott**, however, continues to support rival candidate **Miles Sampa**. Legal challenges between the two camps continue.

At the party general conference, which took place from 29 November to 1 December, the divisions in the party became even deeper. Over the course of the conference two votes were held, one which elected Lungu and another which elected Sampa, the preferred candidate of Scott and the so-called 'cartel' (See *ARC Zambia November 2014 Briefing*).¹

Both camps within the PF took their rivals to court.² Scott's camp claims that Lungu was elected before many of the delegates had arrived at the conference. Lungu's camp claims that the Sampa vote is invalid as Lungu had already been legitimately elected leader. The **Lusaka** high court ruled on 4 December that Lungu was the PF's presidential candidate and rejected Sampa's candidacy.³ Sampa filed an appeal against the Lungu ruling and the judgment against his candidacy with the **Zambian Supreme Court**. The Supreme Court sent the ruling back to the high court on 16 December declaring that the grounds for appeal against Lungu's candidacy were flawed.⁴ On 18 December the high court deferred passing judgment on Lungu's candidacy until 22 December. This technically knocks Lungu out of the running as the deadline for candidate registration is on 20 December, one month prior to the election itself.⁵

The struggle between Scott and Lungu has also continued throughout the month. PF members loyal to Lungu released a signed statement declaring that Scott had been removed from office as acting

¹ Lusaka Times, 1 Dec 2014

² Lusaka Times, 3 Dec 2014

³ Reuters, 4 Dec 2014

⁴ Zambia Daily Mail, 16 Dec 2014

⁵ Zambia Daily Mail, 19 Dec 2014

president on 16 December. Scott responded on 17 December that there was no constitutional provision to remove him from his position and that the letter had no legal standing. On 19 December the **Ndola** high court ruled that any attempts to remove Scott were illegitimate and any further attempts to do so would result in contempt of court.⁶

... as three main contenders emerge for the January 2015 election.

Edgar Lungu (Patriotic Front)

Edgar Lungu is, in all probability, the PF's electoral candidate. Lungu and his team kick-started their campaign on 1 December and have been holding public rallies throughout the month, despite the ongoing infighting over Lungu's legitimacy as a candidate.⁷

Lungu is a lawyer and has spent most of his life practising at law firm **Andrea Masiye & Company**. In his youth Lungu trained as a military officer but later opted out to study law.⁸ His previous involvement in politics was limited to representing politicians such as the late president, **Michael Sata** (2011 – 2014), in court cases.⁹ His political star began to rise when the PF won the general elections in 2011. Sata appointed Lungu as a junior minister in the vice-president's office after the 2011 election then elevated him to minister of home affairs in 2012, justice minister later that year and defence minister in 2013. At the time of Sata's death in October 2014, Lungu was holding the positions of defence and justice minister and was the chief executive officer of the PF. Sata handed Lungu these latter two portfolios following the fall from grace of **Wynter Kabimba** in September (see *ARC Zambia September 2014 Briefing*).

In terms of policy, Lungu has only promised so far to continue with the projects that Sata set in motion. He has also spoken out on populist topics such as his fierce opposition to same sex marriage.¹⁰ Lungu's position on creating a stable business environment in Zambia is unclear.¹¹ But his close associates say he is business friendly and would like to balance the government's infrastructure development over the past three years with accelerating the economic growth.¹²

Hakainde Hichilema (United Party for National Development)

Another strong candidate for the 2015 presidency is **Hakainde Hichilema**, leader of the opposition **United Party for National Development (UPND)**. Hichilema is a wealthy businessman who founded his own professional services firm **Coopers & Lybrand** (now part of **Grant Thornton**), which he managed from 1994-2006. He has a good business reputation locally and abroad and has the tacit support of major businesses in Zambia including international mining companies.¹³ He serves on the boards of 25 companies.¹⁴ He succeeded founding party president **Anderson Mazoka** as leader of the UPND after Mazoka's death in 2006. Hichilema has to date unsuccessfully contested the 2006, 2008 and 2011 presidential elections, coming third each time with 25%, 19% and 18% of the vote respectively. He is now making his fourth attempt.

The UPND has focused their electoral campaign on the prudent management of the economy and have made many other election promises including providing free education and increasing investment in agriculture. Hichilema himself has spoken about the importance of improving Zambia's economic

⁶ Zambia Daily Mail, 19 Dec 2014

⁷ Lusaka Times, 2 Dec 2014

⁸ Source: Lungu campaign, Lusaka

⁹ Source: close advisor to Lungu, Lusaka

¹⁰ Lusaka Times, 7 Dec 2014

¹¹ Zambia Watchdog, 5 Dec 2014.

¹² Source: Zambian minister, Lusaka

¹³ Zambia Reports, 18 Dec 2014

¹⁴ Hichilema's website, 2014

conditions both for consumers, who have been hit by the rising cost of living, and for businesses that faced a sometimes hostile business environment during the Sata administration:

“If elected the UPND will take some short-term measures to reduce the cost of living... and create a more business friendly environment [that] will lead to accelerated economic growth and job creation.”¹⁵

Hichilema has the political and business clout to steer the country to economic growth. Sources close to Hichilema describe him as a very driven candidate, but have concerns about his ability to hold wide public appeal: *“He is someone who is focused and determined to do what he decides to do. I hope people can see that in him.”¹⁶*

Nevers Mumba (Movement for Multiparty Democracy)

Nevers Mumba was leader of the former ruling **Movement for Multiparty Democracy (MMD)** from 2012 until former president **Rupiah Banda** (2008-2011) defeated him in November. Mumba also served as vice-president of Zambia from 2003-2004 under **Levy Mwanawasa** (2002-2008). The Zambian media are reporting that Mumba wants the MMD to join with Hichilema’s UPND and campaign on a joint ticket to oust the PF.¹⁷ If such an alliance was made it would form a very strong opposition to Lungu’s PF campaign.

Although the **Electoral Commission of Zambia (ECZ)** has issued Mumba with the certificate to run in the election, his position as candidate may be under threat. On 19 December Mumba won an appeal at the Lusaka high court that reinstated him as party leader and banned any further action to remove him from this position.¹⁸ Some have questioned the validity of the judges’ decision. They were presided over by acting chief justice **Lombe Chibesakunda** who is a relative of Mumba yet did not recuse herself from the bench. Furthermore **Bonaventure Mutale**, Mumba’s lawyer, is defending Chibesakunda in another case despite an obligation to recuse himself.¹⁹

The timing of the announcement, one day before the deadline for candidate registration, means that Mumba could well overthrow Banda as the MMD candidate. The court is unable to rule on who the MMD puts forward and it will take another meeting of the national executive committee of the MMD to decide on a final candidate prior to the 20 December deadline.

Rupiah Banda (Movement for Multiparty Democracy)

Another leading contender, also contesting on the MMD ticket, is Rupiah Banda.²⁰ He is both a former vice-president and president of Zambia. In 2006 then president Levy Mwanawasa appointed him as vice-president and Banda was subsequently elected president in a presidential by-election after the incumbent’s death in 2008. He served for three years before he lost the 2011 general election to Michael Sata. Although some believe that the 77-year-old Banda, is too old to run, the MMD nevertheless selected him as leader over incumbent leader Nevers Mumba on 18 November 2014.²¹ However, on 19 December the Supreme Court ruled that Nevers Mumba is the official candidate for the MMD to contest the forthcoming by election.²²

¹⁵ Press statement, 8 Dec 2014

¹⁶ Source: Hichilema campaign, Lusaka

¹⁷ Zambia Reports, 18 Dec 2014

¹⁸ Zambian Daily Mail, 19 Dec 2014

¹⁹ Zambia Reports, 17 Dec 2014

²⁰ Lusaka Voice, 1 Dec 2014

²¹ Lusaka Times, 18 Nov 2014

²² Zambian Daily Mail, 19 Dec 2014, Zambian Watchdog 19 Dec 2014.

Banda kept a low profile until the announcement of the current by-election following Sata's death. During his previous presidency, the economy performed well with stable exchange rate, inflation and increased foreign direct investment.

"I [have been] a transitional leader and I am promising you. I can grow the economy of this country. I have done it before, and I can do it again."²³

But some commentators are sceptical and suggest that Banda cannot repeat the previous success.

"It will be difficult for him to repeat what he had previously done [if] he is re-elected. The economy started performing well during the Mwanawasa time and just continued when he assumed office. So I would not expect Banda to do as well as he did during his three years in office this time around."²⁴

IMF lowers growth forecast to 5.5%

The **International Monetary Fund (IMF)** lowered Zambia's forecasted growth rate from 7% to 5.5% across 2014. The IMF cited the slump of the kwacha (K) in the first quarter of the year and the declining price of copper across the first six months as reasons for the decreased estimate. An IMF mission visited Zambia from 4-18 December to make their assessment.²⁵ Ratings agency **Moody's** kept their estimate for growth at the local rate of 7.8% for 2014. The agency cites the modest level of public sector debt (at 32% of GDP) as a reason for its forecast of continued growth in 2014.²⁶

Both the IMF and Moody's warned that the upcoming presidential by-election in January and the national elections scheduled for 2016 both pose a risk to economic performance. The IMF said that the policy pressures of continued electoral cycles were likely to distract from work to reduce the budget deficit and encourage growth. The IMF's prediction is that this, along with other factors such as the delaying of public works in 2014, was likely to increase the public financing requirement for 2015.²⁷

Moody's warned that the short and medium term elections were likely to put pressure on the economy as electorally driven policies are likely to be more costly. The agency predicted that the trend was likely to amplify across 2015.²⁸

The kwacha has been highly erratic across December. Overall it has gained against the **United States** dollar going from K6.3 to the dollar on 1 December, to K6.24 to the dollar on 19 December. However it has fluctuated widely during the period, regularly falling to over K6.4 to the dollar with an 11 December low-point of K6.45 to the dollar.²⁹ Currency analysts say that this kind of erratic behavior is not uncommon in times of political uncertainty:

"The markets are reacting to the uncertainty surrounding the election, high profile activity in the media will spook currency traders leading to rapid changes in value."³⁰

Threat of instability during upcoming election campaign

Despite the economic fluctuations and the ongoing series of court cases there has no far been no political disturbance linked to the January 2015 elections. Battles for the selection of candidates have – for the most part – been confined to wars of words and the courtroom although some incidents of

²³ Zambia Reports, 14 Dec 2014

²⁴ Source: private sector business association, Lusaka

²⁵ Lusaka Times, 19 Dec 2014

²⁶ Moody's, 9 Dec 2014

²⁷ Lusaka Times, 19 Dec 2014

²⁸ Moody's, 9 Dec 2014

²⁹ XE.com

³⁰ Source: forex trader, Johannesburg

violence have occurred. At the PF party conference on 29 November, some of Lungu's supporters attacked Sampa in the street. Zambia has a history of electoral violence. Cadres of the different parties engaged in violence that marred the 2011 election campaign.³¹ Zambian sources say that there is an ongoing risk of violence but it is linked to the cabinet's attempt to remove the acting-president rather than the election:

*"Within the parties, the conflict may have huge consequences but not at national level. What is likely to cause instability will be the suggestion by cabinet to remove the acting president."*³²

However, Zambians are prepared for any violence that flares up during December and January. ECZ president **Priscilla Isaac** said that she was prepared to delay the presidential by-election if there were signs of disruption.³³

Implications

The focus of this rushed electoral campaign has so far been internal. The PF and MMD have been engaged in infighting over their candidates, although Lungu has been doing some campaigning across the month. After the 20 December deadline for registering candidates has passed, the focus will turn in earnest to campaigning. The timetable is so compact that it is unlikely that the opposition parties will have the time to make convincing policy cases to sway voters away from the PF. However, the economic situation in the first half of the year will count against the PF in the eyes of many Zambians. The MMD won a presidential by-election as incumbents in 2008, but they did so during a period of economic growth, not after a period of economic decline. The winning candidate in the January by-election will be in power for just over a year before another general election is held in 2016. However he will have the ability to set the political agenda prior to the election, allowing him to enter it with an incumbent's advantage.

In terms of the candidates themselves, Lungu is a figure who has risen sharply to prominence in the last few years. In his various ministerial posts he has not been involved in major scandals or prompted public displeasure. However, the public fighting between him and Scott, who is not an unpopular figure in Zambia, may divide some of the electorate against him. Banda, who has won a presidential by-election before, is hampered by his age and by his failings in his presidency of 2008-2011. Hichilema is a young and energetic candidate, but historically the UPND has not managed to win more than 25% of the vote since 2006. However with an unpopular PF and an ageing MMD candidate, Hichilema should not be discounted from the running.

If Mumba becomes the MMD's candidate and goes through with his intention to ally with the UPND, the PF will have their work cut out for them to win against a united opposition. Mumba is a younger politician, untarnished by a presidential term but lacks Banda's high profile reputation. It is unlikely that he would be able to win on his own, which may be behind his declaration of intent to ally with Hichilema. The proceedings so far have remained peaceful and it is likely that the compacted campaigning time will ensure that they remain so now that the major candidates have been selected. However, any further attempts to oust the acting president may spark protests and violence.

Zambia is already feeling the economic effects of political change. The fluctuating currency and the cessation of all government economic policy negatively impact its risk profile. The IMF downgrade is important as it removes the ability of the PF to claim that they have maintained high levels of growth across the year, despite the downturn in the first and second quarters. The warnings about public spending in election years also ring true, and it is likely that the winning candidate of the by-election will take on expensive policies to win votes and secure another five year term in power.

³¹ News24, 11 Sep 2011

³² Source: political think-tank director, Lusaka

³³ Zambia reports, 1 Dec 2014