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Members of the opposition United Party for National Development (UPND) walk out of president Edgar Lungu's (2015-present) State of the Nation Address (SONA), as parliamentary business becomes increasingly adversarial. Lungu avoids any mention of the economy in the SONA focusing instead on perceived moral and cultural decay of the nation, which Lungu proposes to fix by increasing patriotic nationalism. Lungu also hints at increased welfare spending and land reform legislation, raising concerns amongst foreign owned businesses operating in Zambia. France-based Neoen signs a power purchase agreement (PPA) with state-owned power utility, the Zambia Electricity Supply Corp (Zesco), for the 47.5MW West Lunga solar power plant. The energy ministry plans to issue tender documents for the next round of solar energy plants by the end of April 2017.

UPND walks out of Lungu's State of the Nation Address...

Members of the opposition **United Party for National Development (UPND)** walked out of president **Edgar Lungu's** (2015-present) State of the Nation Address (SONA) to parliament on 17 March.¹ The walkout demonstrates the acrimonious nature of **Zambia's** politics and the ongoing tension between the UPND and Lungu's ruling **Patriotic Front (PF)**. UPND leader **Hakainde Hichilema** and 57 of the UPND's 58 members of parliament (MPs) walked out of parliament as Lungu was due to begin his address.² PF MPs taunted the UPND MPs with traditional songs, accusing them of cowardice.³ **Keith Mukata**, MP for **Chilanga (Lusaka Province)**, was the only UPND MP who remained to hear the speech.⁴ Mukata told the media afterwards he was performing his duty as a parliamentarian, but Hichilema told the media that:

*"Mukata does not represent the interests of the people in Chilanga who voted for him...the nation will be informed of what actions will be taken against him in due course."*⁵

Sources confirm that the political landscape in Zambia is becoming increasingly divided between the UPND and the PF, and that this is influencing parliamentary business:

*"MPs now spend more time shouting at each other than actually doing their jobs...it is bad also where the PF and UPND cadres are operating as they regularly fight each other and try and intimidate local figures...politics has not been this bad for a long time."*⁶

Speaker of parliament **Patrick Matibini** has had to issue numerous verbal warnings to MPs in both parties to behave in a civil and appropriate manner.⁷ Presidential affairs minister **Freedom Sikazwe** threatened a member of his own party – **Chishimba Kambwili** – for asking a question on 14 March about **Chinese** firms moving into the brickmaking business.⁸ Kambwili himself threatened to

¹ Lusaka Times, 17 Mar 2017.

² Lusaka Times, 17 Mar 2017.

³ Lusaka Times, 17 Mar 2017.

⁴ Lusaka Times, 17 Mar 2017.

⁵ Zambia Daily Mail, 19 Mar 2017.

⁶ Source, director of a thinktank, Lusaka

⁷ Zambia Weekly, 17 Mar 2017.

⁸ Zambia Daily Mail, 14 Mar 2017.

physically beat PF copperbelt minister **Bowman Lusambo** in a debate in December 2016.⁹ UPND and PF MPs regularly trade threats of physical violence and insults during parliamentary business.¹⁰

The increased acrimony in parliament and the SONA walkout show how the current political circumstances are threatening democracy. The close election last year has moved the country away from a multi-party system towards a two-party democracy where voters are pressured to choose either the PF or UPND – sometimes by intimidation or force. MPs have little interest in unity, as both parties benefit from appearing to fight the other as much as possible. If the current trend continues, this will increase the risk of violence and unrest around future elections.

... as Lungu avoids addressing Zambia's economic problems

Lungu's State of the Nation Address made no mention of Zambia's continuing economic problems, but focused instead on morality and patriotism to make people realise that *"moral, spiritual, ethical and cultural values are paramount to fulfilling the agenda of any nation."*¹¹ Lungu focused on a perceived decay in morality in Zambia.¹² He promised to return to *"the family values of olden days"*.¹³ Much of the speech focused on patriotism. Lungu said that all Zambians should have *"a readiness to sacrifice themselves for the country"*.¹⁴ In order to achieve this, the religious affairs and national guidance ministry will undertake *"sensitisation programmes"*¹⁵ to communicate national values and standards to the population.¹⁶

*"He spoke for half the speech about the moral decay of the country, he is not a priest, he is a politician; he needs to speak about solutions to people's problems not tell them that if they believe in Zambia everything will be okay."*¹⁷

The speech did include a few policy statements, which were:

- Greater controls on the sale of alcohol in public places;
- Revising the **Lands Act** and introducing further land reform to make it harder for foreign companies to purchase land and easier for the government to repossess it;
- A renewed drive to decentralise government services;
- Continued spending on welfare programmes and the introduction of social health insurance and skills development schemes; and
- Extending the micro-credit schemes for women and young people to address gender imbalance in the workforce.¹⁸

*"Lungu is giving the people more of what they want to hear: more welfare, more land for them, better Christian values...but he cannot just deliver these things with the economy the way it is."*¹⁹

Lungu did address the economic problems indirectly. He attacked import/export businesses for undervaluing or overvaluing goods to avoid taxation. He also said that the government planned to build a *"climate change resilient economy"* to avoid the difficulties caused by the 2015-2016 drought reoccurring.²⁰ However, he made no mention of the budget deficit, mining industry, widespread food shortages, high inflation, the negotiations with the **International Monetary Fund (IMF)** for support,

⁹ Zambia Weekly, 17 Mar 2017.

¹⁰ Zambia Weekly, 17 Mar 2017.

¹¹ SONA transcript, 17 Mar 2017.

¹² SONA transcript, 17 Mar 2017.

¹³ SONA transcript, 17 Mar 2017.

¹⁴ SONA transcript, 17 Mar 2017.

¹⁵ SONA transcript, 17 Mar 2017.

¹⁶ SONA transcript, 17 Mar 2017.

¹⁷ Source, director of a think tank, Lusaka

¹⁸ SONA transcript, 17 Mar 2017.

¹⁹ Source, director of a think tank, Lusaka

²⁰ SONA transcript, 17 Mar 2017.

or the fluctuations in the value of the kwacha. Sources within the business community were unimpressed:

*"This speech was disappointing, Lungu looks more and more like (late president **Michael**) Sata (2011-2014) every day. How can businesses take the government seriously when it will not stand up and recognise the real problems for the nation."*²¹

Opposition leader Hakainde Hichilema lambasted the speech in a statement on 18 March:

*"Did you hear him give any policy directions? How he intends to reduce the cost of mealie meal? The answer is no!"*²²

Business sources were also concerned about the promise of further land reform. A source in the agribusiness sector said that:

*"We are worried Lungu could try to renationalise some of our holdings in Zambia, we are a major local employer and provide produce for the local economy... you can't solve a food shortage by turning all farms into smallholdings."*²³

The SONA is an annual opportunity for the government to set out its policy agenda; by not addressing the economy, Lungu is undermining its value and making the PF's agenda increasingly opaque. Lungu's deliberate omission of the economy from the SONA shows his support for the new political order. He is more concerned with bringing a moral and patriotic order to a Zambia he views as critically divided, than with fixing the ongoing economic problems. With the IMF negotiations continuing, Lungu will face a tough challenge keeping PF support when the inevitable cuts to welfare and spending come. Perhaps by focusing on non-economic issues – such as morality and patriotism, he is hoping to avoid such a backlash. However, the few policies that he promised, notably the increased welfare spending, will be difficult to sustain under an IMF programme.

Neoen signs PPA for 47.5MW solar plant

France-based **Neoen** signed a power purchase agreement (PPA) with state-owned power utility, the **Zambia Electricity Supply Corp (Zesco)**, on 15 March to develop a 47.5 megawatt (MW) solar power plant.²⁴ The government is seeking to diversify the power supply as heavy reliance on hydro-electric energy has led to rolling power shortages for the last three years. Neoen's **West Lunga Power Plant**, which it will develop with bid partner **United States (US)-based First Solar**, is Zambia's first industrial scale photo-voltaic (PV) solar power plant.²⁵ Neoen signing the PPA means that it has got all of the taxation, funding and land permissions in place, and that work on the development is now able to begin.²⁶ Media reports place the development time between eight and 10 months.²⁷ Finance minister **Felix Mutati** told the media that:

*"This milestone of signing the PPA sets solid ground for reaching financial closure on the project, allowing it to enter the construction phase."*²⁸

The power plant will be located in **West Lunga** in **North West Province**.²⁹ The 1.29 acre site will house 450,000 of First Solar's PV modules.³⁰ Neoen and First Solar won the bidding round in June 2016, making the nine-month turnaround of permits and funding relatively swift.³¹ The project has an

²¹ Source, business executive, Lusaka

²² Zambia Weekly, 23 Mar 2017.

²³ Source, agriculture executive with Zambia holdings, Durban

²⁴ PV-Tech, 15 Mar 2017.

²⁵ PV-Tech, 15 Mar 2017.

²⁶ Lusaka Times, 15 Mar 2017.

²⁷ Lusaka Times, 15 Mar 2017.

²⁸ Lusaka Times, 15 Mar 2017.

²⁹ Lusaka Times, 15 Mar 2017.

³⁰ PV-Tech, 15 Mar 2017.

³¹ PV-Tech, 15 Mar 2017.

estimated cost of \$60m and has reportedly reached full financial commitment.³² The government auctioned the right to build the plant at a feed in tariff (FiT) rate of \$0.0602 per kilowatt hour (kWh).³³ Neoen's PPA lasts for 25 years, but the FiT rates are likely to adjust upwards during that timeframe.³⁴ The project is supported by the **World Bank's Scaling Solar Programme**.³⁵ The state-owned **Industrial Development Corp (IDC)** will have a 20% stake in the project.³⁶

*"From what I hear, Neoen are happy with how the process has gone and say that Zambia is easy to work with...much better than others in the region such as **South Africa**."*³⁷

The Neoen plant is one of two solar projects the government licensed in June 2016. The other project – the **Mosi-oa-Tunya Power Plant** – has yet to sign a PPA with Zesco.³⁸ **Italy-based Enel Green Power** won the bid to build and operate at a tariff rate of \$0.0784/kWh.³⁹ The tender was for a 28-34MW PV plant, however neither Enel nor Zesco have released any further technical details of the plant.⁴⁰ Like the West Lunga plant, the IDC will also have a 20% stake in the Mosi-oa-Tunya plant.⁴¹

The energy ministry is reportedly due to launch a second tendering process for industrial scale solar plants by the end of April 2017.⁴² The ministry reportedly views the signing of the PPA with Neoen as a success and is keen to build interest in renewables in Zambia:

*"The West Lungu project is a flagship project for the (energy) ministry, they will say to developers. Look, we are able to work with a reputable developer, and get permits done quickly and easily...this round, however, will not have such good FiT prices for developers."*⁴³

However, some sources doubt whether the programme will be able to address the ongoing power problems:

*"50MW is a large solar plant, but our shortfall was much greater last year. The government is looking for renewables because it can get World Bank money but what we need is more reliable gas and coal plants."*⁴⁴

Renewable energy alone cannot solve Zambia's power generation issues, however it is an important part of the picture. Hydro generation tends to be at its lowest during the dry season from May to November, and particularly during the hot dry season (September-November) when solar plants will be able to produce the most power. However, the lack of an affordable solution to store electricity necessarily limits the impact that the renewables programme will have. However, the government is also developing coal and gas plants in order to increase the base rate of generation (see *ARC Briefing Zambia February 2017*). The reportedly smooth process for licensing the West Lunga plant is a good sign that at least the energy ministry is able to work well with the private sector, which will play an increasingly important role in Zambia's energy stability for decades to come.

³² PV-Tech, 15 Mar 2017.

³³ Lusaka Times, 15 Mar 2017.

³⁴ Lusaka Times, 15 Mar 2017.

³⁵ PV-Tech, 15 Mar 2017.

³⁶ PV-Tech, 15 Mar 2017.

³⁷ Source, renewable energy developer, London

³⁸ Zambia Weekly, 17 Mar 2017.

³⁹ Zambia Weekly, 17 Mar 2017.

⁴⁰ Zambia Weekly, 17 Mar 2017.

⁴¹ Zambia Weekly, 17 Mar 2017.

⁴² Lusaka Times, 15 Mar 2017.

⁴³ Source, journalist, Kitwe

⁴⁴ Source, business executive, Lusaka

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