

Other News

FORMER PRESIDENT FREDERICK CHILUBA ACQUITTED OF CORRUPTION CHARGES

On 17th August, 2009 former Zambian President Frederick Chiluba was acquitted of the corruption charges by Magistrate Jones Chinyama in a judgment that ignited mixed feelings and took six years to reach. The judge ruled that the funds could not be traced to government coffers.

The former President, now aged 63, was accused of diverting nearly \$500,000 of state funds when he served as Head of State from 1991 to 2001.

Two co-defendants, former executives of a financial services company, were found guilty of receiving stolen money from the Zambian intelligence services. They both were sentenced to three years in jail.

Zambia has received technical and financial support in meeting costs relating to the fight against corruption. Amongst the first to react to the court verdict was the U.S. Ambassador to Zambia Donald E. Booth who described the trial as important. "The fact that former President Chiluba was brought to trial in Zambia for corruption shows that no one is above scrutiny," he was quoted as saying shortly after the verdict.

In March, the former President's wife, Regina, was convicted of receiving \$300,000 in cash and goods that prosecutors said the former President stole from his official residence. She was sentenced to 3½ years' hard labour but she has since lodged an appeal.

In 2007 in a London High Court civil case, Judge Peter Smith ruled that Chiluba, who refused to attend the proceedings, was guilty of stealing \$46 million from Zambian state coffers during his 10 years in office. Judge Smith ordered the former President to pay back 85% of the money. The Zambian Government had pursued the case in British courts because some of the money was allegedly laundered through British banks.

A former trade unionist, Chiluba helped force an end to 27 years of one-party rule under Zambia's first president, Kenneth Kaunda, in 1991.

Chiluba's prosecution was part of an anti-corruption campaign, started by his successor, the Late President Levy Mwanawasa, SC who died in 19th August, 2008 after suffering a stroke. The incumbent President, H.E Mr. Rupiah Banda has continued with this fight, ascribing to the policy of zero tolerance for corruption. President Banda has also declared his intention to strengthen government support to the good governance institutions, including the anti-corruption Commission and the Auditor General's office.

About 13 of the over 70 cases that have been handled in conjunction with the specially created task force against corruption have resulted in convictions. Several high profile cases, including those a former Cabinet Minister and defence forces chiefs have in the last past year resulted in new convictions.

Zambia Development Agency (ZDA) Approves US\$462 million Investment

According to the Zda Spotlight, Zambia's investment inflow has continued to increase with the agency approving investment license applications worth about US\$462 million in July, 2009. This represents a 40 percent increase compared to the investment inflow of US\$281.4 million in June, 2009. The approved investment applications were from 28 applications with a total of 3, 982 new job opportunities expected to be created once implemented.

The applications were from various sectors such as real estate, agro-processing, health, services and tourism sectors. Others were from construction, transport, agriculture and manufacturing sectors. Zda Spotlight highlighted that the agro-processing sector registered the largest pledged investment of US\$267 million followed by the real estate sector with about US\$88.7 million and other sectors shared the remainder.

Statement at the Conclusion of an IMF Staff Mission to Zambia

An International Monetary Fund (IMF) mission visited Zambia August 31-September 4, 2009 to review economic developments in 2009 and the government's plans for the 2010 budget. The mission met with the Minister of Finance and National Planning, Hon. Situmbeko Musokotwane, MP; Governor of the Bank of Zambia, Dr. Caleb Fundanga; other senior officials; as well as with representatives of the business community and Zambia's cooperating partners.

At the conclusion of the visit, Mr. George Tsibouris, mission chief for Zambia, released the following statement in Lusaka:

"Zambia was hard hit by the recent global economic crisis. The collapse in copper prices in the second half of 2008 put pressure on the mining sector that resulted in significant job losses. Moreover, the reduced inflows of foreign exchange, along with withdrawals by portfolio investors, led to a sharp depreciation of the exchange rate in the first months of 2009. This, in turn, led to a sharp contraction in imports and a shortfall in import-related government revenue relative to budgeted levels. As some donor support was also delayed, execution of spending proved to be challenging.

"The worst of the global recession appears to be over, although the pace and extent of the recovery is not yet well established. With a strengthening external environment, the outlook for the Zambian economy is beginning to improve. The more-than-doubling of copper prices since the beginning of the year, along with some improvement in other sectors, will underpin somewhat higher GDP growth in 2009 than previously forecast and strengthen the balance of payments. The improved outlook is already being reflected in the appreciation of the Kwacha since May of this year. The recent exchange rate appreciation should, over time, help rein in inflation, as should the expected deceleration in food price increases given the bumper harvest.

"The shortfall in revenue in 2009 has resulted in the government accessing financing from the Bank of Zambia, supported by the increased access to IMF resources, in order to meet its capital spending targets. Depending on revenue performance in the second half of the year, additional recourse to such financing may be necessary to achieve proper execution of budgeted spending.

“The authorities and the mission agreed on a framework for the 2010 budget which maintains the focus on increased spending on priority capital projects and social sectors, while remaining consistent with macroeconomic stability. The authorities and the mission had a preliminary discussion on the IMF’s recent allocation to Zambia of Special Drawing Rights (SDR) in an amount equivalent to about US\$600 million, which, in the first instance, greatly expands Zambia’s international reserves and provides a stronger foundation for exchange rate stability going forward.

“The mission will return to Lusaka in mid-October to conduct the discussions for the 2009 Article IV consultation and the third review of the Poverty Reduction and Growth Facility (PRGF) arrangement. This will provide an opportunity to revise, if necessary, the targets of the economic program for end-2009 and to set targets for 2010. At that time, the mission will re-assess whether Zambia would need further financial assistance from the international community.”

ZAMBIA RECORDS SURPLUS FOOD CROP PRODUCTION FOR 2008/9 SEASON

Zambia has recorded a surplus for major food crops for 2008/9-season with an estimated maize production of more than 1.8 million tonnes, Agriculture and Cooperatives Minister Brian Chituwo announced on in May, 2009.

Announcing the result of the 2008/9-crop forecast survey and the 2009/10 food balance Dr Chituwo said apart from maize, Zambia was expected to record increased production in wheat, cassava and rice.

He said at a Press Briefing that the total maize production had been estimated to be 1,888,773 tonnes and additionally there was 62,035 tonnes of the commodity from the previous season bringing the total maize available to 1,950,808 tonnes. That was 203,271 tonnes more than the 1,747,537 tonnes general national maize requirement. Dr. Chituwo said that the total maize requirements take into account the Government strategic reserve stock of 110,000 tonnes for the Food Reserve Agency (FRA).

The maize production has increased by 443,118 tonnes or by 31 per cent as compared to last year’s 1,445,655 tonnes. According to the Minister, Large-scale farmers have contributed 231,656 tonnes of the maize while the small and medium scale farmers will account for 1,657,117 tonnes or 88 per cent of the total national production.

For 10 successive years Zambia has recorded a surplus cassava production after producing 1,151,700 tonnes while rice production has been projected at 41,929 with a deficit of 12,000 tonnes.

Wheat production has been estimated at 195,000 from 185,000 recorded last year and will have a surplus of 50,000 tonnes.

On other Crops, the Minister also announced that Sunflower had recorded 118 per cent increase from 15, 405 - 33,657 tonnes, soya beans (59,000-11,799 tonnes), groundnuts (84,598-120,564 tonnes), mixed beans (50,488-46,735 tonnes) burley tobacco (15,000,000-16,000,000kg) and Virginia tobacco (15,400,000-12,000,000 kg).

ZAMBIA SUGAR TO DOUBLE OUTPUT

ZAMBIA Sugar Plc said it plans to more than double output in the year to end-March 2010 after expanding its plantation and factory and buying a new farm.

The Zambia Daily mail of 18th May, 2009 quoted the Company Secretary, Lovemore Sievu, as having submitted in a statement to the shareholders that that sugar production would rise to more than 420,000 tonnes in the current season from 192,186 tonnes in the year ending March 2009.

Mr Sievu said sugar production for the year to end-March fell from the 233,569 tonnes produced the previous year, partially due to late commissioning of the first phase of the expansion programme owing to heavy rain early last year. He added, was compounded by delays in the commissioning of new equipment, protracted electricity interruptions and disappointing factory performance.

Mr Sievu said the first phase of the expansion at Nakambala Estate, Zambia Sugar Plc's plantation, had already been completed on schedule, and the factory had commenced operations.

Record cane yields are anticipated from the expansion areas, and the factory's capacity has increased by 60 per cent, he said.

Illovo Sugar (Z) Ltd, a sister company of Zambia Sugar, said in a separate statement that it had reached a deal to acquire 85.73 per cent of the shares in Nanga Farms from Zambeef Plc, a company listed on the Lusaka Stock Exchange. Other major Zambian sugar producers are Kafue and Kawambwa Sugar.

Zambia Sugar exports sugar to eastern African nations in the Great Lakes region and the European Union (EU).

ZAMBIA BECOMES EITI CANDIDATE

ZAMBIA has finally become a candidate of the Extractive Industries Transparency Initiative (EITI), a move which will make multinationals in the industry more transparent in their activities. The development means that Zambia whose inclusion was confirmed in Washington DC, in May, 2009 together with that of Albania, Burkina Faso and Mozambique. It joins 30 other countries in implementing the programme.

EITI is the standard for transparent management of revenues from the oil, gas and mining sectors. Through implementing the EITI, countries bring together companies, civil society and government representatives to monitor and account for payments being made to governments by extractives companies operating in their country. Countries that have met all of the reporting and operational indicators set out under the EITI guidelines and completed a rigorous validation process are then considered to be EITI compliant, establishing that a country's revenue reporting standards in its extractive sector have achieved a greater level of transparency.

Among the issues being addressed at the EITI meetings in Washington DC were, improving EITI reporting, sub-national implementation of the EITI process, and

engagement with civil society. Countries are also required to submit documentation relating to their EITI validation processes.

And commenting on the development, EITI board chairman Dr Peter Eigen said by committing to the EITI and undergoing an independent EITI validation, governments and companies demonstrated their commitment to openness, transparency and good governance.

Zambia has since 2006 been pursuing the candidature of EITI, a move which would help the mineral-rich country to start deriving greater benefit from natural resources. The EITI has already been endorsed by influential financial institutions like African Development Bank (AfDB) Group and the World Bank.

Since it was put forward in 2002, EITI has moved towards becoming the global standard for revenue transparency in the extractive industries.