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FDI's, Climate Change and Investments: Emerging Issues for Zambia's National Security

The Annual Business Conference is a joint CPD Event of the Three Professional Bodies for Accountants and Finance Professionals in Zambia - ACCA, CIMA, and ZICA.

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Day two of the Zambia Annual Business Conference 2019 started on a high note with a presentation by **Dr. Robby Kapesa from the Copperbelt University**. He spoke on “**Foreign Direct Investment and Protecting National Security: Striking the Right Balance**”. Dr. Kapesa belted his presentation on country investment policies relating to national security. He argued that Zambia needs to strike the right balance between opening the country for Foreign Direct Investments (FDI) and ensuring that these FDI's do not work against the national security interest of the country.

It was highlighted that Zambia currently does not have policies addressing the national security challenges. This situation needs to be remedied. The starting point for all actions however is to conceptualize the term FDI from Zambia's own perspective. Dr Kapesa highlighted that the term FDI is still not a clear concept. Many states consider FDI as a financial concept of figures, but there is often no clear manifestation of those figures. Furthermore, the conceptualization of national security also differs from one country to the other. Hence, Zambia as a sovereign state needs to have its own FDI definition according to its own interests.

Previously, FDI was only considered as what was coming in, but modern economies now consider even what is going out as part of the FDI. Hence,

the investment policies to address national security in Zambia must focus on acquisition as well as various innovative joint venture vehicles. Zambia thus needs policies that will enhance its ability to pinpoint transactions that raise security risks ❖

Mr. George Kampamba of the *Dag Hammarskjöld Institute for Peace and Conflict Studies* delivered a presentation on “**Global climate change and its implications on national security: how prepared is Zambia?**”. He emphasised that National Security is the military action a country adopts to protect its citizens. Climate change undermines national security. The effects of climate change on food security will affect farmers especially in the Southern and Eastern provinces of Zambia where there was limited rainfall this season.

On Water security, an example of the Chalimbana river which has dried up because of human activities aid climate change. The drying of these rivers has affected the production of electricity across the country too.

Mr Kampamba proposed the removal of legal and institutional barriers that hamper climate action. He posited further that, Zambia should create a ministry or department for climate change as well as have climate change in the curriculum of all students. ❖

A New ABC is Here!

The Annual Business Conference has been the premier Capacity Development Programme (CPD) event for the three professional bodies for accountants in Zambia – ACCA, CIMA, and ZICA for 17 years now. In a bid to showcase this growing brand, a rebranding effort was undertaken in 2019 for the event. Victor & Victors Management Services was contracted for this.

A bold, unified new logo is thus in place for the event along with a dedicated website. All future conferences for ABC will have information, speakers, programme, side events, etc. link from the new website live at <https://abczambia.com>. A new integrated registrations, payments and events management app is planned to also link from this website.

With this, the experience of delegates will be further enhanced. Further information at:

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Victor & Victors



The renowned procurement specialist and *CEO of EBMSE consulting*, **Mr. Franklin Ibemessie** spoke to more than four hundred (400) delegates on “**Procurement trends in a globalized world**”. Values of procurement have evolved with time, from being clerical, tactical and now to a more strategic outlook for procurement.

At the core of procurement are its PRINCIPLES - ethics, transparency, accountability, competition, fairness, and equality. He stressed that people should not mistake the word equality for *same opportunities* because “there is no equality in procurement, equality and competition cannot exist hand-in-hand”. Equal treatment is however key in the procurement process. For procurement officers to become ethically sound, efforts must be made to go beyond compliance. This requires self-development in procurement. He said, “by working on ourselves we get better procurement ethics”.

It is equally important to think of Value For Money (VFM) when undertaking of procurement. The 3Es for VFM assessment are economy, efficiency and effectiveness. To reduce the numerous challenges in getting VFM within various

procurement activities, professionals should consider e-Procurement Initiatives.

“by working on ourselves we get better procurement ethics” – *Franklin Ibemessie*

Professionals don't necessarily have to buy Procurement Management Information Systems (MIS). Integrating a number of basic electronic documentation, sharing, data capture and analysis of tenders will greatly enhance the work of the procurement practitioner in achieving the principles of procurement ❖

Eng. James Njolomba of Royal Island Ltd. defined corruption as “soliciting or accepting money to influence an action”. Speaking on the topic “**Fighting Corruption and Promoting integrity in procurement**”, he defined procurement as “the process of acquiring goods, works and services, covering both acquisition from third parties and from in-house providers”. The process and stages in procurement - from identification of needs, options appraisal, the critical make or buy decisions, through to the end of the useful life of an asset - has the tendency for corruption.

Zambia spends 15% of its GDP on procurement yearly against 62% of global GDP.

PROCUREMENT & THE EMERGING WORLD ORDER

ABC 2019 speakers agree that it's time to transform attitudes and systems for better results in procurement in firms.

The negative impacts of procurement corruption however weakens institutional capacity, increasing the cost of business and deterring taxpayers from performing their duties.

Tackling procurement corruption calls for strong political will to fight corruption; regularise staff rotations; adopt a comprehensive code of conduct for staff; conduct regular lifestyle audits of individuals; protection of the whistle-blower; and the need to build the capacity of procurement practitioners. Above all, removing the human interaction in the conduct of procurement by adopting new ICT systems is essential to the success of this anti-corruption revolution ❖





Let's Improve Governance Systems

Mr. Patrick D. Chisanga of Dynamic Concepts Ltd., took participants through the topic: **“Trends in corporate governance: what are the lessons for Zambia?”** and gave highlights of some of the critical lessons for Zambia.

Corporate Governance regulates the exercise of power, authority, direction, and control of an organisation. It ensures that checks and balances are in place. Seven (7) main principles – responsibility, integrity, accountability, transparency, efficiency, sustainability and reliability – are essential for success in corporate governance initiatives. This leads to better attraction of investors and donors, creating competitive and efficient companies, as well as the enhancement of accountability and performance of those entrusted to manage organisations, and guard against fraud.

It was recommended that boards should be appointed through a nominating committee, with a tenure of minimum three years, with a clear separation of functions of chairperson and CEO and having independent directors that are immune to political influence as this is the current global requirement.

Mr. Chisanga encouraged delegates build their knowledge and capacity in Corporate Governance and familiarise themselves with the new Companies Act no 10 of 2017, as it has raised the bar for Corporate Governance compliance in Zambia ❖

Former Governor of the Bank of Zambia, **Dr. Caleb Fundanga**, the *Executive Director, Macro-Economic and Financial Management Institute (MEFMI)* says Zambia, by being a member of multilateral and regional financial institutions benefits extensively from financial facilities and assistance which

is based on the persistent practice of good economic reforms. He was speaking in the topic: **“Governance in multilateral and regional institutions: does Zambia have a say?”** For example, since the creation of AfDB, Zambia has benefited over 1bn billion dollars in the form of financial assistance.

Multilateral Development Banks (MDB) like the International Monitoring Fund, World Bank, Islamic Bank, Asian Bank, African Development Bank, etc. provide financial advice and soft loans for the infrastructure development of developing countries. The ownership of MDBs are governments of countries depending on the size of the economy of the country and voting powers is also based on the percentage of shareholders or contributions.

Zambia continues to play a role in these MDBs through its contribution, repayments of facilities and having a number of expertise provided by Zambian Nationals at the secretariats of these MDBs. Dr. Fundanga encouraged more business professionals to build their capacity and avail themselves for international service on some of these MDBs too ❖



What Delegates Are Saying ...

“... we have so many questions for which, on account of time, cannot be exhaustively explained”

– ~ Ksaisonga via WhatsApp

“... my dad once told me that when you sit to listen to an old wise man, make sure that you drain all the wisdom out of him. Dr Fundanga and uncle Patrick had too much energy after their presentation, I think we are not yet done with them”

– ~ Nsayama via WhatsApp

“After today's presentation , I have never been more hopeful that the \$3billion can be paid off, if we work together as a collective of patriotic citizens.”

– ~ Chikombola via WhatsApp

“Today I loved all the presentations and the mix of the young/vibrant speakers with the old experienced practitioners. Congratulations to all our speakers for the day.”

– ~ Derrick via WhatsApp

“Thumbs up and it's very encouraging actually.”

– ~ Davis via WhatsApp

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Rapporteurs @vandvictors

The Rapporteur Services for this meeting was provided by Victor & Victors Management Services Ltd. The on-ground team of Victor Mensah, Regina Engaenga, Augustina Quaynor, Makaika Nkonde, Theko Tlebere, Yvonne Kabengele, Joshua Choongo and Caroline Boraya from V&V are happy to have been of service to you all. Thank you.

Any errors and omissions in this document are those of the rapporteurs and not necessarily of ACCA, CIMA, or ZICA.

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Think Ahead

