

BCC Newsletter - December 2016

Welcome to the second edition of the BCC Newsletter. Eighteen months after its launch in February 2015, the Chamber has held over sixteen CEO's lunches – a great opportunity for senior executives to network and make new contacts – and fifteen informative and topical speaker events.

In that time, we bade farewell to James Thornton, the former British High Commissioner, who supported our inception and hosted the launch of the Chamber and who has taken up a more elevated role at the British Embassy in Bolivia and an Acting High Commissioner, Lucy Joyce (now in Moldova) and have welcomed the new High Commissioner, Mr Fergus Cochrane-Dyett and his deputy Andy Hamilton (who has replaced Sean Melbourne).

The Chamber now has over fifty members and hopes to reach its target of 100 company, organisation and individual members in the near future.

The Chamber is part of the UK British Chambers of Commerce international network and in touch with over seventy Chambers in the UK and other countries. In a visit to the UK last year, the BCCZ CEO held meetings with the British Chambers of Commerce HQ, the Business Council for Africa and the Zambian High Commissioner in London and will have similar meetings at the end of November 2016.

News

Visit by The Lord Mayor of London

The Rt. Hon The Lord Mayor of London, The Lord Mountevans, made a visit to Angola, Zambia and Mauritius during his term of office. He visited Zambia from 24 to 27 February, together with a delegation from the professional and financial services sectors in the UK.

The British Chamber of Commerce had the honour of hosting the Lord May to a breakfast meeting on 25 February, kindly sponsored by Standard Chartered Bank. The British Chamber of Commerce provided an objective network for the Lord Mayor and his delegation to tap into and gain private sector insights into Zambia's business environment.

While here he had meetings with President Lungu, a number of government ministers and others, visited the Lusaka Stock Exchange, met leading members of the business community and representatives of professional and legal services companies in Zambia.



British Chamber Submission to the 2017 Budget

In May 2016, the Chamber submitted its proposals for the coming budget. We made a case on the following issues:

1. Streamlining of the Corporate Tax Structure
2. Reduction in Mineral Royalty Tax
3. Removal of duty on vehicles
4. Removal of withholding tax for company rentals
5. Zero-rating for VAT on exported services
6. Removal of requirement for reverse VAT on online purchases
7. Removal of excise tax on data services

We welcome the appointment of Hon Felix Mutati as Minister of Finance and other recently appointed Ministers and we look forward to working with them on the key issues facing business in Zambia.

Events

British Chamber Event of Social Media – in partnership with Airtel Networks Zambia

For its main September event the British Chamber of Commerce, in partnership with Airtel Network Zambia, organised a discussion on Social Media. Some 130 members, guests, media houses, bloggers, journalists and other attended the event. The discussion was led by a moderator, Ms Brenda Nglazi Zulu, founder of the Zambian Bloggers Network and the speakers comprised Mr. Peter Armstrong (Young and Rubicam), Mr. Nathan Sichilongo (Dot.Com Zambia), Ms. Carol White (Ideas Consultancy) and Ms. Janice Matwi (Brand and Communications Manager – Airtel Networks Zambia Plc).

The discussion covered a number of topics, including the forms of social media; their various applications for business, professional and social purposes; the importance of an effective marketing strategy and whether and how social media can be part of that, challenges facing the using it and the numerous analytical applications available to measure their effectiveness.

Many of those attending afterwards commented that the event was a good start to discussing the role of social media in Zambia, how to control some of the less pleasant features that can occur in some applications, and in making the right choice of applications to meet objectives. Given that the event was unable to accommodate everyone that wanted to attend due to lack of space, it would seem an opportunity for another organisation to follow this up with another forum – perhaps drawing on the experiences learned from this one.

Engaging the Private Sector in Zambia's Development – Opportunities for Zambian Business – October 2015

On 29 October the British Chamber of Commerce in Zambia held an event on 'Engaging the Private Sector in Zambia's Development' at the Taj Pamodzi hotel. The event was moderated by Bob Liebenthal and presentations were made by:

- Annelies Raue, the economist from DFID
- Alessandro Mariani, the Ambassador at the Delegation of the EU in Zambia
- Brian Mtonya, the private sector specialist from the World Bank
- Ayana Angulo the lead procurement officer from USAID
- Peter Rasmussen, the economist from the African Development Bank.

The five informative presentations covered the current country strategies and activities in Zambia of these four cooperating partners and the main African development finance institution, how Zambia's private sector can benefit from doing business with them and the various facilities available to our private sector, in terms of grant support and investment and financing facilities. They pointed out that many of these facilities are available to Zambian companies wanting to do business and, or invest in other countries. An active discussion followed.

Employee Engagement and Business Performance – November 2015

Some 45 members and guests attended this event at the Taj Pamodzi Hotel on 26 November 2015.

Growing a company or even sustaining one in the current economic climate is not easy and calls for a regular review of operational efficiency, careful control of cash-flows, constant monitoring of changes in the market, keeping customers satisfied and productivity.

At this event our speakers gave lively and informative presentations on the topic of Employee Engagement and Business Performance – for the two are closely linked. For businesses to grow and be profitable now and over the next decades they will need staff that are informed, have the right skills, are productive and innovative – at all levels.

We were fortunate to have with us two highly experienced discussants who used their experience and expertise to help chart the way forward.

Kelvin Sokuni, CEO of KSM Management Consultants, a highly respected HR practitioner and consultant with many years of senior management experience in major Zambian companies and Nankhonde Kasonde of Tuntulu, an Organisation and Relationship Systems Certified Coach and Chair of the Zambian Coaching Association.

Bites from their presentations included:

- Be smart – hire smart
- Don't let your employees delegate to you
- Disengagement starts at the top
- The modern employee wants an environment where they can explore and innovate

Ms Kasonde presented some interesting and worrying statistics from the 2011/12 Gallup Global Survey, which revealed that:

- 10% of employees are actively committed
- 57% merely put in time
- 33% act on their discontent in counter-productive ways

Their presentations offered a number of strategies and ideas that led to an active discussion and, from reports, much follow-up activity with the presenters.



British Chamber Event on Economic Diversification in Zambia's Agriculture and Tourism Sectors – April 2016

The British Chamber of Commerce, in association with and support from the Indaba Agriculture Policy Research Institute held an event on Economic Diversification in two of Zambia's key sectors at the Taj Pamodzi hotel in April. This was attended by over 80 members and guests.

Presentations were made by:

- Hon. Given Lubinda, Minister of Agriculture
- Jacob Mwale, CEO of the Zambia Agricultural Commodity Exchange (ZAMACE)
- Felix Chaila, CEO of the Zambia Tourism Agency
- Edjan van der Heide, Chairman, Kafue Park Operators Association.

The Minister of Agriculture opened the event by informing the meeting that the intentions of the Government of Zambia in agriculture were enshrined in the National Agricultural Policy. Specifically, he mentioned that the goal was for **Zambia to be a net exporter of food and to be the food basket of the COMESA region.**

The strategies to be employed in realising this included:

- Use of improved crop varieties and certified seeds. He stated that the Government would not adopt GMO technology just yet.
- Emphasis on the agricultural farm block development to address the issue of having infrastructure that will attract agricultural investment.
- To put 7,500 hectares of land per year under irrigation.
- Increase the adoption of mechanisation across the country. He stressed that he was of the view that the hand hoe is an archaic technology that belongs to the museum. In this regard the government was going to set up mechanisation centres across the country.

Diversification from maize was also stressed as a central strategy so that the country can exploit many other enterprises that are available with Zambia's vast resources. The electronic voucher which was piloted last year and allowed farmers to choose enterprises that they deemed suitable was meant to encourage diversification. He added that even the traditional Farmer Input Support Program had now included more agricultural enterprises.

The Minister informed the meeting that the issue of agricultural subsidies in both input and output markets was difficult to address. He admitted that the fiscal space for the subsidies in Zambia that were mostly focused on maize and maize products was limited but stressed that many countries in the world including Europe still had subsidies. He reported that he was willing to listen to those that could suggest ways out of the subsidies for Zambia.

Event on SMEs & Entrepreneurship in Zambia – May 2016

Entrepreneurship is flourishing in Zambia – not as a second-best alternative to employment, but as a key component of a vibrant economy - with opportunities for young people, and women in particular, to build successful businesses that create further jobs and stimulate growth. To explore the SME sector and entrepreneurial activity in Zambia the Chamber held this event, kindly sponsored by the Private Enterprise Programme Zambia (PEPZ). Speakers included Bayo Akindeinde, the PEPZ manager; Renata Zeravica, the chief buyer for Spar Zambia and Sonny Zulu, Standard Chartered Bank's Head of Retail.

Common denominators in most presentations were the need for up-to-date and relevant documentation on company products, services and finances (including a legally incorporated company); an ability to supply consistently in terms of quality, packaging and delivery and the need to have barcodes on product packaging. It was also noted that start-up finance for new companies can be hard to obtain from traditional sources which is why programmes such PEPZ, with its Nyamuka Business Plan competition, and the associated Accelerator Fund provided by Kukula Capital play an important catalytic and support role.



Event on Alternative Finance – June 2016

The Chamber was privileged to have the Professor of Finance at the UK's Cambridge University address its meeting on Alternative Finance in May 2016, with generous sponsorship from the Security and Exchange Commission and ZSIC Life.

Prof. Raghavendra Rau, who also established the Cambridge Centre for Alternative Finance, gave an informative and entertaining presentation to some 130 members and guests, after which discussants Charles Carey, MD of Caymont Capital Holdings and Nasir Ali, MD of Pricewaterhouse Coopers Zambia made their contributions and Chibamba Lopa of Grofin did a great job moderating the lively discussion.

Alternative finance includes financial channels and instruments that emerge outside of the traditional financial system (i.e. regulated banks and capital markets). Examples of alternative channels are online 'marketplaces' such as equity- and reward-based crowdfunding, peer-to-peer consumer/business lending, and third-party payment platforms. Alternative instruments include SME mini-bonds, private placements and other 'shadow banking' mechanisms, social impact bonds and community shares used by non-profit enterprises, and alternative currencies such as Bitcoin.



Improving Zambia's Logistics Management – July 2016

Zambia is a relatively expensive country to import to and export from. This is due not only to our geographic position, but also to the state of our road and rail infrastructure, communication links by air to neighbouring countries and to the cross-border regulatory environment and the attending delays in moving goods to and from Zambia. Can we find better ways of moving our goods within the country such that products from more distant towns and cities can find their way into the domestic and export markets; can we do more to provide services throughout the region - in short how can Zambia become the regional trading hub she is so naturally positioned for?

This was the basis for the Chamber's event on *Zambian Logistics*. Nicholas Chikwenya, Director Transport in the Ministry of Transport gave an excellent presentation on the current scope, policies and modals of the road, rail and aviation sectors, while Mark Pretorius of Zambulk Tankers and Dan Rea spoke about specific issues in the road and rail sectors.

Powering Zambia – September 2016

The Chamber held an event on 'Powering Zambia' on 29 September, which some 65 members and guests attended. Mr. Lufunda Muzeya presented on behalf of the Director of Energy at the Ministry, Mr Siphon Phiri for Western Power and Ms Emmy Kumwenda for Standard Chartered, while Dan Rea facilitated. We heard about the current situation, mitigation measures, projects in the pipeline, renewable energy development and revisions to various acts to cater for these new developments. We heard from the private sector about how they have gone about implementing their own renewable energy projects and from Standard Chartered about Power Africa and the landscape for investment in power in Zambia. One guest wrote afterwards: "I had to let you know what an excellent evening! On a par with the best TV discussion shows, if not better. BCC somehow pulls the experts and stakeholders in whatever sector

the topic of the evening sits in. The speakers were all excellent and Dan Rea did a great job as facilitator. Well done!"



Publications Worth Reading

Where to Invest in Africa - a Guide to Corporate Investment, 2015-16. Published by Rand Merchant Bank.

Traversing Africa's vast terrain is daunting for even the most experienced of investors. While the continent offers superior returns relative to most emerging market economies, it is by no means a singular entity. Encompassing 54 distinct economies, Africa is laden with investment opportunities but is also fraught with challenges that require meticulous planning to help separate the wheat from the chaff.

RMB's investment attractiveness index provides a means with which to discern the most appealing investment destinations in Africa using a blend of quantitative and qualitative factors.

Our investment attractiveness scores are derived through a combination of two variables — economic activity and an operating environment index — which are arguably the most crucial inputs to investment.

The report rates Zambia as 12th out of 54, up from 14th in the previous report.

The full report can be downloaded at:

http://www.rmb.co.za/globalmarkets/wtiia_2015_2016/pdfs/wtiia_2015_2016.pdf

In the Eye of a Storm: the impact of the economic slowdown on the labour market in Zambia”.

The Zambia Institute for Policy Analysis and Research (ZIPAR) has recently released its report on the labour market in Zambia.

The impact of the recent Zambian economic slowdown on both businesses and the public is revealed for the first time in research commissioned by the Zambia Institute for Policy Analysis and Research (ZIPAR) as part of its flagship More and Better Jobs project.

A large survey of businesses and a nationally representative survey of the public were conducted and published last week on 23 June 2016 at the Radisson Blu Hotel. A key finding was that over the last year 9.3% of Zambians say they have lost a job and were unable to find a new one, while 2.8% report going from having no job to acquiring one. A third of businesses surveyed report laying off staff in the last year.

The research also highlights how the hardest hit have been the young. The survey reveals a clear generational effect. Of those who report having lost of a job and not found another in the last 12 months, 13.4% are under 25, compared to 6.4% aged 41-55.

More positively, there was evidence that the worst may be over. Some businesses appear to have made difficult decisions about their workforce in 2015 (laying off of workers and imposing recruitment freezes), and now feel better placed to withstand economic challenges. When we asked businesses when they felt 'the impact of the economic challenges most severely', well over half – 61% – stated the second half of 2015. Only 7% said the first quarter of 2016. There was also some optimism about the future with about a third of Zambians and businesses being upbeat about future job opportunities.

The report is available for download at <http://tinyurl.com/z74ybes>

Membership

Our current membership comprises the following companies, organisations and individual members:

ACCA	FSD Zambia	Reprographix Ltd
Access Bank Zambia	Grant Thornton	Rift Petroleum Ltd
AgDevCo	Habitat Zambia	Robert Liebenthal
Airtel Networks Zambia	InfoBwana Ltd	Securities & Exchange Commission
Alliance Motors	Intercontinental Lusaka	Signature Properties
Astro Holdings Limited	Kagem Mining Ltd	Stanbic Bank Zambia
Barclays-GSK Partnership	Knight Frank Zambia	Standard Chartered
BDO Zambia Tax Ltd	KPMG	Sunset Vale Farm
Chesterfields Mining Ltd	Langmead & Baker	Tansi Farm
Chips Consortium	Madison Asset Mgt	Tuntulu
CIMA	Madison General Insurance	Unilever SE Africa
Circle Transtra Int'l	Madison Life Insurance	Union Gold
Corpus Globe LP	Marsh Zambia Ltd	Ursa Security
Credit Rating Agency	Moore Stephens	Vehicle Centre Zambia
Dan Rea	PEP Zambia	Young & Rubicam
Ecobank Zambia	PMTC Z Ltd	Zambia Sugar
Edulution	Prudential Life Assurance Zambia	
Entry Point Africa		

Join the British Chamber of Commerce

There are many good reasons to join the British Chamber of Commerce, including:

- Close ties to UK Trade and Investment and with Her Majesty's government
- Informative and relevant events
- Advocacy at government level
- Business linkages
- Political, policy and economic briefings from the British High Commission in Zambia
- Access to the Global Network being established by the British Chambers – to enhance linkages with members of regional and international Chambers
- Professional development activities
- Advertising and sponsorship opportunities
- Membership privileges

The Chamber exists to support its members in doing good business in Zambia and the region. It is financed entirely by its membership. If you are not already a member and would like to join and support and benefit from the Chamber's services and activities, go to our website and download and complete the application form on the Membership page.

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