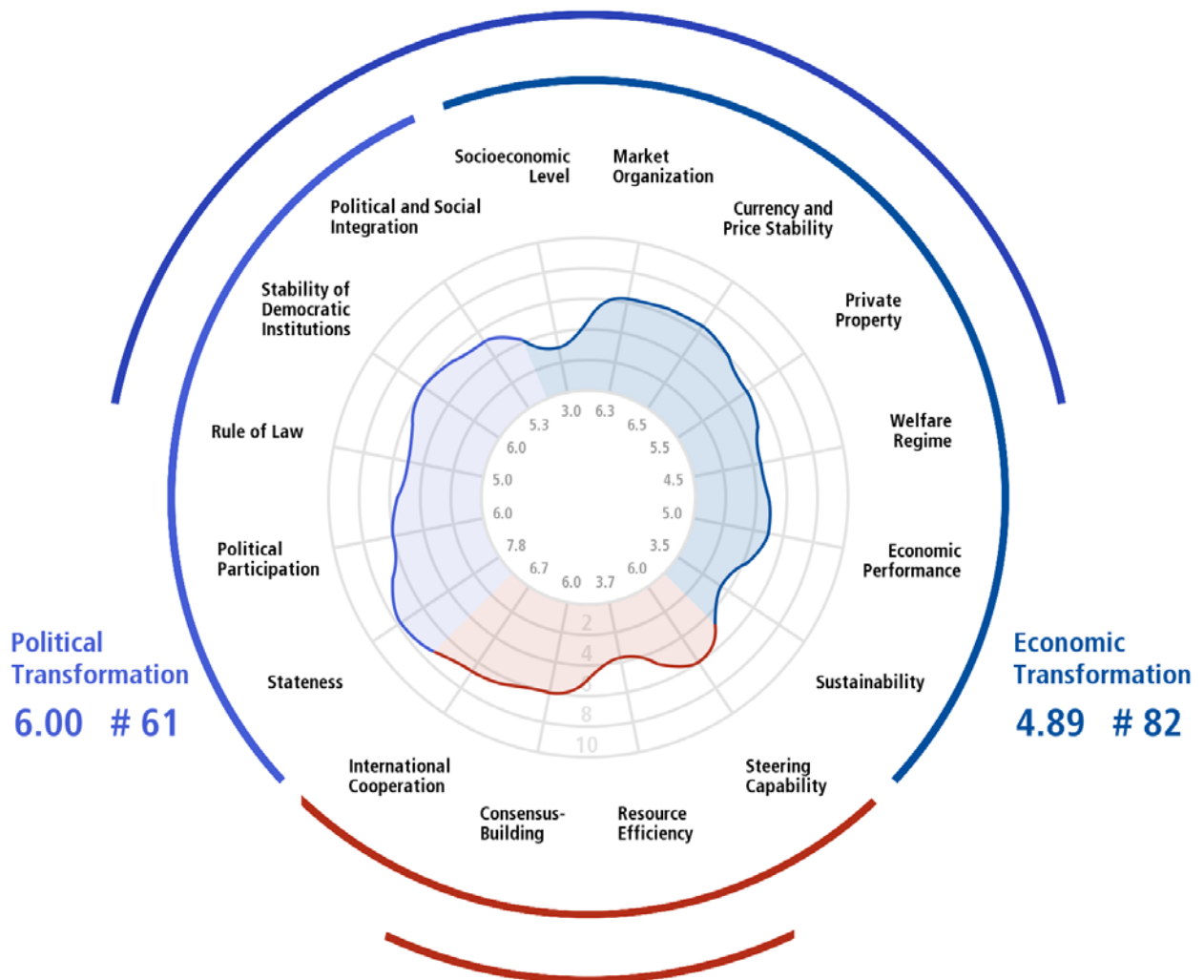


Zambia

Status Index

5.45 # 67

on 1-10 scale out of 129



Governance Index

5.06 # 64

on 1-10 scale out of 129

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2018. It covers the period from February 1, 2015 to January 31, 2017. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

Please cite as follows: Bertelsmann Stiftung, BTI 2018 Country Report – Zambia. Gütersloh: Bertelsmann Stiftung, 2018.

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Key Indicators

Population	M	16.6	HDI	0.579	GDP p.c., PPP \$	3922
Pop. growth ¹	% p.a.	3.0	HDI rank of 188	139	Gini Index	57.1
Life expectancy	years	61.3	UN Education Index	0.609	Poverty ³	% 74.3
Urban population	%	41.4	Gender inequality ²	0.526	Aid per capita \$	49.5

Sources (as of October 2017): The World Bank, World Development Indicators 2017 | UNDP, Human Development Report 2016. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

Zambia remains one of the least developed countries in Africa, with 64% of the population living on less than \$1.90 a day and a life expectancy of 60. The cancellation of a large part of Zambia's external debt under the Highly Indebted Poor Countries (HIPC) from 2005 and consistent economic growth over a decade increased the government's scope to invest in public services.

However, growth has since slowed on the back of the global decline in copper prices. By December 2015, the price of copper was less than half of the all-time peak in December 2010, which had a severe impact on Zambia's foreign exchange earnings and balance of trade. Meanwhile, the rate of economic growth slowed from 7.6% in 2012 to 2.9% in 2015. By April 2017, the copper price had begun to rebound, but the volatility of the market makes financial planning difficult. Zambia's increase in investment into public services is also yet to have a significant effect on health care and education indicators. For example, only half of primary school students' complete primary education. Besides slowing economic growth rates, there are several other barriers to sustainable development. For example, Zambia's landlocked position is a natural obstacle to economic growth.

Although the recent influx of agricultural workers from Zimbabwe has boosted agricultural production, this was undermined by a poor harvest in 2013 and El Niño-induced drought between 2015 and 2016. Similarly, although there has been a substantial increase in the export of non-traditional goods, the economy remains heavily dependent on the export of copper. Copper exports account for over 70% of foreign exchange earnings. As a result, the economy is very vulnerable to shifts in the world price of copper.

From 1991 to 2011, the Movement for Multiparty Democracy (MMD) governed Zambia. However, in the 2011 presidential election, the presidential candidate for the Patriotic Front (PF), the charismatic populist Michael Sata, defeated the incumbent president, Rupiah Banda, of the MMD. This led to the country's second transfer of power. President Sata's capacity to transform

the country during his time in office was hampered by ill health, and he died on October 28, 2014. This necessitated a presidential by-election in January 2015, in which the new PF leader, the former Defense Minister Edgar Lungu, defeated the United Party of National Development's (UPND) Hakainde Hichilema.

The low voter turnout and a winning margin of only 27,000 votes set up a contentious scheduled general election which was held on August 11, 2016. The UPND's Hakainde Hichilema again faced off against incumbent Edgar Lungu in a hard-fought – and at times violent – campaign. The EU Observer Mission Report noted that the use of public order legislation, state resources and a media clampdown by the state disproportionately benefited the ruling party. A popular constitutional amendment required that the president be elected with 50% plus one vote – a threshold which the incumbent controversially exceeded by just 13022 votes (0.35%). Despite constitutional reforms to introduce a Constitutional Court and change electoral procedures, the amendments failed to reduce the president's powers and strengthen the separation of powers.

Under President Sata, the PF sought to borrow from international markets to fund national development. In 2012, the government secured \$750 million through a hugely oversubscribed Eurobond. In 2014, the government secured a further \$1 billion through a second Eurobond, though this second Eurobond was less popular. These extra funds were intended to plug the physical infrastructure-funding gap, which was estimated to be \$500 million a year by the World Bank. Although progress has been limited in a number of areas, a road-building program is beginning to connect historically marginalized areas of the country. Health care budgets have also increased from around 8% of government expenditure under the MMD to 11% in 2013. These initiatives demonstrate a genuine desire to drive social transformation. However, rumors of widespread corruption continue, and Zambia's ranking in international anti-corruption measures has not improved significantly.

In 2016, in order to address dampened economic growth, a weaker currency and growing indebtedness, Zambia began to engage with the International Monetary Fund (IMF) to manage the country's debt burden. This will likely usher in a new period of fiscal austerity and increased popular dissatisfaction. The arrest and charge of treason brought against the country's opposition leader in April 2017 may signal a more authoritarian turn in the country's governance.

History and Characteristics of Transformation

Economic and political transformation processes took place in Zambia simultaneously. The foundations for the free market system were first set in 1991, when Frederick Chiluba, a former trade unionist and the leader of the Movement for Multiparty Democracy (MMD), was elected president. Before 1991, the one-party regime of Kenneth Kaunda was based on a state-controlled planned economy, though private ownership of small enterprises was tolerated. Democratic transformation began in March 1990, when the ruling single party, the United National Independence Party (UNIP), was forced to start a debate about a return to a multiparty system. In

September, after mass demonstrations by organized trade unions, President Kaunda, who had ruled the country since its independence from Great Britain in 1964, finally agreed to open, democratic and multiparty elections in October 1991. He and his party were overwhelmingly voted out of office. The MMD won a large majority in parliament, 125 of 150 seats, while Chiluba captured the presidency with 75.8% of the vote. The largely peaceful and relatively short transition was seen as an example for Africa.

For two legislative periods, a dominant party system emerged that proved not to be conducive to democratic consolidation. The legacy of an authoritarian political culture and ingrained pattern of neopatrimonial governance persisted. The problematic behavior of the president and his ministers was exacerbated by a lasting sense of insecurity in the face of a state administration manned by supporters and clients of the former one-party state. The government was able to amend the constitution at will, as it maintained a necessary two-thirds majority in parliament, rendering the opposition too weak to effectively check the government's power. A failed coup attempt in October 1997 posed no real threat to the government.

However, the coup did have a negative impact on the country's progress toward democracy, as the government used the incident to temporarily limit basic rights. During the ensuing state of emergency, the government arrested prominent opposition leaders, such as UNIP leader Kenneth Kaunda and Zambia Democratic Congress president Dean Mung'omba. On the other hand, sustained civil society and parliamentary opposition thwarted Chiluba's attempt to amend the constitution to secure a third term of office. Since he was not allowed to stand again in the December 2001 elections, Chiluba handpicked his successor, Levy Mwanawasa, who narrowly won the presidential election with a small plurality of votes (28.7%) over his main rival. Many national and international observers believed the presidential vote was rigged and was in reality won by the opposition United Party for National Development (UPND).

The elections in 2006 however were a different matter. Despite numerous efforts to unite opposition parties in various alliances, they were unable to challenge the ruling party. President Mwanawasa won with 42.98%, and was trailed by Michael Sata of the Patriotic Front (PF), who received 29.37% of the vote. In parliament, MMD missed an absolute majority, winning only 73 out of 150 seats, but by winning two constituencies later on; and with eight additionally nominated members of parliament, Mwanawasa commanded a majority in parliament. As opposed to the 2001 elections, local and international observers considered the 2006 elections as having been generally free and fair. The same applies to the 2008 presidential by-elections, which were won by the ruling party's Rupiah Banda by a close margin (only 35,000 votes separated Banda from his closest rival, Michael Sata of the PF).

The 2011 presidential and parliamentary elections were not fair, though they were essentially free. To the surprise of many observers and the opposition itself, Michael Sata and his Patriotic Front were allowed to win – however, only after some backstage wrangling with high-ranking Zambian officials from the electoral commission and probably leaders of the military as well as some international diplomats. Within a short period, the government began implementing a number of reforms that were promised during the election campaign, targeting the labor force of the formal sector and increasing social expenditures in general. Because of the erratic leadership style of

President Sata and the lack of consultation with major stakeholders, civil society organizations soon lost their enthusiasm for the new government. In particular, those civil society organizations that were not given a major role within the new political regime became vocal critics of the government, such as the national newspaper *The Post*. Faced with this increased criticism, the government demonstrated increasingly greater intolerance and resorted to the same repressive instruments as its predecessors.

The death of Michael Sata on October 28, 2014, necessitated a presidential by-election. The period prior to his death was marked by considerable political uncertainty, as news of the president's ill health spread, and the struggle within the Patriotic Front to succeed him began. After a contentious succession battle, the PF united behind the presidential candidacy of Edgar Lungu. The presidential election was extremely close, with a substantial increase in support for the UPND and its presidential candidate, Hakainde Hichilema. High turnout in UPND areas, combined with low turnout in much of the rest of the country, saw the UPND increase its share of the vote from 18.17% to 46.67% and the PF retained power by just 27,000 votes.

Following this highly competitive election, a scheduled general election was held just 18 months later, on August 11, 2016. The ruling party addressed some of the issues that had allowed the opposition to gain traction in 2015 – including copper mine closures, late payments of farmers, a civil servant pay increase freeze and popular pressure for constitutional reform. In addition, the ruling party deployed state institutions to hinder the opposition's campaign and used state resources to enable re-election. In addition, the PF was able to play on some of the Sata government's highly visible policies, such as its road-building program. The PF also benefited greatly from the advantages of incumbency. Following the contentious – and at times violent – campaign, the opposition UPND contested the results in the newly-established Constitutional Court. The incumbent-appointed bench threw out the election petition on a technicality, prompting an outcry from both the opposition and the legal fraternity.

Zambia's economic transformation into a free market system began toward the end of 1991 following a change of government. To tackle a serious economic crisis, the government agreed to introduce substantial economic reforms to secure much-needed loans from the World Bank and IMF. One of the biggest challenges was the privatization of the country's copper mines, Zambia's prime export earner. Due to international investment and a recovery in the world price of copper, the profitability of mining sector improved between 2007 and 2016, though it remains fragile. The sector contributed substantially to GDP growth rates of more than 5% over the last decade, though growth has now slowed due to reduced global demand for copper.

Despite high GDP growth rates over a decade, governments have not been able to meet the high expectations of the Zambian population. Living standards for the majority of the population have not improved. Although the rate of poverty has started to decline in recent years, it is the small proportion of the high and middle-class population that has benefited from Zambia's economic growth. At the same time, there is a common perception that corruption is widespread and largely ignored. High spending by the PF has led to increased indebtedness which, along with a weakening currency, depressed copper prices and high inflation, has prompted the intervention of the IMF in

Zambia. The intervention is expected to be finalized by June 2017, but slow progress following the IMF's review in March has left some questioning the future of the IMF program.

Major societal groups are still waiting for a new and more democratic constitution that has been promised since the democratic transition in 1991. After successive derailments of constitutional reform processes, the PF created a new Constitutional Court, eradicated the need for presidential by-elections and introduced a "50%+1" amendment in January 2016, which would require a presidential candidate to secure an absolute majority of the votes to win a presidential election. In addition, a referendum to expand the bill of rights was held alongside the presidential and parliamentary election. However, the referendum failed to reach the constitutional threshold to be passed. Since the election, no moves have been made to enact further progressive changes to the constitution or bill of rights, with a ruling party member of parliament instead introducing a motion to reverse some measures in the constitutional amendments and revert to the first-past-the-post electoral system.

The arrest of opposition leader Hakainde Hichilema in April and the levying of charges of treason against him – a nonbailable offense that carries the death penalty – are a cause for concern. Read alongside the increasing intimidation of civic groups by ruling party members, the failure to implement high court directives, and the shuttering of critical news outlets, 2017 appears to signal an increasingly authoritarian turn taken by Zambia's ruling party.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

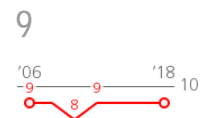
The Zambian state is relatively weak and lacks administrative capacity in many rural areas. However, there exist no rebel groups or guerrillas seeking to challenge the state, which therefore enjoys a de facto monopoly on the use of force throughout the territory. However, in the Western Province, there are activist groups who have been advocating for greater federal powers for “Barotseland.” Calls for secession have recently resurfaced amidst allegations of ethno-regional favoritism by the administration. However, these calls do not currently have substantial popular support among the population of Western Province.

All citizens have the same civil rights, including immigrants. There is a general consensus concerning the nature of citizenship, and no serious efforts have been undertaken to deny this right to any specific group. In April 2016, however, foreign nationals were targeted during a wave of xenophobic attacks in Lusaka, which suggests underlying tensions in high-density areas. Some citizens of Western Province continue to demand greater powers to be devolved, on the basis of both historical claims and promises made by the late President Michael Sata. Although this demand for greater devolution declined in 2016, it resurfaced again in early 2017. However, it currently lacks extensive popular support and thus does not represent a threat to a broader agreement on the legitimacy of the nation-state.

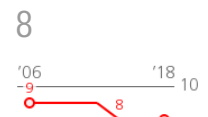
The state is defined as secular. Zambia was declared a Christian nation in 1996, but this had no negative impact on the secular order in general, as religious dogma has had no significant influence on politics or law. There is no serious discrimination based on religion. The Pentecostal movement initially supported the MMD’s effort to overthrow the one-party state, while the Catholic Church has played a role in defending human rights, advancing constitutional issues and enabling Michael Sata’s rise in 2011. However, between 2015 and 2016, President Lungu appealed extensively to religious sentiments, instituting a National Day of Prayer on October 18, pledging to establish an interdenominational church at taxpayers’ expense and

Question
Score

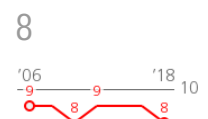
Monopoly on the use of force



State identity



No interference of religious dogmas



employing religious appeals extensively while campaigning for the 2016 election. In September 2016, President Lungu created the Ministry of National Guidance and Religious Affairs and appointed an evangelical pastor as the inaugural minister. This was roundly condemned by both Catholic and Pentecostal church bodies. However, the mandate and long-term implications of the new Ministry remain unclear.

The state's basic infrastructure – administrative institutions, state officeholders, basic court jurisdictions, bodies that implement political decisions – extends throughout the territory. However, the reach of the state is relatively limited in rural areas. For example, justice is often decided on by traditional leaders rather than by judges. There has been a degree of institutional strengthening in recent years, including the tax system. The networks of political parties and public administration remain limited. Despite creating new districts and restructuring the administrative system serving these districts, poor physical infrastructure remains a challenge in rural areas. According to the 2013 Zambia Demographics and Health Survey, 90% of the urban population has access to clean water, but only 47% of the rural population has access to “improved” water sources.

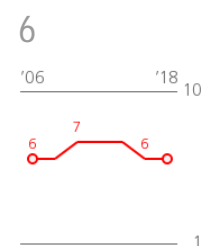
2 | Political Participation

Zambia is one of few countries in Africa to have achieved two transfers of power – from UNIP to the MMD (1991) and the MMD to the PF (2011). This suggests that elections can be free and fair. Furthermore, it supports the broad consensus that the Electoral Commission of Zambia has become more independent and effective. However, the constitution continues to allow the incumbent to enjoy substantial advantages, which in turn confers a significant advantage on the ruling party. This includes control over traditional leaders and the ability to manipulate state offices and use state resources for partisan ends. It seems likely that electoral manipulation changed the result of the 2001 election, which many commentators believe was won by the opposition UPND.

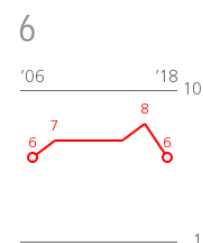
The presidential elections in January 2015 were judged by the South African Development Community (SADC) Electoral Observation Mission to have been “peaceful, transparent, credible, free and fair, thus reflecting the will of the people of Zambia.” Electoral violations were reported only in cases of voting registration for some people who had moved, while only isolated cases of violence between rival party supporters were reported. The winner, Edgar Lungu of the PF, won by a wafer-thin margin of 27,000 votes, setting up a contentious election in 2016.

In contrast to 2015, the 2016 election was significantly less free and fair. The EU observer report notes that the “campaign period was marred by systematic bias in state media, which failed to provide fair and equitable coverage of the campaigns of all parties.” A month before the election, the only independent newspaper – The Post – was shut down by the Revenue Authority and its premises and presses were seized.

Basic administration



Free and fair elections



Private TV (Muvi) and radio stations (Komboni, Radio Mano) came under pressure from the PF for covering opposition events and giving the opposition significant airtime. Both UPND and PF supporters were responsible for acts of violence and vandalism during the campaign period, though PF supporters were rarely arrested or held accountable. Levels of violence experienced during the 2016 campaign are widely believed to be unprecedented.

UPND Vice-President Geoffrey Bwalya Mwamba was arrested multiple times. The government repeatedly used the Public Order Act “to favor the PF” and to frustrate and limit opposition mobilization. In July, police raided and closed the UPND’s Lusaka campaign headquarters.

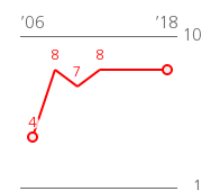
Polling was generally peaceful and orderly, and conducted professionally by the Electoral Commission (ECZ). During counting and verification of results, the ECZ was reportedly put under undue pressure from the executive which has unlimited power to appoint and remove commissioners. The EU observer report notes that the announcement of presidential results for Lusaka was delayed by the ECZ who provided insufficient clarity to opposition leaders and the public in the face of allegations of vote-tampering. In 38% of EU-observed voting stations, the results were not posted outside the station as required by law. Following the announcement of results, a petition challenging the outcome was submitted to the new Constitutional Court, and as a result of uncertainty regarding the time frame allotted for hearing presidential petitions, the court dismissed the case without hearing it. The UPND contends that this violates both the amended constitution and their constitutional right to a fair hearing. As a result of these concerns, the 2016 election was judged to have been less free and fair than either the 2011 or 2015 polls.

There are no serious threats to the ability of the democratically elected representatives to govern. The military is firmly under civilian control, and there are no significant rebel or criminal networks that challenge the government. The opposition United Party for National Development (UPND) continues to assert that it will not accept the legitimacy of President Edgar Lungu until the Presidential petition on the 2016 election is heard in court. However, this position does not hamper the elected official ability to govern.

While the constitution provides for freedom of association and assembly, this has often been qualified and restricted. For example, opposition parties require a police permit to hold public meetings, while demonstrations and rallies of the political opposition, labor unions and civil society groups have been forcibly dispersed and obstructed by security forces. Between 2011 and 2016, increasing tensions between the PF and the opposition UPND have led to an escalating series of clashes and frequent arrest of opposition leaders. The PF government’s increased use of the Public Order Act has restricted people’s freedom to assemble, despite a constitutional guarantee. After a UPND campaign rally was arbitrarily canceled by police on July

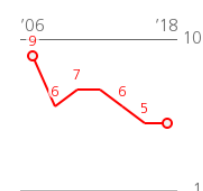
Effective power to govern

8



Association / assembly rights

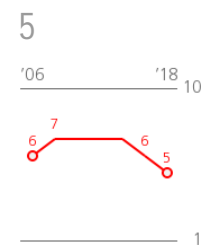
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8, police shot and killed a UPND supporter during the forced dispersal of the resulting UPND protest. This led the ECZ to suspend campaigns and demonstrations in the capital for 10 days, disadvantaging opposition parties. Similar events occurred in April 2017 after police canceled a UPND rally in Kanyama citing the “unstable security situation” in the capital. One person was killed in the ensuing fracas, and there was a police crackdown in the area. Perceived bias toward the ruling party in the manner in which police issue permits to political parties during campaigns contributes to tensions and political violence. Following the PF’s victory in 2016, over 300 opposition supporters were detained during protests in Southern Province.

Zambians generally enjoy free speech and the government usually tolerates dissent, however space for critical voices constricted before and after the 2016 election. Most radio and TV broadcasting is state-controlled and heavily politicized. Zambia’s most powerful independent media source, *The Post*, was owned by a close associate of Sata’s which dampened its critical voice after 2011. Following Lungu’s election in 2015, *The Post* returned to its critical stance. It subsequently came under political pressure and was closed in June over a tax dispute. *The Post*’s journalists and owners were also arrested and intimidated during the election campaign, according to the EU observer report. All other print publications are either state-owned or government sympathetic – such as the *Daily Nation*. Community radio was also closely managed; Radio Mano (Kasama) was raided by police on July 16, during a live interview with the UPND Vice-President. Following the August 11 election, the Independent Broadcasting Authority (IBA) suspended the operating licenses of three major independent media outlets which had given the opposition substantial media coverage – Muvi TV, Komboni Radio and Itezhi-Tezhi community radio – for alleged “professional misconduct” and unspecified “risks to national peace” during and after the elections. They were allowed to re-open after issuing an apology. Other independent media sources – the *Bulletin & Record* and controversial *Watchdog* blog – also closed in 2016, further limiting independent sources of information. The permanent closure of the *Post* and attempts to close its successor, *The Mast*, represent a serious threat to freedom of expression in Zambia, and the intimidation and arrests of Fred M’embe, his wife Mutinta Mazoka-M’embe and *Post* workers highlight the increasingly heavy-handed attempts by the administration to quiet critical voices.

Freedom of expression



3 | Rule of Law

There has been very little constitutional reform since the reintroduction of multiparty politics. Successive presidents have pledged to introduce constitutional reforms, which would reduce the powers of the president. However, in order to preserve their own authority, these pledges have consistently been dropped. As a result, the constitution remains “top heavy,” it does not include sufficient checks and balances on the executive. Consequently, the executive continually manipulates the police, judiciary and legislature. In April 2012, for example, President Sata broke official

Separation of powers

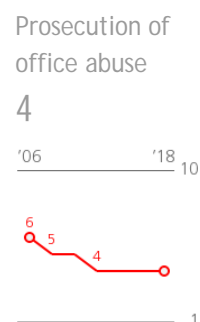
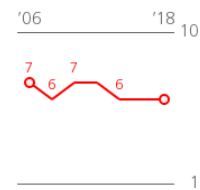
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protocol to suspend three judges for alleged misconduct. As a result, it is rare for the judiciary or parliament to act against the executive, despite many attempts by international donors to strengthen the judiciary and parliament. The fact that no key democratic institutions have the funding required to adequately perform their tasks is a serious limitation on the quality of democracy. For example, the judiciary lacks the resources needed to prosecute cases in a timely manner, which leads to lengthy delays.

An independent judiciary exists in principle, but in reality, executive manipulation has compromised the image of the bench. At the same time, rumors of corrupt deals involving members of the judiciary have called into question judgments on a number of important economic cases. Especially in cases that are politically sensitive, the judiciary is subject to significant pressure from the ruling party. This includes controlling judicial personnel, something that is made possible by the president’s power to determine appointments. When President Sata came to power, he used this authority to sack judges who had ruled against him while in opposition.

Following the aborted 2016 presidential election petition that was never fully heard by a bench of Constitutional Court judges appointed by the president, all five judges were referred to a disciplinary tribunal in what is believed to be an attempt at intimidation. During the petition, the court made a number of rulings which were then reversed, under suspicious circumstances that many analysts believe were a result of pressure from the executive. Ruling party officials then demanded that the two judges who produced dissenting judgments on the petition be arrested. After the 2016 election, members of the High Court nullified a number of parliamentary elections, including that of two ministers. This led the president’s spokesperson and ruling party secretary-general to publicly criticize the courts and accuse them of bias while threatening a raft of judicial reforms. Following the nullification, these two ministers have continued to occupy their seats in cabinet and discharge their ministerial duties, flouting the High Court order. Despite public calls for implementation, the president – as the appointing authority – has not commented or held the ministers to account, highlighting the executive’s lack of concern for the judiciary’s decisions.

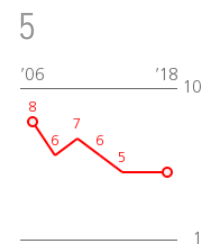
Prosecutions for the abuse of public office tend to be extremely political. That is to say, it is a political tool used by a recently elected ruling party to prosecute members of the former ruling party or members of current ruling party factions who have fallen out of favor. Despite the political motivations behind these prosecutions, there is often substance to the charges. For example, the prosecution of former President Rupiah Banda and his son on corruption charges by the Patriotic Front government was not without foundation. However, prosecutions for the abuse of public office are rare and are almost never used to enforce public propriety. For example, the former Minister of Justice, Wynter Kabimba, ignored a demand by the Anti-Corruption Commission (ACA) to appear at an investigation into alleged corruption, instead he ridiculed the ACA. In 2016, reports emerged of extensive corruption in the allocation



of council land on the Copperbelt, perpetrated by ruling party officials in collaboration with local council officials. This devolved into a factional battle between two ruling party strongmen, but none of the implicated local officials have yet been prosecuted or penalized. Notably, in January 2017, the courts enforced the seizure and forfeiture of Lusaka properties owned by Tedworth Properties Inc. Tedworth is a Panamanian company which it is believed that former president Frederick Chiluba used to acquire land using public resources. This process has finally been concluded 15 years after the Anti-Corruption Commission (ACC) instituted proceedings and nearly six years after the death of the former head of state. In late 2016, the ACC reported that investigations had begun into the financial affairs of former information and broadcasting services minister Chishimba Kambwili. The investigation began shortly after Kambwili was relieved of his position after falling out with President Lungu. This appears to be a continuation of previous practice where the ACC is used to wage factional battles within the ruling party and state.

The Zambian government is rhetorically committed to human rights, and the systematic abuse of specific communities is rare. However, the police and security forces have a poor record, including unlawful killings, torture and other abuses of criminal suspects and detainees. Zambia also has a problem with pretrial detainees, with detainees often held for years in harsh conditions without access to legal aid. Although discrimination against women is not as problematic in Zambia as it is in some other African countries, women are often denied the right to inherit land and subject to gender-based violence. Traditional leaders continue to dispense “justice” based on established norms and practices in many rural areas. Although they have a high level of public legitimacy, these decisions typically discriminate against women, especially in the areas of gender-based violence and inheritance. In March 2017, a Zambian Airforce Flight Sergeant was arrested for a traffic violation and later died in police custody. According to witnesses, he was beaten to death by police, but the Police Commissioner has denied responsibility, initially stating that the sergeant had died as a result of a road accident and later that he was beaten to death by his cell mates. Police instituted proceedings against the cell mates, despite the Human Rights Commission’s findings that the police version of events did not appear to be corroborated by all witnesses. Arbitrary and false arrests, disproportionate use of force as well as human rights violations while in police custody are frequently reported by human rights bodies and the U.S. State Department’s Human Rights Reports. In April 2017, Police conducted a midnight raid on opposition leader Hakainde Hichilema’s home in Lusaka, cutting off the electricity, forcing down the gate, breaking in glass doors and firing tear gas. Hichilema was taken to a police station and charged with treason – a charge that carries the death penalty. This is widely believed to be a case of political persecution in which the police used disproportionate use of force. Police officers are rarely held accountable for acts of brutality or the violation of civil rights.

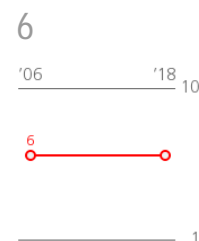
Civil rights



4 | Stability of Democratic Institutions

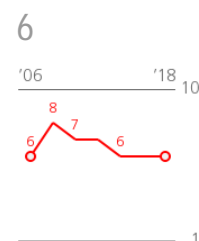
The performance of Zambia’s democratic institutions varies considerably. The legislature has failed to adequately perform its oversight function. This is due to a lack of funds and because the executive has been able to manipulate the legislature. One way in which the executive has been able to manipulate the legislature has been through the poaching of opposition MPs. This creates disunity within the opposition, increases the government’s power and restricts the ability of the opposition to hold the government to account. The judiciary is also compromised when it comes to issues of horizontal accountability and has been subject to executive manipulation. The bureaucracy has also performed weakly since the election of the Patriotic Front in 2011. This is due to limited administrative capacity and resources, but also to the replacement of the vast majority of senior civil servants with partisan individuals. For example, all 73 District Commissioners were replaced. Decentralization has stalled, and promises that more power would be devolved have not been substantiated. As a result, traditional leaders in the pay of the ruling party, rather than democratic institutions, govern many rural areas.

Performance of democratic institutions



There is a clear consensus on the value of multiparty politics and elections, and there have been no serious efforts to return to a one-party state. To date, there have been two transfers of power, with three different political parties holding office. However, the political elite’s toleration of dissent has often been lacking in practice. Moreover, there are persistent rumors that former President Rupiah Banda, before he agreed to peacefully hand over power to President Sata, contacted the military to gauge levels of support for the declaration of a state of emergency. It is therefore significant that the Zambian military has never held power and, with the exception of two (maybe three) failed coup attempts, has not sought to intervene in civilian politics. The harassment of journalists and media houses prior to and in the wake of the 2016 election suggests that the new administration is less tolerant of dissent than its predecessor. The ruling party’s acceptance of the legitimacy of the judiciary is also under question following the disciplinary tribunal and public critiques launched by the PF following the 2016 presidential and parliamentary election petitions.

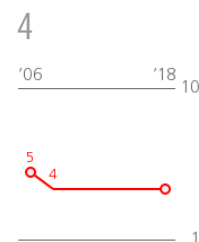
Commitment to democratic institutions



5 | Political and Social Integration

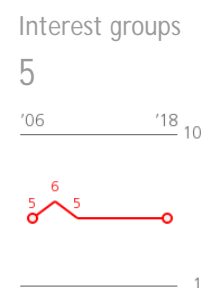
The Zambian party system is unstable and subject to rapid change, which is associated with high voter volatility. For the last ten years, Zambia has featured a three or four party system. Between 2011 and 2016, the party system changed dramatically. The ruling party, the Patriotic Front (PF), continued to perform strongly in urban areas, and developed new bases of support in rural areas – particularly in the North and East – through its control over patronage and traditional leaders. The former ruling party, the Movement for Multiparty Democracy (MMD), suffered an

Party system



embarrassing collapse. This was due in part to a series of damaging internal splits. As a result, the party went from being the ruling party in 2011 to placing fourth in the 2015 presidential by-election, securing just 0.87% of the vote. In many rural areas, it was replaced by the United Party of National Development (UPND), which rose from third place in 2011 to second place by 2015. In 2015, the UPND missed out on an unlikely victory by just 27,000 votes. Although they represent distinct parts of the country (for example, the PF polls well in the Copperbelt, the Bembaphone North, the East and Lusaka, while the UPND polls well in Southern, Western and North-Western Provinces), these parties offered voters a clear alternative. In 2016, the PF continued with many of the populist policies that had won Michael Sata the presidency, the UPND argued that it would pursue more business-friendly policies. However, it is important not to exaggerate their differences; both parties made a series of unrealistic election promises. The connection between parties and their supporters is based on a combination of different ties, including clientelistic, ethnic and populist. However, party structures are extremely weak, especially outside of leaders' home areas. Party splits in the MMD and PF ahead of the 2015 election continued to dog the two parties in 2016. The UPND was the main beneficiary of this turmoil as many former PF and MMD MPs, and party officials swelled its ranks. With the virtual collapse of the MMD – from 55 MPs in 2011 to three in 2016 – the party system has consolidated into a two-party system with other opposition parties garnering just over 2% of the presidential vote and only four of 156 national assembly seats. There is a relatively high level of voter volatility intertwined with ethnic party strongholds; the UPND has become the party of anti-incumbent voters in areas where it previously garnered almost no votes such as the Copperbelt, Northern and Eastern regions. Developments within the PF in early 2017 indicate that the Bemba faction – traditionally the party's ethnic base – is being sidelined in favor of Easterners. The long-term consequence of this may be that a new party purporting to represent Bemba interests may emerge over this electoral cycle, disrupting the new two-party system. The midnight arrest of UPND President Hakainde Hichilema in April and the subsequent charge of treason levied against him – which carries the death sentence – is likely to only increase political polarization and a sense of persecution among his supporters.

Zambian civil society is relatively weak and largely based in Lusaka. The Catholic Church remains highly influential and is one of the few non-governmental organizations to have a national reach. Trade unions have historically been important and played a critical role in the campaign against colonial rule and the one-party state. However, the twin economic processes of privatization and informalization (i.e., the increasing proportion of the labor force working in the informal sector) have undermined the strength of the unions, especially since the reintroduction of multiparty politics. Civil society alliances have come together at key points to protect democracy, and advance constitutional reform processes. For example, the OASIS Forum opposed President Chiluba's attempt to be elected for a third presidential term.

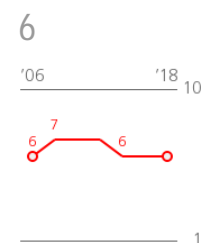


However, outside of these rare “crisis” moments, there is a lack of concerted action. The Grand Coalition on the constitution – a broad civil society alliance for constitutional reform – was successful in popularizing constitutional issues ahead of the 2015 election. However, this momentum was lost following the introduction of a constitutional amendment containing the popular “50%+1” clause in January 2016. Following the election, the PF announced its intention to amend the constitution again, removing a number of the more progressive clauses and extending the presidential term limit. Tensions between different civil society groups and between civil society groups and the government are increasing. These tensions are likely to come to a head over the constitution. In response to criticism from the Law Association of Zambia (LAZ), members of the ruling party have moved to amend the law governing the association to create a new parallel legal body, potentially undermining the LAZ. In early March 2017, armed “cadres” of the ruling party invaded the LAZ premises, allegedly under instructions from Home Affairs Minister Stephen Kampyongo. This appears to be a blatant attempt to intimidate the organization which is currently involved in two cases – one contesting the legality of a third term for the president and the second involving the lawyer representing the embattled Post newspaper.

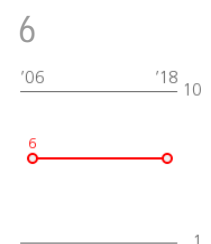
There is a strong consensus in favor of democracy. In the 2015 Afrobarometer survey results, democracy was preferred by 74% of Zambian respondents, down from 90% in 2012. The distribution was roughly equal between urban and rural areas. However, 24% of respondents believe that their country is a democracy “with major problems,” while 31% of respondents believe that Zambia is “a full democracy.” Similarly, while 30% of respondents report being “fairly satisfied” with the way that democracy works (compared to 45% in 2012), only 29% of respondents’ stated that they were “fully satisfied.” Trust in public institutions varies greatly. For example, 41% of respondents stating that they trusted the president “a lot,” while 41% and 30% of respondents, respectively, stated that they trusted the judiciary and legislature “a lot.” Zambia’s enviable democratic record has, between 2014 and 2017, been challenged by an increase in political violence, regionalism and authoritarianism which, if not addressed, could undermine its democratic gains.

Zambia is generally known as a relatively open and tolerant country. Although ethnicity plays an important role in political competition, ethnic violence is rare and ethnicity does not divide the country along sectional lines. In close-knit rural communities, trust is often higher than in more diverse urban communities. However, in neither rural nor urban areas is there a vibrant civil society. This is partly due to the deliberate marginalization of self-help initiatives during the thirty-years of the one-party state. As a result of that legacy, most Zambians continue to look to the state to provide support, despite its clear failings. Furthermore, trust levels are comparatively low. In 2007, Zambia scored 28.1 on the World Values Survey’s index of whether “most people can be trusted,” placing Zambia below Lebanon, Nigeria

Approval of democracy



Social capital



and Bosnia and Herzegovina. The highest score achieved was 148 for Norway, while the lowest was 7.9 for Trinidad and Tobago.

II. Economic Transformation

6 | Level of Socioeconomic Development

Zambia is a poor country. According to the latest Living Conditions Survey released by the government in 2015, 40.8% of the population live in extreme poverty. This varies according to location, with rural areas experiences a higher level of poverty on average than their urban counterparts, despite the existence of a number of large urban slums. There are various cash transfer programs that are designed to help with this, but the coverage is low and gender equality remains limited. However, some improvements are being made. For example, Zambia's HDI score improved from 0.471 in 2005 to 0.561 in 2013 and 0.579 in 2015. Over the same period, the country has made some progress in terms of gender equality. On the Gender Inequality Index (on which lower scores = less inequality), Zambia has gone from 0.635 in 2005 to 0.617 in 2013 and 0.526 in 2015. However, women continue to be largely excluded from politics – although more women (26) were elected to parliament in 2016 than in the previous election, this only represented 16.7%. One positive is that in the 2016 general elections Inonge Wina – the country's first female vice-president – remained in post.

Question
Score

Socioeconomic
barriers

3

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Economic indicators		2013	2014	2015	2016
GDP	\$ M	28045.5	27150.6	21154.4	19551.1
GDP growth	%	5.1	4.7	2.9	3.3
Inflation (CPI)	%	7.0	7.8	10.1	-
Unemployment	%	7.8	7.7	7.6	7.5
Foreign direct investment	% of GDP	7.5	5.6	7.5	8.1
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	-161.5	-387.3	-767.7	-

Economic indicators		2013	2014	2015	2016
Public debt	% of GDP	27.1	35.6	61.4	60.5
External debt	\$ M	5884.8	7524.2	8742.4	9547.8
Total debt service	\$ M	325.9	395.9	496.2	634.4
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	12.2	14.5	14.8	-
Public education spending	% of GDP	-	-	-	-
Public health spending	% of GDP	2.8	2.8	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.4	1.6	1.8	1.5

Sources (as of October 2017): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Zambia features freedom of pricing, currency convertibility, freedom of trade and free use of profits. However, market competition operates under a weak institutional framework. Out of 185 countries ranked in the World Bank's Cost of Doing Business Report, Zambia fell from 94 in 2012 to 111 in 2015, although it improved to 98 in 2016. The costs of electricity, opening a business and registering property are still factors that constrain market entry relative to other states. According to the Heritage Foundation, the quality of monetary freedom and labor freedom both dropped in 2016, although there were small gains in investor freedom.

Although reliable statistics are not available, estimates put the unemployment rate at 50%, with more than one million people working in the informal sector, double the number of people working in formal employment. A fairly strong institutional framework is provided only for strategic sectors linked to the mining industries and also for large-scale commercial farming. More than 65% of the labor force operates outside the tax net. If the government puts in place the cuts needed to secure an IMF rescue deal, formal sector employment is likely to fall further in the short-term.

Following the peak of the currency crisis in 2015, there was high volatility in the local market, disincentivizing investment. However, the government has taken some steps to address this by trying to reduce the cost of doing business.

Market-based competition

5

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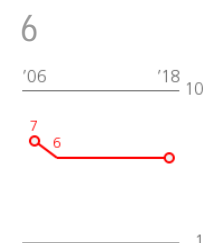
The formation of monopolies and oligopolies is inconsistently regulated. The Competition Commission was established to regulate competition, but is ineffectual and lacks legislative clout. The privatization of parastatals has decreased the number of monopolies – although the recent spate of renationalization that occurred after the PF came to power has complicated this picture somewhat. Some of the last state-owned companies, such as the Zambia Electricity Supply Company (ZESCO), have not been fully privatized, but rather commercialized, meaning that they were put under private sector management while the state maintains a majority ownership share. This in part reflects public suspicion of privatization, which is widely seen to have been a corrupt process that did little to improve conditions for consumers. As a result, some monopolies still exist. However, it appears that President Lungu may have now accepted the advice of international financial institutions that ZESCO will need to be broken down into its component parts and fully privatized to reduce costs. There is legislation over cartels, but this needs to be consolidated.

Foreign trade is liberalized in principle, but there are still significant exceptions. In recent years, the government has relaxed its control over the export of corn, allowing the export of 40,000 tons of maize. This is part of a wider strategy to make Zambia the “bread basket” of the region. According to the Heritage Foundation, trade freedom increased slightly in 2016, from 76.8 to 78.2% (on a 1-100 scale in which higher scores indicate greater freedom), although this came after a decline from a recent high of 84.6% in 2014.

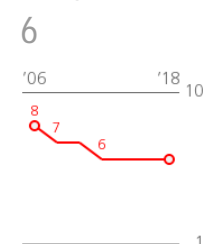
As this fluctuation indicates, significant barriers remain in key areas, including non-trade barriers. At the same time, there is a significant share (an estimated 50% of the recorded trade volume) of unrecorded cross-border trade between Zambia and its neighbor. Unrecorded imports, particularly of manufactured goods from Zimbabwe, have fallen slightly as a result of the stabilization of the currency in Zimbabwe. Despite Zambia’s membership of both Common Market for Eastern and Southern Africa (COMESA) and SADC, exports to the region have not significantly increased in recent years, because of high production and transportation costs.

The banking system and capital markets are differentiated, and oriented, in principle, to international standards. Zambia has some of the most liberal banking regulations in southern Africa, and banks function efficiently. There is functional banking supervision and minimum capital requirements. At present, there are 19 international and domestic banks operating, all of which must incorporate locally. Capital markets are open to domestic and foreign capital, and the stock exchange lists 24 companies at the time of writing, up from 23 in 2016. Historically, domestic investors have tended to borrow capital from outside Zambia to avoid the high-interest rates caused by high levels of government borrowing from domestic markets. This issue was briefly alleviated when the PF decided to issue major Eurobonds. However, as international terms have become increasingly unattractive as confidence in the Zambian economy has declined, the budget for the current financial year was largely

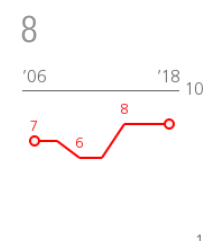
Anti-monopoly policy



Liberalization of foreign trade



Banking system

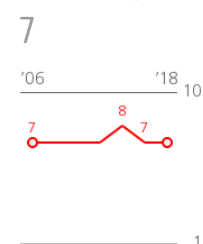


financed through domestic borrowing. The central bank benchmark lending rate was a constant 15.5% throughout 2016, although it is expected to make efforts to reduce this early in the new year. Finance Minister Felix Mutati has recognized that interest rates are relatively high for the region and that in the past this has undermined economic creativity. The central bank has remained fairly activist, taking control of Intermarket Banking Corporation Zambia Ltd after it failed to meet increasingly stringent capital requirements and become insolvent. Shortly after it was elected, in 2012, the PF government lifted the minimum capital requirement for local banks to K104 million from K12 billion, while international banks are now required to demonstrate K520 billion worth of holdings.

8 | Currency and Price Stability

The government has made containing inflation a priority and had considerable success. Inflation has been significantly reduced, from around 18% in 2004 to a low of 6.4% in 2011. However, in recent years it has been creeping up, first to 7.8% in 2014 and then to 10.1% in 2015. In 2016, inflation appears to have fallen slightly to 7.5%, but this figure masks considerable volatility, hitting a month on month high of 22.9% in February 2016. Still, the highest rate of inflation in 2016 was the equivalent of the average rate of inflation ten years ago. This success has supported the Bank of Zambia's efforts to formulate and implement monetary and supervisory policies that will ensure stability in price and financial systems to promote balanced macroeconomic development. However, efforts to establish an appropriate foreign exchange policy have been undermined in the last two years. In 2011 and 2012, the Zambian Kwacha appreciated slightly as the price of copper, the country's major foreign exchange earner, decreased by more than 20%. However, the Kwacha depreciated in the first half of 2013 against major currencies, losing the gains it had made in 2012. In 2014, it depreciated even further as a result of ambiguity over taxes levied on the mining sector, lower economic growth, and uncertainty following the death of President Sata. In 2016, the currency continued to suffer against the dollar, falling between July and August to a low of 5,216.65 during the election campaign, although it later rebounded once political stability had resumed and information began to circulate about a likely IMF deal. This had an effect on prices, as Zambia imports many goods, and as a result, cost-push inflationary pressures have been a significant challenge for the economy. The central bank of Zambia is seen to be a reasonably credible and independent institution, although high-interest rates (with a benchmark lending rate set at 15.5%) and high domestic borrowing by the government have had the effect of crowding out domestic business from access to credit.

Anti-inflation /
forex policy



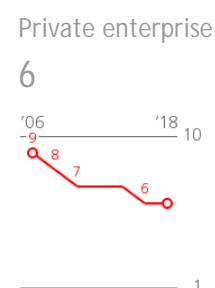
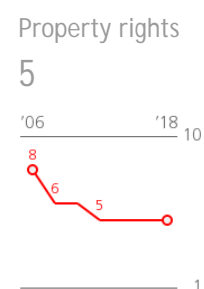
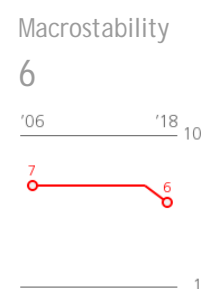
Poor economic growth, fiscal indiscipline and unsustainable levels of public spending have resulted in a significant deficit and mounting public debt. Partly as a result of high government expenditure around the election, the deficit widened to 10% of GDP in 2016. Although the government has agreed to cut fuel subsidies, one of the biggest items in the budget, it still plans to spend \$6.6 billion in the next financial year, a rise of 21%. Almost a third of this budget will have to be funded through grants and borrowing, driving up the debt burden. Part of the problem facing the government is that the increasing cost of debt repayment is forcing up government spending, resulting in a vicious cycle. In 2017, debt service payments are projected to hit a recent high of 11.5 billion Kwacha, up from 7.1 billion last year.

The government appears to have recognized that this situation is untenable, and to have communicated this to the IMF, but to lack the political will required for decisive action. A potential deal to secure a \$1.2 billion rescue package was postponed in 2016 after the government announced that it wanted more time to consult with key stakeholders – dashing hopes that it would come to an agreement with the IMF as soon as the elections were concluded. Although it still seems likely that a deal will be reached, the length of time that it has taken to conclude the process calls into question whether the government will really be willing to reduce government expenditure to manageable levels, which will inevitably require a reduction in the level and quality of public services.

9 | Private Property

Property rights are well defined in urban areas. However, property rights in rural areas are often poorly defined. Meanwhile, the property rights of women are often not respected. A large proportion of agricultural land, for example, in Barotseland remains under the control of traditional leaders. Control of land by traditional leaders increases the difficulty of defining and enforcing private property rights. According to the Heritage Foundation, on a scale of 0-100 on which high scores reflect better performance, respect for property rights improved to 49.6 in 2016, from 30 just two years before. However, in terms of broader respect for the rule of law, this was offset by a fall in government integrity from 38 to 35 over the same period.

Since the privatization of state companies is almost complete, private companies represent the backbone of the economy. As a result, the private sector increased its contribution to total economic activity from 20% of GDP in 1990 to around 80% in 2005. However, since regaining power in 2011, the PF government has renationalized some companies, including the telecommunications company, Zamtel; the rail company, Railway System of Zambia; the oil company, Indeni Petroleum Company; and the coal mining company, Maamba Collieries. These processes were not always conducted in an uncontroversial manner. Most notably, the renationalization of



Zamtel resulted in Lap Green suing the government demanding compensation for its stake in Zamtel.

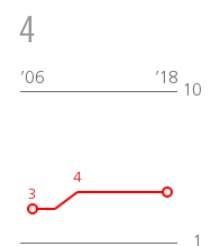
It looks like this trend is now over, and it appears that President Lungu has agreed to privatize ZESCO, the state utility company, as part of negotiations with the IMF ahead of an economic rescue package. However, this is likely to be controversial, as it is estimated that to turn ZESCO into a sustainable business would require around 60% of the workforce – whose salaries account for around two-thirds of revenue – to be laid off. In the past, privatization processes have often been manipulated to generate rent-seeking opportunities – which was one of the justifications for the PF’s initial bout of renationalization – so it remains to be seen whether this latest round will be conducted in a manner that is consistent with market principles. One challenge in this regard is the weak legal framework. The Heritage Foundation scores the Zambian judiciary 39.8 on a 0-100 scale in which higher scores reflect a better business environment.

10 | Welfare Regime

There are only rudimentary measures in place to guard against social risks, and these are extremely segmented in terms of area, social stratum and sector. However, the government is attempting to find new ways of protecting citizens. For example, a Minimum Wages and Conditions of Employment Act was passed in 2012. Nevertheless, this type of legislation exacerbates the gap between the “haves” and the, “have-nots,” as only a small proportion of the population work in the formal sector and have access to benefits, such as retirement packages and public health care. This applies mostly to the urban population (mainly civil servants and mineworkers; apart from parastatal companies, the government does not provide health care to its employees). Partly as a result, the government’s own living conditions survey records extreme poverty at 40.8% of the population, with around two-thirds of the population classified as “poor.” This number has been falling, but slowly.

One of the barriers to poverty reduction is that there is no unemployment insurance system and no reliable statistics on unemployment. While there is no real debate on social protection in the country, the government runs an inefficient national social welfare scheme known as the Public Welfare Assistance Scheme (PWAS). PWAS only covers a limited number of beneficiaries and benefits are inadequate. The social cash transfer scheme, which is largely financed by donors, is being implemented as a pilot project in only two provinces (Southern and Eastern) and in very few districts. Government expenditure on health care and education has increased under the PF government. However, this increase is yet to have a significant effect on social transformation. Most notably, the country was ranked 139th by the Human Development Index in 2015 – the same position as in 2014 – although it is worth noting that this does represent an improvement on the situation a decade ago.

Social safety nets



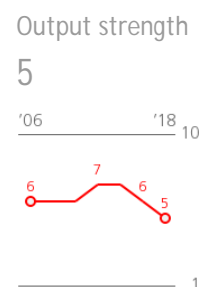
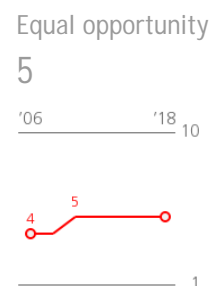
One of the major challenges facing older citizens is that state pensions are often not paid for long periods of time. The Minister of Labor and Social Security Joyce Nonde-Simukoko recently assured retirees and relatives of deceased retirees that they would pay in full, but admitted that thousands of people who had left work in ministries and councils have still not received any payments. Given the country’s difficult economic conditions and mounting debt problems, this promise is going to be very difficult to keep.

To date, politics and public administration in Zambia have not been characterized by the same degree of ethnic exclusion that has affected other African countries. However, all governments have tended to promote individuals from within their constituencies, resulting in accusations of ethnic bias. This tendency was particularly strong under the presidency of Michael Sata. Indeed, what had previously been known as “family tree” appointments earned the new name “family forest” appointments given the perceived frequency of jobs given to the president’s kin. President Lungu has continued this trend, leading to considerable frustration in the parts of the country who feel underrepresented in the cabinet and senior ministerial positions. In particular, Bemba-speaking political leaders, who facilitated Lungu’s rise to power following the untimely death of President Michael Sata, feel that they have been marginalized in the wake of the president’s re-election. There is a serious risk that this will undermine popular support for the government moving forward.

Gender inequality is also a significant problem. Although 99.4 girls are enrolled for every 100 boys at primary school level, just 45.8 girls are enrolled to every 100 boys at the level of tertiary education. It is therefore unsurprising that Zambia scores poorly on the Gender Inequality Index. In 2014 the country scored 0.587 on a 0-1 scale in which higher scores represent higher inequality. However, this number has begun to drop – it was 0.623 in 2012 and 0.617 in 2013. However, this score continues to place Zambia below Egypt and level with countries such as Togo and Sudan.

11 | Economic Performance

The economic situation in Zambia remains poor, despite considerable recent progress under the PF government. Efforts to diversify economic activity have been limited, and the economy remains heavily dependent on copper mining for foreign exchange. As a result, a recent decline in the world price for copper has constrained economic expansion. Furthermore, the country is landlocked increases the cost of imports and exports. GDP has fallen considerably in recent years, collapsing to 2.8% in 2015 from 4.9% in 2014. The World Bank estimates that growth will rebound to closer to 4% in 2017 from 2.9% in 2016, although past estimates have often been found to be overly optimistic. This is likely to be insufficient to generate the jobs needed to reduce unemployment. Indeed, according to official figures, unemployment actually increased to 13.3%, from 13.1%, between 2013 and 2014. Other indicators are also a



cause for concern. Although inflation was kept to single digits at 7.5%, this varied significantly throughout the year, hitting a high of 22.9% in February 2016. The debt burden has also increased considerably, as a result of a large and growing a budget deficit that is estimated to have increased to 10% in 2016. This is likely to be repeated in 2017 unless the government can find a way to reduce expenditure.

It is important to note that the debt burden generated by Eurobonds is priced in dollars and to be repaid in dollars. Given the depreciation of the Kwacha against the dollar over time, this has increased the value of the debt. To the extent that it continues, Kwacha appreciation will help to stabilize the debt/GDP ratio, but high debt servicing costs present a downside risk to fiscal consolidation.

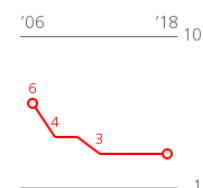
12 | Sustainability

The PF government came to power with a manifesto that included a significant focus on environmental sustainability. The PF made a commitment to promote environmentally responsible methods of farming, contain pollution by rehabilitating sewerage and drainage facilities, and protect ecologically sensitive areas like wetlands. However, little progress has been made toward any of these goals. The government has signed all major international environmental treaties. However, environmental standards are unsatisfactory, with recorded accidents and continued threats to human health due to pollution of rivers, streams and the air in mine areas. Previously, environmental issues causes were the responsibility of the Environmental Council of Zambia (ECZ). However, the ECZ was recently restructured into the Zambia Environmental and Management Agency (ZEMA), which is responsible for conducting environmental risk assessments for new projects. Although ZEMA has produced a number of very detailed reports, it is not clear whether public officials genuinely take the reports into consideration. However, following a long period of neglect by previous leaders, President Lungu has recently begun speaking out on environmental issues, asking the Lands, Environment and Natural Resources ministry to provide greater oversight of the timber business to prevent depleting forests. According to Lungu, Zambia has been losing around 270,000 hectares of forest every year. To combat this situation, the government has committed itself to stepping up its tree planting efforts in 2017. However, the government has yet to take firm action in this area.

Reliable figures for government expenditure on education are scarce. However, the best available estimates indicate that in 2016 government expenditure on education accounted for 17.2% of all government spending – down from 20% in 2014. This follows a period of considerable investment in education in which the government committed to construct 53 new schools and upgrade 220 more. As a result of this increased investment, the number of teachers increased from 50,123 in 2002 to 77,362 in 2009 and more than 137,000 in 2016. The government's commitment to

Environmental
policy

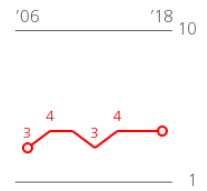
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Education policy /
R&D

4

increase access to education also led to more than 1.2 million additional learners entering the primary school system. Partly as a result, Zambia's score for the UN Education Index has also increased from 0.538 in 2005 to 0.591 in 2013 – although it subsequently remained at this level in 2014. However, this greater expenditure has yet to make up for decades of underinvestment in the education sector. Overall, all primary school level participation rates are reasonably high following the introduction of free primary education in 2002, but the quality of education received in many areas remains low.



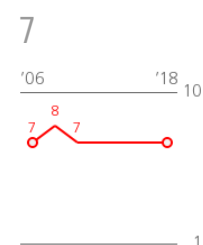
Governance

I. Level of Difficulty

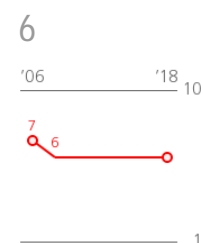
The government faces considerable structural constraints, as it has in the past. The landlocked nature of the country increases the cost of imports and exports. Meanwhile, the economy's historic dependency on copper mining has made it difficult to diversify into other industries. Despite falling copper prices in recent years, little has been done to change this. The government has initiated a new program designed to transform the agricultural sector, but it is not yet clear how successful it has been. Poverty remains chronic with 80% of the population living below the poverty line. Weak physical infrastructure has been a major historic limitation on economic growth, though the PF government embarked on an ambitious program of road building. Although this has improved the situation to some extent, the cost of transport remains high. Furthermore, the poor quality of education remains a serious concern. Poor educational standards mean that much of the adult workforce is low skilled, with the recent expansion of primary education yet to alter this situation. HIV/AIDS is estimated to affect 12.7% of the adult population, with around 1.1 million people living with the disease and 200,000 requiring Anti-Retroviral (ARVs) drugs. Malaria is also a major problem and accounting for 8,000 deaths a year, with 50% under five years old.

Civil society groups in Zambia have a long and proud tradition of checking authoritarian rule but are now significantly weaker than they were in the past. Churches and trade unions played a key role in the overthrow of the one-party state and preventing former president, Frederick Chiluba, from changing the constitution in 2001. Had President Frederick Chiluba changed the constitution he would have been able to run for a third presidential term. This collective memory of resistance combined with the breadth of trade union and religious networks mean that civil society can be a potent force. However, the privatization of the mining sector (undertaken by the first MMD government) and the informalization of the labor force (i.e., the increasing proportion of the labor force that work in the informal economy) have weakened the trade unions. In addition, there are other civil society sectors that play a more inconsistent role. For example, some of the main human rights and democracy groups were seen to have supported the Patriotic Front party in opposition, and then to have become quite close to the government when it was elected, which initially made them less willing to speak out against abuses. At the same time, the

Structural constraints



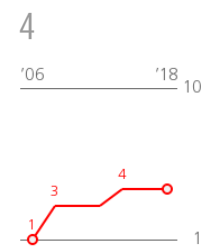
Civil society traditions



media is largely under government control. This was further exacerbated by the strategic alliance between the historically independent Post newspaper and the PF. However, this alliance was weakened by the death of President Michael Sata. So far, this has not resulted in a strengthening of the media environment because the very existence of the newspaper has been called into question by a petition to the High Court to have the paper liquidated over unpaid debts to the Zambia Revenue Authority and to employees. Should The Post fold, it would be a significant blow to the prospects of a varied and critical media. Finally, while a number of well-meaning civil society groups exist and do important work, but in general, they lack the capacity to effectively mobilize outside of Lusaka. However, even this picture may deteriorate in the next twelve months as the government seeks to undermine key elements of civil society. Most notably, a PF member of parliament recently took a bill to parliament that sought to deregister the Law Association of Zambia, one of the few independent and effective civil society bodies still operating.

Zambia has never suffered a civil war or a prolonged period of ethnic conflict. Although the salience of ethnic identities is typically raised during election periods, and violent clashes between rival party activists are not uncommon, these issues rarely last long. Overall, the use and spread of politically motivated violence is limited. In Western Province, the issue of the status of the Barotseland Agreement remains a constant source of tension following the promises of some leaders, including the late President Michael Sata, to give the royal Lozi establishment special treatment. The 2016 general election witnessed greater political violence than in the past, causing considerable consternation among Zambian commentators. Although this was generally localized and did not result in political instability, it represents a worrying increase in the use of violence as a political strategy. Most notably, campaigning was halted for 10 days in Lusaka following the death of an opposition supporter. A commission of inquiry was appointed to examine the causes of political violence before and after the election, and how such violence could be averted, but the continued harassment of opposition leaders and supporters by the security forces has called into question whether the government has the political will to deal with this challenge.

Conflict intensity



II. Governance Performance

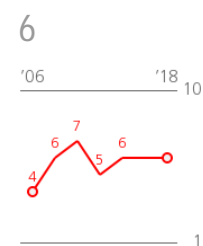
14 | Steering Capability

Under the PF government, the state pursued a number of objectives, such as increasing employment, raising the minimum wage and physical infrastructure development. While some progress has been made on all three fronts, a lack of clear leadership has led to inconsistencies in policy design and implementation. This lack of leadership has three main components. First, President Sata's idiosyncratic leadership style and ill health meant that there was no clear political leadership during the last year of his life. The struggle to succeed him as the PF's leader and presidential candidate generated instability within the party. This leadership struggle was compounded by President Sata's tendency to play one faction off against each other and to rotate ministers. Second, wholesale changes to the civil service following the election of the PF reduced the capacity of the bureaucracy to pursue the government's policy goals, when a clear political direction was provided. Third, powerful political and economic interests obstructed the introduction of reforms to key economic sectors, such as the removal of distortions in the agricultural market. This obstruction to structural reform is also restricting the government of President Edgar Lungu. The government of President Lungu is now consumed with two tasks: first, brokering a deal with the IMF to secure much-needed funds. Second, getting a third term for the president, who has already said that he has no intention of standing down at the end of this parliamentary term. It is becoming increasingly clear that the latter political goal is impacting on the former economic goal. In 2016, an IMF mission to Zambia to agree on a deal faltered after Lungu decided to undergo additional consultations with groups uneasy about reducing government spending. One reason that this is a particular concern for Lungu is that he does not want to risk losing support just as his campaign for a third term moves into top gear. As a result, the steering capacity of the government has been compromised by short-term political considerations.

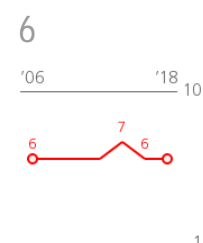
The PF government has implemented a number of social reforms that were key election pledges in 2011, including increasing the minimum wage and the tax threshold. At the same time, the implementation of anti-corruption policies has remained weak. The PF government introduced a radical restructuring of the civil service in its first year in office, from which the upper levels of the bureaucracy is only now recovering. Under President Sata, there was a clear division between a more technocratic set of leaders, focused on getting the government to work efficiently, and a more populist set focused on appealing to the party's core support base. Following President Lungu's re-election, he changed the composition of the cabinet considerably, appointing Felix Mutati to the Finance Ministry. Mutati's appointment

Question
Score

Prioritization



Implementation



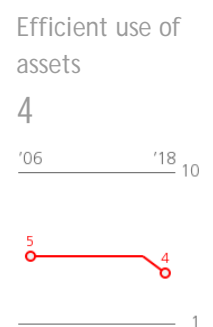
was initially welcomed, as he is a Chartered Accountant who was previously a minister under the Movement for Multiparty Democracy government, and initially promised to have an “open door” policy for both business leaders and international donors. It was also assumed that he had been appointed to begin negotiations with the International Monetary Fund on a \$1.2 billion economic rescue package. However, since then business confidence has fallen due to the slow progress toward an IMF deal. It is also worth noting that Lungu has sidelined some of the technocrats from the Sata administration, such as the ex-Finance Minister, Alexander Chikwanda, while appointing loyalists such as Davis Chama, the Defense Minister, who did not run for a seat in the last election and so had to be nominated by the President. The high level of turnover within the cabinet has hampered the government’s efforts to pursue its policies.

Some of the policies introduced by the PF have demonstrated the capacity for policy learning from international experiences, as evidenced by the introduction of a minimum wage and the issuance of two Eurobonds. The PF also demonstrated during the last election campaign that it has become particularly good at using highly visible policies (e.g., road-building programs) to conceal a lack of progress in other policy areas (e.g., corruption within government). However, some policy learning has been detrimental to democratization. For example, the current president, Edgar Lungu, has clearly learned from his predecessors how to play divide and rule politics and secure support for constitutional changes to consolidate his hold on power – in this case, by securing a third term. His efforts to prolong his stay in power are likely to inspire significant resistance, but it appears that the Constitutional Court will back his case. Previous efforts to enhance the policy-making capacity of the government, such as the creation of the Policy Monitoring and Research Centre (PRMC) think tank in 2012, have subsequently been undermined by politicization and marginalization. Moreover, weak monitoring and evaluation policies make it difficult to gauge the effectiveness of reforms. A good indication of the problems the government has in these areas is the failure to respond to chronic issues such as a high deficit and rising debt levels.



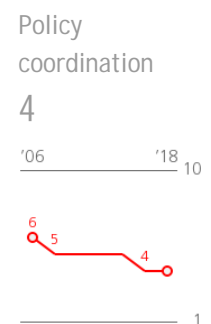
15 | Resource Efficiency

It is unclear how effectively natural resources are exploited because some of the contracts governing the mining sector are not publicly available. Despite criticism of foreign investors from the PF while in opposition, the PF has generally accommodated foreign investors while in power. However, due to this accommodation and low capacity within the bureaucracy, it is likely that a considerable portion of Zambia’s natural resources have been exported without being properly accounted and without tax being paid. Furthermore, the recent slump in the world price of copper means that any government attempt to tackle this accounting problem would exacerbate the economic situation for mining companies. Most



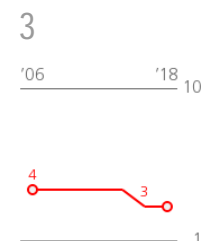
notably, mining companies are rumored to have threatened to withdraw from the country if the government moves to increase the level of taxation they face. One bright spot has been the increasing revenue collected by the Zambia Revenue Authority (ZRA). However, serious questions have been raised regarding the government's willingness to manage a balanced budget. Wage increases and overstaffing within the civil service, along with high government expenditure in many areas, have resulted in a growing debt problem. Although the government followed IMF advice and removed fuel subsidies that cost the government an estimated 1 billion dollars a year, public spending remains high. The latest budget commits the government to a total expenditure of 6.6 billion dollars, a rise of 21%, almost a third of which will be funded through grants or domestic and foreign borrowing. The Zambia Institute for Policy Analysis and Research (ZIPAR) has estimated that if current government expenditure is sustained, the debt ratio will hit 54% of GDP during 2017.

Under President Sata, policy coordination was notoriously limited. Issues that were of close concern to the president or his most influential advisers were pushed ahead, while other policies often floundered without powerful political support. There were two main obstacles to effective policy coordination. The first was the president's inclination to be personally involved in all significant policy decisions. This severely limited the efficiency of decision-making. The second obstacle was that ministers rarely met to discuss policy decisions outside of formal cabinet sessions. This restricted the capacity for cross-sectoral policy planning and implementation. Although the election of Edgar Lungu as first PF leader and later president has resolved some of these issues, many challenges remain. Like Sata, Lungu has suffered ill health, which has limited his capacity to lead. At the same time, the tension between the more populist and technocratic elements of the government has yet to be resolved. The appointment of Felix Mutati, a Chartered Accountant, as Finance Minister, was expected to usher in a period of economic reform, but so far progress has been inconsistent in part due to the lack of political will within the PF to implement budget cuts to stabilize the national debt. Significantly, many of the leaders formerly credited with helping the party to plan its long-term policy objectives, such as the Vice-President Guy Scott, left the party after Lungu's rise to power. At the same time, a number of figures from the former ruling party, the Movement for Multiparty Democracy (MMD), have started to play an increasingly prominent role in the PF government as a result of the alliance between former MMD leader Rupiah Banda and President Lungu. Most notably, Dora Siliya, a close Banda ally, was appointed Energy Minister in 2015, while former MMD Minister Felix Mutati is now the Finance Minister. The rise to prominence of a pro-Banda faction within the ruling party calls into question whether the PF has a clear and distinctive policy position, and is likely to exacerbate internal disputes within the government.



Corruption has been a consistent feature of Zambian political life and continues to be a major problem. The increase in economic and political uncertainty during the early years of the MMD government triggered a rise in corruption. After the fall of the MMD government, charges of corruption were leveled against former President Frederick Chiluba. However, neither the late President Levy Mwananwasa, who launched the investigation, nor his successor President Rupiah Banda were determined to successfully prosecute President Chiluba or secure the return of the stolen assets. In particular, President Banda was more inclined to protect President Chiluba and cultivate a political alliance. This reflects a broader pattern of using corruption allegations to attack political opponents, while protecting others as a means of building political alliances. The politicization of anti-corruption efforts has undermined the legitimacy of these efforts. As a result, public opinion is largely skeptical of anti-corruption initiatives. This pattern has continued under PF governments. For example, President Michael Sata was very vocal about establishing commissions of inquiry to investigate corruption in former President Banda's government. However, this led to accusations of a political witch-hunt. The failure to successfully prosecute President Banda, who has since built an alliance with current President Edgar Lungu, demonstrates the lack of political will and capacity to promote good governance. When the Anti-Corruption Commission began an investigation into the current Minister of Justice, Wynter Kabimba, the minister refused to be questioned by the commission without the attendance of party cadres. This refusal represented a clear flouting of the rule of law, which is even more shocking as Kabimba is a lawyer. President Lungu has promised to end graft, and in November requested investigators to probe the activities of a number of cabinet ministers accused of corruption. However, in reality, Lungu has demonstrated little will to enforce the rule of law. For example, when former MMD leader Dora Siliya was appointed as Energy and Water and Development Minister, she was still on trial on criminal charges relating to the abuse of office. Despite the appointment being heavily criticized by Transparency International, President Lungu refused to back down.

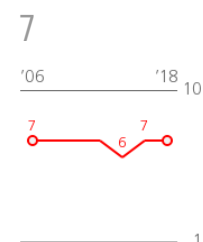
Anti-corruption policy



16 | Consensus-Building

All major political parties rhetorically agree that the country should be run as a democracy with multi-party elections. There are rarely calls to move to another form of political system. Zambia is one of a very small number of African countries to have experienced at least two transfers of power. However, recent trends suggest that commitment to genuine democracy, in terms of freedom of speech and association, remains limited. For example, a ruling party supporter recently petitioned the Constitutional Court to declare 52 parliamentary seats held by the UPND to be vacant on the basis that they had stayed away from the president's State of the Nation Address. Given that the Constitutional Court was appointed by President Lungu, there is significant concern within the opposition that this case will not be thrown out

Consensus on goals

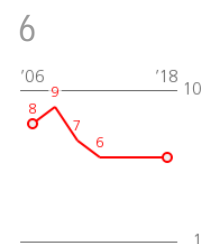


as it would be if the law were respected. It is worth noting that the opposition UPND argues that President Lungu's most recent election was rigged and that he is therefore not a legitimate leader. On this basis, the party has refused to recognize him. However, this is a rejection of a particular leader rather than of the benefits of democracy as a system.

There is a broader range of views when it comes to the economy. Public opinion polls indicate that the public is broadly in favor of state intervention in key economic sectors, such as mining. However, this does not imply widespread public support for state ownership and return to the failed socialist experiment of the one-party state. Instead, many Zambians recognize that economic growth requires foreign investment, despite President Sata's anti-Chinese rhetoric. Overall, the public tends to favor high levels of state intervention in an open economy. While senior PF leaders often use radical language in their speeches, such rhetoric rarely finds form in government policy. However, this history and the populist leanings of the PF under President Edgar Lungu represent a significant barrier to economic reform. Most notably, recent IMF negotiations over a proposed \$1.2 billion bailout package were postponed after the president said that he felt he required more time to bring key stakeholders on board. In turn, this reflects latent public hostility to the IMF, whose reform packages have been associated with considerable hardship in the past. In terms of public policy positions, the PF government's economic agenda has tended to be closer to a social democratic model than the more pro-business agenda advocated by the UPND. There is likely to be little international resistance to this social policy agenda given the economy's good performance and the high levels of poverty. However, it is unclear whether this is a viable strategy given growing debt levels and the financial implications of low copper prices.

There are no avowedly anti-democratic actors in Zambia. However, democracy remains fragile and recent elections appear not to have been free and fair elections. For example, in 2001, the ruling MMD presidential candidate, Levy Mwanawasa, was officially declared the winner. However, many commentators believe that Mwanawasa actually lost the presidential election. Successive governments have placed their own survival over the consolidation of democracy. In particular, governments have refused to implement constitutional reform, failed to tackle corruption and interfered in media coverage. Although President Lungu did implement constitutional reform in a number of areas, he is now seeking an interpretation of the new rules that would allow him to stay in power for a third term. His government also presided over controversial general elections in August 2016, in which the opposition believes votes were added to the president's total in areas such as Lusaka in order to prevent an opposition victory. A long delay in the process of counting and releasing the results adds credence to this complaint, as does evidence of further democratic backsliding during the campaign including the greater use of violence and intimidation.

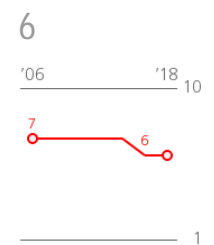
Anti-democratic actors



There are a number of significant social cleavages in Zambia. The first is ethnolinguistic. In the past, Bemba-speaking Zambians have overwhelmingly supported the PF, while the Tonga people in Southern Province have largely supported the UPND. The second cleavage is urban-rural. In the 2011 elections, Michael Sata performed far better in urban areas, such as Lusaka, where he attracted votes from across different ethnic groups. By contrast, former President Rupiah Banda polled better in the rural areas where the MMD had established a network of patronage. This pattern was repeated in the 2015 election, when the PF's presidential candidate, Edgar Lungu, performed better in urban areas. However, the salience of ethnic differences is heightened during election periods. So far, a number of factors have worked to reduce the negative impact of this cleavage. First, under the one-party state, former President Kenneth Kaunda favored a policy of ethnic inclusion, rejecting the winner-takes-all strategy adopted in Kenya. As a result, Zambia has never experienced significant ethnic violence and relations between the different ethnic groups have been generally good. Second, several political leaders, such as Michael Sata, have won electoral support across ethnic groups in urban areas. This cross-ethnic appeal undermined ethnic voting patterns. Third, no cabinet under the multiparty system has been ethnically exclusive. Although each cabinet is weighted in favor of the president's ethnicity, there is typically an attempt to achieve ethnic diversity. For example, the Bemba leaders within the PF supported the presidential candidacy of Edgar Lungu, a non-Bemba. Finally, political elites have tended not to use violence to secure political power. Although presidential candidates have occasionally made provocative speeches, party leaders have been quick to defuse the situation when tensions threatened to get out of hand. Religious cleavages have not been a significant factor during the period under review, while the declining power of the trade unions has reduced class cleavages. However, there is some evidence that under the PF an increasingly antagonistic form of politics is emerging, intensifying the significance of ethnicity. On the one hand, elections have become increasingly violent. For example, the 2015 presidential by-election saw a number of politically related murders, while over 100 cases of assault and property damage were recorded. On the other hand, despite being backed by a cross-ethnic set of MPs when he acceded to the presidency, Lungu has increasingly made use of a divide and rule strategy in which key appointments are seen to be increasingly given to loyalists from allied communities. Along with the resurgence of activism around the secession of Barotseland, this threatens to place ethno-regional identity at the heart of politics.

In the past, civil society has proved to be an effective vehicle for the protection of democracy. For example, the OASIS Forum, a collaboration between church organizations and trade unions, was crucial in preventing former President Frederick Chiluba from changing the constitution. President Chiluba had attempted to change the constitution in 2001 so that he could secure a third presidential term. However, declining trade union power and the limited organizational capacity of Lusaka-based civil society organizations means that, excluding these crisis moments, civil society

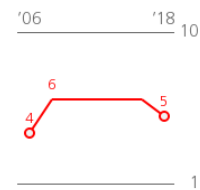
Cleavage /
conflict
management



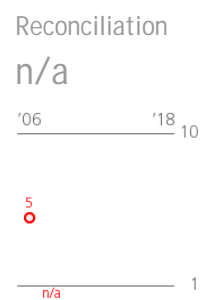
Civil society
participation

5

struggles to maintain pressure on the government. Over the past year the relationship between key civil society groups and the government has become increasingly strained, as the early enthusiasm of many NGOs for the PF government has turned into frustration – a position that has further hardened following the return of former President Rupiah Banda to political prominence, as a result of his support for Lungu’s presidential campaign. At present, a number of prominent civil society actors find themselves under threat. The petition for liquidation by the Zambian Revenue Authority against The Post newspaper would if successful, remove one of the few independent news outlets in the country over the last decade. At the same time, a government member of parliament has advanced a motion in parliament to disband the Law Association of Zambia. Taken together, these developments suggest a systematic effort to weaken checks and balances, and a disregard for the value of civil society and the right to dissent.

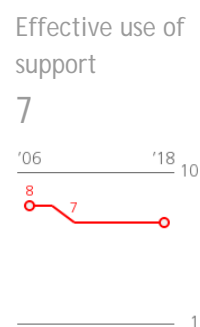


The government of Zambia has not committed any major human rights violations that necessitate a national program of reconciliation. The one-party state did commit human rights violations, but these were comparatively less numerous and extreme than in other Africa states. As a result, the question of reconciliation largely concerns political torture or molestation suffered by a few individuals. There is also the contentious issue of Barotseland. Many people in Barotseland are angry that the President Sata did not keep his promise to grant the region greater autonomy in return for their political support during the 2011 presidential election. This issue has recently resurfaced, with a resurgence of activism in favor of secession, but the issue here is more about granting greater autonomy to local leaders than reconciliation for past human rights abuses.



17 | International Cooperation

Zambia has made good use of international support over the last fifteen years. Securing debt relief as part of the 2005 Heavily Indebted Poor Countries program enabled the government to redirect resources toward the provision of much-needed services. Meanwhile, international aid as a proportion of the government budget has declined from around 60% in the early 1990s to less than 5% today. In line with this, international aid per capita fell from \$101.3 in 2006 to \$51.3 in 2012. The figures for key donors have dropped even more dramatically; aid from the United States is now worth just \$0.12 per person a year. This has forced the government to become more independent of international aid, although the government continues to engage productively with international organizations and development agencies, including the IMF, DFID and USAID. A common area of agreement between the PF government and international donors has been the issue of poverty alleviation. For example, the PF government has increased spending on health care and education services, while also introducing a minimum wage. Historically, poverty rates have been stubbornly high. The first independent assessment of a government poverty

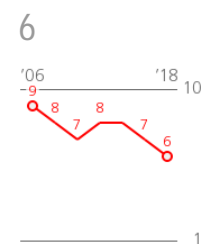


reduction strategy found that the then MMD government had failed to achieve its goal of reducing overall poverty mainly due to budget constraints and problems of prioritizing development initiatives. However, the increased spending on poverty reduction initiatives under the PF government, combined with consistent economic growth, is reducing the rate of poverty. One challenge for President Lungu going forwards is how to sustain government spending in these kinds of areas while striking a deal with the IMF to refinance the Zambian economy. It is believed that one of the key sticking points so far has been IMF demands that the Zambian government drastically reduces expenditure on some subsidies and public services. Although the government followed IMF advice and removed fuel subsidies that cost the government an estimated 1 billion dollars a year, President Lungu is wary of making further cuts that would undermine both his policy agenda and his personal support. In this regard, one of the challenges of effectively harnessing international support is the government's poor reputation with many donors, who cite concerns over government corruption and waste as one of the reasons that they are often wary of backing major projects.

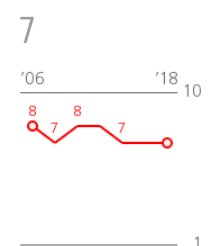
The government's credibility on macroeconomic issues is waning as a result of a growing debt burden and a slow response to a mounting economic crisis. According to Fitch Ratings, in the absence of a significant reduction in government spending, public debt will rise to 100% of GDP in the next five years. One consequence of this is that the cost of debt repayments has considerably increased over the last few years, and are projected to hit a recent high of 11.5 billion Kwacha in 2017, up from 7.1 billion in 2016. This is having a significant impact on the Zambian economy because the government does not only owe money to traditional lenders – an estimated 20 billion Kwacha – the equivalent of 9% of GDP – is owed to local suppliers and contractors who have not been paid, and this figure is consistently increasing. Zambia also has limited credibility for political reform, because successive governments have failed to either curb the powers of the president or to corruption. President Lungu's controversial campaign for a third term in office is only likely to consolidate these concerns.

Zambia enjoys good relations with its neighbors, and successive Zambian leaders have maintained their commitment to several regional bodies. Zambia is a member of the South African Development Community (SADC), the African Union (AU) and is the host country of the Common Market for Eastern and Southern Africa (COMESA). However, it is not always clear that these relationships benefit Zambia. For example, close economic ties with southern African countries, South Africa in particular, have resulted in considerable investment into the Zambian economy which has created jobs but also facilitated the expansion of South African companies and brands. While such investment generates new employment opportunities, it also threatens to crowd out Zambian entrepreneurs who lack the capital to compete with South African companies. There are also tensions between Zambia's membership of SADC and COMESA. Although these regional bodies have overlapping

Credibility



Regional cooperation



memberships, their rules are not completely aligned. This inconsistency can act as a barrier to regional economic integration. One effort to promote cross-border trade and strengthen regional integration is planned to build the Kazungula Bridge between Botswana and Zambia. President Lungu stated his commitment to this plan in early 2017, although progress has been hampered by concerns on the Botswanan side that plans for new roads and a railway line will harm the environment. In the past, Zambian leaders have spoken in favor of national liberation and democracy, and have been critical of human rights abuses in Zimbabwe. However, President Sata developed close ties to President Robert Mugabe (it is no coincidence that President Sata named his political party the “Patriotic Front”). More recently, President Lungu has also said that he feels that he has “much to learn” from the Zimbabwean president. However, these warm words have not resulted in effective action against major regional challenges such as the damage done to crops by armyworm, which threatens to bring food insecurity to a number of Southern African countries including Malawi, Zambia and Zimbabwe. Although individual countries have mobilized against armyworm to varying degrees of effectiveness, relatively little cross-border learning has been done at the regional level.

Strategic Outlook

Zambia has managed two peaceful transfers of power, which is rare in sub-Saharan Africa. This indicates some consolidation of democracy. However, deeper democratization has been undermined by a lack of thoroughgoing constitutional reform. The constitution remains top heavy with a substantial amount of power invested in the president. Although President Edgar Lungu has expressed his commitment to the constitutional review process, the 2016 constitutional amendment failed to substantially alter the balance of power between the three arms of government. The priority for domestic political leaders and international donors should be to pressure President Lungu ensuring that gains are not rolled back, a new bill of rights is enshrined and further progressive changes – such as those strengthening the separation of powers – are enacted. For international donors, this will involve linking the provision of international aid to the government's constitutional reform efforts. Equally, the current pressure exerted by the executive on the judiciary, media, the political opposition and civil society must be discouraged by local and international partners. President Lungu's fostering of close relationships with both Robert Mugabe in Zimbabwe and Uganda's Yoweri Museveni is also a development that should be closely monitored.

The PF's first priority should be to provide stable and consistent leadership and policy predictability. Under President Sata, the government was inconsistent and idiosyncratic, with programs introduced in fits and starts. President Lungu has the opportunity to develop a more considered style of government, with a more coherent and better-communicated policy agenda. This will involve maintaining a settled and competent cabinet. It will also involve expanding a civil service free of political interference. If President Lungu can achieve these objectives, then he will be in the position to tackle the high level of corruption. High levels of mismanagement and corruption remain substantial obstacles to economic growth, and in a fiscally constrained environment, the government will need to ensure that increasingly scarce funds for social welfare are not diverted.

The government has demonstrated a real commitment to expanding physical infrastructure. These efforts must be strengthened, but contracts must be transparent and contractors held accountable. The two Eurobonds issued by the government to raise funds to invest into the economy were a success, but this has significantly increased the cost of borrowing. To prevent another debt crisis, the returns to these investments must drive further economic growth through increased productivity and economic diversification. The IMF intervention – scheduled to begin in the first half of 2017 – will lead to the rolling back of state subsidies on fuel, food and electricity. The government must ring-fence and streamline important social welfare programs such as the Fertilizer Input Subsidy Programme (FISP) and cash transfer scheme in order to mitigate the worst effects of economic austerity. Diversification is the economy's most serious challenge, and the government needs to encourage the development of export agriculture, in particular, to drive diversification.

If the current trend toward ethno-regional favoritism in contracts and appointments continues, the government might find itself facing increased restlessness in opposition-supporting regions and a resurgence of activism around the secession of Barotseland. To prevent this, the PF should strive to foster inclusive development and adequate sharing of increasingly-scarce national resources. In order to maintain positive relationships with donors and prevent increased political and regional polarization the ruling party should return to a more democratic and consultative governance approach; engaging with civil society rather than attacking them and avoiding the persecution of opposition politicians and critical media outlets.