



**MEDIA BRIEFING ON VARIOUS NATIONAL MATTERS ISSUED IN PUBLIC  
INTEREST BY THE ZICA PRESIDENT,  
MRS. CECILIA ZIMBA IN THE ZICA BOARDROOM ON 21<sup>ST</sup> JULY 2022.**

## **Good Morning Ladies and Gentlemen,**

Welcome to the ZICA media briefing for the second quarter of 2022 on matters that affect the accountancy profession and the nation at large. In line with the Accountants Act No.13 of 2008, apart from the Institutes mandate of regulating the education and practice of the accountancy profession in Zambia in order to protect public interest, we have a mandate to advise the Government of Zambia on matters relating to the economic development of the Country. In this regard the media briefing will reflect on developments related to the following key matters:

1. **Monthly review of fuel prices by the Energy Regulation Board**
2. **Inflation, Exchange Rate**
3. **CDF Guidelines**
4. **Local Government Equalization Funds**
5. **Innovation Policies by Government**
6. **Zambia Participation at the Dubai Expo and Mining Indaba**
7. **Audit of Domestic Debt**
8. **Comments on the Eighth National Development Plan**
  
9. **The Public Private Dialogue Forum (PPDF)**
10. **The AU Summit**
11. **Upcoming events and developments at the Institute**
12. **Conclusion**

## **1) MONTHLY REVIEW OF FUEL PRICES BY THE ENERGY REGULATION BOARD (ERB)**

In our previous press briefing in March 2022, we voiced our concern on the monthly fuel price review. We stand by our earlier submission that the fuel pump price monthly review has the potential to create an unstable economic business environment due to unpredictable outcomes, which is not good for business operations.

Subjecting the manufacturing sector to such an unpredictable policy adds inconvenience to the already existing inconsistencies. The manufacturing sector has been grappling with supply chain disruptions triggered by the Covid-19 pandemic.

In the recent past, despite observing a rise in cost of fuel caused by the removal of subsidies and monthly price adjustments, manufacturers opted to maintain prices of their products to remain competitive on the market. This can be seen from the slower rise in prices or a reducing inflation rate which has been on a downward trend since August 2021. Increasing prices of products would have made local manufacturers lose out on customers as it would have made domestic products expensive relative to imported products from the rest of Africa and China.

Nonetheless, manufacturers who can no longer bear the pressure from increased costs of fuel are inevitably passing on increased costs of production emanating from increases in domestic fuel prices to consumers leading to significant negative effects on the economy. This may result into higher inflation, increased levels of poverty and an increase in job losses from the manufacturing sector.

To ensure stability within the markets, the Government should have opted for a phased approach of removing subsidies as opposed to completely scraping them off. Alternatively, creating a limit below which the Government will not implement subsidies can shield manufacturers and other fuel consumers in cases of large shocks. In cases where there is a large increase in international oil prices, only excess costs on domestic fuel prices could be subsidized by the Government.

For example, limiting subsidy free fuel price increment per liter to K2, such that whenever domestic fuel prices increase by more than K2, only excess costs above K2 will be subsidized by the Government. Creating such a limit would assist manufacturers make medium to long term planning projections that will produce better economic outcomes which are in line with the Government's targets of achieving high growth and recording a single digit inflation rate by end of 2022.

We are of the view that the move to adjust fuel prices monthly will make it difficult to plan and schedule business activities accordingly especially in the running of the transport and manufacturing sector. We therefore urge the Government to review this and move to a more predictable industry friendly practice

## **2) INFLATION AND EXCHANGE RATE**

### **i. Inflation**

The Country has recorded a single digit inflation of 9.7% for the month of June 2022 from over 24% for the same period last year. The general public should not mistake the slowdown in inflation to mean a reduction in commodity prices. Inflation depicts the rate at which prices increase, the current rate of inflation simply means that commodity prices will continue to rise but at a slower rate of 9.7% as opposed to a higher rate of increase at over 24% last year.

The drop in the current inflation rate is attributable to the stable exchange rate, the reduced price of maize due to the country enjoying a surplus in production and the gains made by the kwacha, as well as the high supply of other food items on the market.

The sustained slowdown in inflation may give the monetary policy committee room to hold rates and aid the economy's rebound when it meets in August.

### **ii. Exchange Rate**

The Zambian Kwacha has appreciated by 7% in the second quarter to 16.6 per dollar compared to 18.10 per dollar in the first quarter of 2022.

Optimism over the nation's economy since the election of His Excellency President Hakainde Hichilema, a potential debt restructuring and a \$1.4 billion bailout package from the International Monetary Fund has seen a rally in the kwacha. That has helped contain prices that are increasing due to

supply-chain disruptions stemming from the war in Ukraine and intermittent Covid-19 lockdowns and scares.

The kwacha has gained almost 33% against the dollar in the last 12 months, making it the second best-performing currency after the Russian ruble.

We implore the Government to continue ensuring that economic fundamentals such as inflation and exchange rates are closely watched and prompt mitigation measures are put in place once Government observes that deviation from targets are likely to occur.

### **3) CONSTITUENCY DEVELOPMENT FUNDS (CDF)**

The Ministry of Finance announced K1.4 billion had been released so far for the Constituency Development Fund (CDF) and that each constituency had been allocated about K6 million.

As ZICA we are appealing to the government to ensure accountability of the funds and encourage the councils across the country against laxity in the procurement processes of developmental projects.

Our appeal to the Town Clerks, Council Secretaries and Accountants in the local authorities countrywide is that let us keep an eye so that these funds are prudently utilized.

We have noted a challenge of slow utilisation of funds as something that should not be allowed to continue. If we allow laxity on the part of local authorities, funds not being utilized due to unnecessary bureaucracies will deny the people the much desired development. We are half way through the year and the bulky of the CDF has not been disbursed.

Our appeal is to everyone that is involved in this process to ensure that they speed up the process, projects should be expeditiously implemented, taking into account the need for accountability.

We again applaud the Government for coming up with guidelines as it will help in the accountability of Public Funds. The guidelines will enhance transparency and accountability in the utilisation of the CDF. However, we need to emphasise the need for custodians of assets to be trained so that they are able to execute their duties in line with the guidelines. As ZICA we are ready to help build capacity by providing targeted trainings in financial management to all local governance structures (Ward Development Committees) in all the constituencies as most constituencies do not have the capacity to handle such a huge increase in the CDF allocation.

In addition, ZICA offers the Public Sector Financial Management (PSFM) programme specifically designed to meeting the professional requirements of accountants in the public sector and we encourage all the accountants in the local authorities who are managing these funds to undertake this very important qualification. The Institute has lobbied Government through the Accountant Generals Office to provide sponsorship to qualified and registered accountants in the public service who are in good standing with the Institute as per the provisions of the Accountants Act No. 13 of 2008 to undertake the PSFM programme. I therefore want to appeal to all accountants in Government to take this opportunity to be trained in the PSFM programme.

We also wish to urge the Government to continue releasing the CDF funds on time as late, inadequate and inconsistent release of the CDF allocation by the Central Government to Constituencies has in the past negatively

affected the implementation of new projects let alone the completion of already existing projects. We urge the Government to ensure timely and non-discriminative (all constituencies) disbursement of the CDF allocation.

As ZICA we foresee non adherence to the guidelines in the early stages of implementation will be high. Therefore, to mitigate this risk a robust Internal Audit Programme should be implemented.

#### **4) LOCAL GOVERNMENT EQUALISATION FUND**

The Ministry of Finance has released over K500million towards the Local Government Equalisation Fund and most Councils are current in terms of salaries.

We applaud the Government for this commitment so far. The timely release of Local Government Equalization Fund to Local authorities has resulted in reduced accumulation of penalties on statutory obligations, delays in payment of salaries and it has further improved the funding of capital projects. With this, it is hoped that Local authorities will be more efficient in service delivery to society.

#### **5) INNOVATION POLICIES BY GOVERNMENT**

The Government through the Ministry of Technology and Science has been calling on state owned enterprises and parastatals such as the Zambia Postal Services (ZAMPOST) Corporation to be innovative so that the companies could generate enough revenue to fund their operations. The Minister of Technology and Science Hon. Felix Mutati MP recently announced that the Government has a transformation strategy which contained critical aspects like transforming the ZAMPOST to Electronic and



amplification of its transport business among others as well as transforming the Post Office into a one stop service Centre.

We welcome the many initiatives being spearheaded by the newly created Ministry of Technology and Science. Specifically, the Institute appreciates the initiative to have One Stop Shop for Digital Service Delivery.

As the country is going through expansion, it is inevitable that technology has to be leveraged to maintain a consistent service delivery. Initiatives such as the Government Service Bus (GSB) have improved service delivery and accountability at various government Institutions such as the Road Transport and Safety Agency. This in turn eases the work of Accountants and Auditors in government on how they account for Public Resources.

## **6) ZAMBIA PARTICIPATION AT THE DUBAI EXPO AND MINING INDABA**

Zambia participated at the Dubai Expo in January 2022 where over 40 Zambian companies participated at the exhibition and the Republican President His Excellency Mr. Hakainde Hichilema addressed the trade and business Forum under the theme “Doing business in Zambia” whose objective was to showcase trade and investment opportunities. The President also addressed the African Mining Indaba, which took place in Cape Town from 9 - 12 May 2022. The President made it clear to the delegates that the Zambian Government believes the mining sector can be an important catalyst for national development and that his government was looking to significantly increase the production of copper and other minerals so that Zambia can reclaim its place as a leading miner on the continent. To support these ambitions the Government has already introduced a friendlier

mining tax regime and made clear intentions to bring stability to the sector, as well as ensuring regulatory fairness and the elimination of obstacles that stand in the way of new investment.

We urge the Government to intensify efforts and actualize pronouncements made at the Dubai Expo and Mining Indaba as these efforts will help to enhance the country's visibility and competitiveness on the global stage to attract the much needed investments.

Further, we urge the government to enhance the tourism potential. On one of the business sites, it is indicated that there is a huge disparity between tourists entering Livingstone and Victoria Falls Town in Zimbabwe. It indicated that on a daily basis, Victoria Falls Town receives an average of 8 international flights while Zambia only receives an average of 2 international flights and yet the tourist attractions on both sides are very similar. We implore the Ministry of Tourism through the Zambia Tourism Agency to up the marketing of Zambia and derive favourable packages. Stakeholder engagement in this offering is cardinal if the tourism potential is to be harnessed for economic development.

## **7) AUDIT OF DOMESTIC DEBT**

The Zambian government has hired six audit firms to audit public domestic arrears relating to value-added tax refunds, fuel arrears, farmer input-support program arrears, salaries, road contract arrears and General Goods and Services arrears that its various institutions owe suppliers of goods and services. The firms that have been awarded the tender include Grant Thornton, EY Advisory Services, PwC, Client Focus Solutions Chartered

Accountants; CYMA Chartered Public Accountants and Mark Daniels Chartered Accountants.

We are very pleased with this step taken by government, aimed at complimenting the Government's audit efforts with the services of independent consultants, as this is necessitated by the urgent need to re-assess the correctness of the figures owed by different Government entities and also establish whether the Government obtained value for money. We hope that practitioners for these firms will give the Government reports that will help timely decision making. As a regulator of the accountancy profession, we are grateful for a recognition of our professionals to deal with this matter. The Institute will always be on hand to support our members and government to deliver such projects in a timely and correct manner.

#### **8) COMMENTS ON THE EIGHTH NATIONAL DEVELOPMENT PLAN**

Zambia still ranks among the countries with high incidences of poverty and inequality in Africa and globally. This is despite several interventions made in education and skills development, health, water and sanitation, job creation and empowerment of citizens.

We are very hopeful that once the eighth national development plan is fully implemented, it will help address the development inequalities between urban and rural areas. The 8NDP emphasizes the need for inclusive growth, cushioning the wellbeing of the economically vulnerable people and communities, and attending to emerging issues such as climate change and recovery mechanisms from COVID-19-induced economic problems. Socio-economic upscaling aimed at improving lives of the vulnerable in society is welcome. However, a document can only be as good as its logical and

effective implementation. We have faith that the 8NDP will be delivered accordingly so that the socio-economic landscape as well as other pillars will be attained. In all this, effective implementation will need to go hand in hand with transparency and accountability of resources for which the Institute stands to support.

#### **9) PRIVATE PUBLIC DIALOGUE FORUM (PPDF)**

His Excellency President Hakaide Hichilema launched the Public Private Dialogue Forum-PPDF in April this year and on 18<sup>th</sup> July 2022 we witnessed the first Private Sector Day. The aim of the PPDF is to promote economic development through public-private partnerships that will result in the much needed job creation. . The social and economic development of the country cannot be left to government alone, as it is not possible for government to deliver development on its own because it does not have all resources to reconstruct the economy hence the need to engage the private sector. It is worth noting that government recognises the private sector as the engine for innovation and job creation thus the role of the private sector in realising economic development cannot be overemphasized.

The magnitude of job creation and business opportunities would come from the private sector hence it is the responsibility of the public and private sector as well as partner groups to work together and drive economic development for the country.

In order to ensure meaningful private sector participation in the economy, we commend the government for establishing the PPDF which will help actualise the potential that the country has been sitting

on for decades. This will help create jobs and when we create jobs, the standard of living of the population will be raised. ZICA agrees with the President's sentiments that the contribution of the private sector to economic development in the country in the past years was limited in part by inadequate government uptake of recommendations coming from the private sector but that this would change under the New Dawn Government.

The PPDF will provide a strengthened partnership between public and private sector and will promote a mechanism for structured interaction between government and the private sector on various matters affecting the economy. It is hoped that all stakeholders will be engaged to the full to derive optimum participation of all interest groups.

#### **10) THE AFRICAN UNION SUMMIT (AU)**

We would like to congratulate the Government through the Republican President Mr. Hakainde Hichilema for hosting a very successful African Union (AU) Mid-year Coordination Meeting. Zambia hosted the AU event which started on July 14th and ended on 17th July 2022. The summit which brought together 12 (twelve) heads of states and representatives of governments and over 50 representatives from different countries will help build a solid foundation for cooperation with countries on the continent based on shared history and values and respect for the rule of law. It was therefore, absolutely very important that Zambia successfully hosted the event as it was an opportunity to promote our beautiful country, our hospitality and numerous opportunities in Tourism, Trade and Investment among other areas.

As ZICA we agree with the African Union (AU) call on member states to start producing inputs in their wide variety e.g. fertilizer and farming inputs on the continent as opposed to relying on countries outside the continent for important value chains. The African continent and Zambia in particular will continue to struggle in the area of food security if it still relies on importation of fertilizer from Europe. It was gratifying to note that nutrition and food security were at the centre stage of discussion. We are looking forward to a stabilization of food security for households and the world as whole to reduce on poverty. Matters concerning the setting up of an African stock exchange are welcome as this would ensure ease of access of wider country cross investments. In this way, we could see an exponential growth to the economy of the African Continent and a turnaround of the lives of its citizens.

## **11) UPDATES ON THE INSTITUTE OFFERINGS**

Allow me to divert from the topics to do with the economy at large and dwell on matters specific to the accountancy profession.

### **i) CONTINUOUS PROFESSIONAL DEVELOPMENT (CPD) EVENTS AND THE 2022 ZICA AGM**

The Institute has a mandate to effectively and continuously offer opportunities to its professional to keep learning and sharpen their skills. The accountancy profession is so dynamic that one does not gain knowledge once just because they have acquired a professional qualification. This dynamism is dictated by the changing environment which requires that standards respond to the needs of business. Without this continuous adaptation, the profession would be so much behind that it would be

rendered irrelevant. I urge all accountants to always respond to opportunities of learning and skills development. I wish to indicate that as you may already be aware, the Institute will be holding its Pre-AGM workshop and 38<sup>th</sup> Annual General Meeting between the 10<sup>th</sup> and 12<sup>th</sup> August 2022 in Livingstone at the Avani Victoria Falls Resort. We have invited the Republican President to be our Guest of Honour and we look forward to hosting him. This is the Institute's flagship event which also gives an opportunity to eligible members to elect their leadership. We request both Government and Private Sector and Individuals to allow accountants, auditors and all finance professionals to attend this event which offers a great learning opportunity through the workshop as well as a chance for members to exercise their right to vote. We are deep into a democratic way of governance and since the tone has been set at the highest level, as a profession we also want to embrace the transparency and accountability in the election of office bearers.

May I remind our members that continuous learning is mandatory for all accountants, auditors and all finance professionals. It is for this reason that many opportunities are offered by the Institute to ensure our members are kept abreast with latest developments. The International Federation of Accountant (IFAC), Pan African Federation of Accountants (PAFA) as well as the Chartered Accountants World Wide for which ZICA is a member, and other cooperating partners require an accountancy profession that is robust and quickly responds to the needs of business. Continuous professional Development (CPD) therefore is not an option but a requirement for one to remain a member in good standing. Come one come all to the AGM and its activities so that we can all touch base with each other for the growth of our noble profession. We expect to continue seeing a morally and ethically

upright cadre of professionals that will help spur the much needed national development to turn around the lives of the citizens. The platform has been set by the New Dawn Government under the leadership of His Excellency the President of the Republic of Zambia Mr. Hakainde Hichilema. Let us as a profession embrace this and move forward as a united force that can be reckoned with.

## **ii) GRADUATION CEREMONY**

As we return from the AGM, we shall be preparing to host the 16<sup>th</sup> Graduation Ceremony at the new Kenneth Kaunda Convention Centre on 31st August 2022. This is yet another showcase of our mandate to produce finance and business leaders. The qualifications offered by the Institute through our approved tuition partners are quality assured and duly registered and accredited by the Zambia Qualifications Authority (ZAQA). The finance and accounting professionals being churned out are trained to uphold public interest by being gatekeepers of public and private assets. We therefore urge the government to employ these graduates in ensuring public finances are safeguarded.

I would also like to inform you that post-graduation, Accountants are required to engage in 3 years of practical training to ensure that we bridge the gap between knowledge and skills. The government has shown commitment in this area by recently signing a Memorandum of Understanding with ZICA on practical training for all Accountants being mentored in the public sector through the Ministry of Finance and National Planning. We urge all quasi government institutions and corporate entities who have not yet signed up



for this initiative to do so as soon as possible as this will promote the integrity and enhance the status of the accountancy profession in the Republic.

## **12) CONCLUSION**

In conclusion, we wish to commend Government for giving professional Institutions like ZICA an opportunity to give professional advice on economic and national matters. As I always say, we are not just Accountants, We are Chartered Accountants and our profession Counts. We look forward to more engagements and cooperation with both the public and private sectors. I wish to thank you members of the press for your service to society of capturing and providing information related to developments happening at the Institute and the nation at large. I wish to thank all our stakeholders for the support you have continued to render to the Institute. I am now happy to clarify any aspect of our statement, otherwise we look forward to seeing you at our next media briefing.

Cecilia Zimba

**PRESIDENT**

**ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS**