REPUBLIC OF ZAMBIA

REPORT

OF THE

COMMITTEE ON PARASTATAL BODIES ON THE MANAGEMENT AND OPERATIONS OF THE INDUSTRIAL DEVELOPMENT CORPORATION IN ZAMBIA

FOR THE

SECOND SESSION OF THE TWELFTH NATIONAL ASSEMBLY

APPOINTED ON 21ST SEPTEMBER, 2017

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REPORT OF THE COMMITTEE ON PARASTATAL BODIES ON THE MANAGEMENT AND OPERATIONS OF THE INDUSTRIAL DEVELOPMENT CORPORATION IN ZAMBIA FOR THE SECOND SESSION OF THE TWELFTH NATIONAL ASSEMBLY, APPOINTED ON WEDNESDAY, 21ST SEPTEMBER 2017

1.0 Composition of the Committee

Mr P W Daka, MP (Chairperson); Ms P C Mwashingwele, MP (Vice Chairperson); Ms M Lubezhi, MP; Mr A Kasandwe, MP; Mr G Chiyalika, MP; Mr M L Kafwaya, MP; Mr D Syakalima, MP; Mr B Kambita, MP; Ms J C M Phiri, MP and Mr M Mukumbuta, MP.

The Honourable Mr Speaker
National Assembly
Parliament Buildings
LUSAKA

Sir,

Your Committee has the honour to present its Report on the Management and Operations of the Industrial Development Corporation in Zambia for the Second Session of the Twelfth National Assembly.

2.0 Functions of the Committee

In accordance with Standing Order No 157(2), the functions of the Committee are to:

i) study, report and make appropriate recommendations to the Government, through the House, on the mandate, management and operations of the Government ministries, departments and/or agencies under its portfolio;
ii) carry out detailed scrutiny of certain activities being undertaken by the Government ministries, departments and/or agencies under its portfolio and make appropriate recommendations to the House for ultimate consideration by the Government;
iii) make, if considered necessary, recommendations to the Government on the need to review certain policies and certain existing legislation;
iv) examine annual reports of Government ministries and departments under its portfolio in the context of the autonomy and efficiency of Government ministries and departments and determine whether the affairs of the said bodies are being managed according to relevant Acts of Parliament, established regulations, rules and general orders;
v) consider any Bills that may be referred to it by the House;
vi) consider international agreements and treaties in accordance with Article 63 of the Constitution;
vii) consider special audit reports referred to it by the Speaker or an Order of the House;
viii) where appropriate, hold public hearings on a matter under its consideration; and
ix) consider any matter referred to it by the Speaker or an Order of the House.

In line with the above mandates, the focus of the Committee is to:

i. consider annual reports and books of accounts of parastatal bodies;
ii. consider reports, if any, of the Auditor General on parastatal bodies;
iii. consider, in the context of the autonomy and efficiency, the operations of parastatal bodies, whether the affairs parastatal bodies are being managed in accordance with the relevant regulations, rules and general orders, sound business principles and prudent commercial practice;
iv. report and make appropriate recommendations to the Executive through the House on the mandate, management and operations of parastatal bodies;
v. examine the instruments relating to the acquisition and disposal of parastatal companies and ensure that such exercises are conducted in a fair and prudent manner;
vi. carry out detailed scrutiny of activities being undertaken by parastatal bodies and make appropriate recommendations to the House for ultimate consideration by the Executive;
vii. make, if considered necessary, recommendations to the Executive on the need to review certain policies and existing legislation relating to parastatal bodies; and
viii. consider any matter that may be referred to it by the Speaker or an Order of the House.

3.0 Programme of Work

In the programme of work for the Second Session of the Twelfth National Assembly, your Committee resolved to consider, inter alia, the Management and Operations of the Industrial Development Corporation (IDC) in Zambia.

4.0 Meetings and Tours of the Committee

Your Committee held ten meetings to consider submissions on the topical issue. Your Committee also undertook a local tour to selected state-owned enterprises in Southern, Lusaka, Central, Copperbelt and Northern provinces. In addition, your Committee undertook a benchmarking tour to South Africa on the topical issue.

5.0 Procedure adopted by the Committee

Your Committee received both written and oral submissions from stakeholders on the topical issue. The list of stakeholders who interacted with your Committee is at Appendix I of the Report.

6.0 Arrangement of Report

Your Committee's report is in three parts. Part I is on the consideration of submissions on the Management and Operations of the Industrial Development Corporation (IDC) in Zambia, while Part II deals with the foreign and local tour. Part III presents your Committee's Observations and Recommendations.

PART I

7.0 MANAGEMENT AND OPERATIONS OF THE INDUSTRIAL DEVELOPMENT CORPORATION IN ZAMBIA

7.1 Background to the Study

Your Committee noted that the establishment of the Industrial Development Corporation (IDC) had provoked a lot of debate among stakeholders in Zambia. Some had argued that the IDC would not be different from the defunct state-owned Zambia Industrial and Mining Corporation (ZIMCO) which ended up being a huge drain on the National Treasury. Others had argued further that establishing the IDC would be akin to reneging on the Government's policy of divesting its interest in most of the parastatal bodies. Being new, it was expected that stakeholders would have varying views and questions as to the relevance of the Industrial Development Corporation. In light of the above, your Committee resolved to study the management and operations of the Industrial Development Corporation. The objectives of the study were to:

a) understand the effectiveness of the IDC policy, legal and institutional framework in achieving its mandate;
b) understand the performance of SOE's under IDC;
c) appreciate the measures put in place by IDC to improve the performance of SOE's;
d) understand the effectiveness of the funding mechanism to IDC;
e) understand the long-term strategic plan of IDC to support its mandate;
f) appreciate the collaboration mechanism between IDC and the private sector;
g) establish challenges, if any, faced by IDC in its operations; and
h) make recommendations to the Executive.

7.2 Establishment of the Industrial Development Corporation

Your Committee was informed that since the closure of the Zambia Industrial and Mining Corporation (ZIMCO) and other key corporations such as INDECO and FINDECO in the 1990s, State-Owned Enterprises (SOEs) in various sectors had been operating under the direct supervision of relevant line ministries within the Government. However, it was observed that whereas line ministries were strong in providing policy guidance, they did not necessarily possess the requisite commercial and investment expertise as well as resources needed to ensure that the SOEs under their supervision performed efficiently and profitably.

As part of the broader strategy to re-organise and reform the system for overseeing and managing SOEs and in order to maximise the parastatal bodies' contribution to job creation and economic development in the country, the Government proceeded to establish the Industrial Development Corporation (IDC) in March, 2014. Consequently, in 2015 the Government announced the transfer of shares with a net value of US$2.0 billion in company portfolios of twenty-nine SOEs from the Ministry of Finance to the IDC. The enterprises whose shares were transferred to IDC cut across twelve economic sectors, namely: agriculture; energy; education; financial services; information and communications technology (ICT); infrastructure; manufacturing; medical; mining; real estate; tourism; and transport and logistics. The line ministries under which these SOEs fall were henceforth to focus on policy formulation to guide the management of these SOEs.

As a holding company, the mandate of IDC broadly included:

(i) holding shares on behalf of Government;
(ii) providing oversight on the operations of the parastatal bodies falling under it;
(iii) mobilising financing for the operations of SOEs and
(iv) addressing all matters incidental to the interests of the State.

The IDC was further tasked with the duty of accelerating industrialisation, achieving economic diversification, maximising economic growth potential and fostering wealth creation. The IDC was expected to work towards maximising the value of the shareholding of the Government and ensuring that SOEs contributed to the Sovereign Wealth Fund. The Sovereign Wealth Fund would be applied towards stimulating investment in strategic non-mining industries and increasing exports. The IDC would collaborate with the private sector to ensure that the Government optimised the performance of the current stock of SOEs under its charge and facilitated the creation of new enterprises in the country.

7.3 Legal Framework Governing the Industrial Development Corporation

Your Committee was informed that the IDC was incorporated in February, 2014 as a company limited by shares under the *Companies Act*, *Chapter 388 of the Laws of Zambia.* It was wholly owned by the Government through the Minister of Finance under the provisions of the *Minister of Finance (Incorporation) Act*, *Chapter 349 of the Laws of Zambia*. In addition to the *Companies Act*, the IDC, as a public institution, operated within the provisions of other governing laws for public institutions such as the *Public Finance Act, No. 15 of 2004* and the *Zambia Public Procurement Act, No 12 of 2008.*

7.4 Institutional Framework of the Industrial Development Corporation

Your Committee was informed that the IDC operated in a dynamic institutional framework as SOEs under it were drawn from various economic sectors. In terms of Government portfolios, the IDC fell under the Office of the President as promulgated in Gazette Notice No. 836 of 2016. Your Committee was further informed that the Board of Directors of the IDC was chaired by the President who also appointed the members of the Board. The Board comprised the Ministers responsible for finance, agriculture and industry. The other members were the Secretary to Treasury and Permanent Secretary responsible for industry and seven other members appointed from the private sector and civil society. The Group Chief Executive Officer was an ex-officio member of the Board and was also appointed by the President.

Your Committee was informed that the Board was responsible for policy oversight in relation to the programmes and projects of the Corporation. In order to ensure that its mandate was effectively discharged, the Board had established three sub-committees which provided the required leadership. Each of the sub-committees was chaired by a Board member and were assigned functions as outlined hereunder.

7.4.1 Investment and Portfolio Management Sub-Committee

Your Committee was informed that the Investment and Portfolio Management Sub-Committee assisted the Board in fulfilling its responsibilities with respect to management of the IDC's investments in a manner consistent with the overall set goals. This included capital preservation and growth of IDC's investment portfolio and prudent maximisation of risk adjusted returns on investment, consistent with Board policies.

7.4.2 Finance and Administration Sub-Committee

Your Committee was informed that the Finance and Administration Sub-Committee was responsible for the IDC's annual budgets and work plans. It was also responsible for fiscal management, staffing and human capital development and for ensuring that a high performance work environment was established within IDC.

7.4.3 Audit and Risk Management Sub-Committee

Your Committee was informed that the Audit and Risk Management Sub-Committee was responsible for ensuring that IDC's financial reporting to its core stakeholders was adequate and compliant with regulatory standards and requirements. It was also responsible for enterprise-wide risk management strategies.

7.5 Policy Framework of the Industrial Development Corporation

Your Committee was informed that the IDC policy framework was anchored on the mandate of the institution which was, among others, to monitor performance of SOEs and ensure that they contributed to development and job creation in the country. In addition, the policy sought to reform the SOEs and orient them towards competitiveness while at the same time fostering industrialisation. In order to achieve these milestones, the corporation was required to secure financing for recapitalising the SOEs through equity partnerships or debt financing.

7.6 Effectiveness of the Regulatory and Institutional Framework

Your Committee was informed that the regulatory and institutional framework of the IDC was adequate to enable the corporation to provide the necessary oversight function of SOEs in the country. The *Companies Act* provided a framework through which IDC operated as a holding company and supervised SOEs. Further, as a holding company with a diversified portfolio, the IDC complied with sector specific regulations, particularly those applicable in sectors it sought to invest in. The regulatory framework for the IDC also sought to ensure that its subsidiaries complied with relevant regulations, both national and sector specific, so that the investments were not placed at risk.

Your Committee was informed that the consolidated balance sheet gave the corporation the financial muscle to raise working capital for the SOEs and to undertake its investment activities, aimed at improving the financial performance of SOEs.

Your Committee was informed that the *Zambia Public Procurement Act, No. 12 of 2008* and the *Public Finance Act, No 15 of 2004*, were designed primarily to facilitate the delivery of public services and not necessarily profit making entities such as SOEs. In this regard, in order to ensure that the SOEs operated optimally and competitively, there was need to provide an appropriate regulatory framework that upheld best practices in public procurement and financial management, while facilitating profit generation for SOEs.

7.7 Comparison between the former ZIMCO; INDECO; FINDECO and the IDC

Your Committee was informed that the framework for managing the SOEs under the then Zambia Industrial and Mining Corporation (ZIMCO); Industrial Development Corporation (INDECO); and the Financial Development Corporation (FINDECO), was seen as advocating for socialism and a mere channel for extending state power in the distribution of economic and sovereign wealth to the general public. The business model pursued then posed a challenge, as most SOEs were not oriented towards profit making.

Your Committee was informed that after the closure of ZIMCO, INDECO and FINDECO in the 1990s, SOEs in the various sectors began operating under the direct supervision of line ministries. Despite the ministries providing policy guidance, they did not have the required commercial and investment expertise and resources needed to ensure the positive performance of the SOEs. This had resulted in SOEs being unable to contribute effectively to the treasury by way of investment returns, dividends and taxes.

Your Committee was informed that under the new model, the IDC was expected to play a catalytic role in deepening and supporting Zambia's industrialisation capacity. This would result in employment creation across the main priority sectors of manufacturing, infrastructure, agriculture and tourism. Further, it was also envisaged that the IDC would play a critical role as a co-investor in public and private entities, and operate on the principals of a private business model, as opposed to the previous ZIMCO, INDECO and FINDECO business model, where SOEs were solely seen as drivers of socialism.

7.8 Assessing the Performance of SOEs under the IDC in Zambia

Your Committee was informed that prior to the establishment of the corporation, most of the SOEs showed laxity in their operations. This resulted into poor performance as evidenced by the non-declaration of dividends. In addition, instead of SOEs contributing to the creation of sovereign wealth, most parastatal bodies accumulated huge debts. Some of the SOEs could not operate without support from the Treasury, thereby clamoring for the limited public resources available, which were needed for the provision of public services by the Government. A summary of the status of the IDC portfolio assets, including the two SOEs whose shares were yet to be transferred, as at end 31st December, 2016, is provided in the table below.

S/N	ENTERPRISE NAME	SHARES	STATUS
1	Engineering Services Corporation	100%	Subsisting on Government grant
2	Indeni Petroleum Refinery Limited	100%	Profitable and declared dividends in 2016
3	Lusaka South Multi-Facility Economic Zone Limited	100%	Loss Making – reliant on grant till 2016
4	Medical Stores Limited	100%	Loss making – subsisting on Government grant
5	MOFED-London	100%	Profitable – (Transfer of shares to IDC not yet completed)
6	MOFED-Tanzania	100%	Profitable – (Transfer of shares to IDC not yet completed)
7	Mpulungu Harbour Corporation Limited	100%	Loss – making
8	Mukuba Hotel Limited	100%	Loss - making
9	Mulungushi Village Complex Limited	100%	Profitable and declared dividends in 2015 and 2016
10	Mupepetwe Development Company	100%	Loss – making and technically insolvent

11	NIEC School of Business Trust	100%	Loss – making
12	Nitrogen Chemicals of Zambia Limited	100%	Operational and loss making
13	Times Printpak Zambia Limited	100%	Loss – making and technically insolvent
14	Zambia Daily Mail Limited	100%	Loss – making and technically insolvent
15	Zambia Electricity Supply Corporation (ZESCO)	100%	Profitable but no dividends declared
16	Zambia Forestry and Forest Industries Company	100%	Profitable and declared dividends in 2015
17	Zambia International Trade Fair Limited	100%	Loss making, subsisting on government grant
18	Zambia Printing Company	100%	Non-operational
19	Zambia Railways Limited	100%	Loss making – subsisting on government grant government grants
20	Zambia State Insurance Corporation	100%	Holding Company wound up due to lack of business case – ZSIC General Insurance and ZSIC Life now directly owned by IDC
21	ZamCapital Enterprises Limited	100%	Loss – making and technically insolvent
22	Zamtel Limited	100%	Loss – making subsisting on government grant
23	ZCCM Investment Holdings PLC	60%	Loss making in 2015 but expected to make profit in 2016

24	Lusaka Trust Hospital	50%	Loss making and subsisting on government grant
25	Indo-Zambia Bank Limited	40%	Profitable and declared dividends in 2015 and 2016
26	Zambia-China Mulungushi Textiles Limited	36%	Placed under care and maintenance pending recapitalisation
27	Afrox Zambia Limited	30%	Loss making subsisting on government grant
28	ZANACO PLC	25%	Declared dividend in 2015 but made loss in 2016
29	Kagem Minerals Limited	20%	Declared dividend in 2015 but made loss in 2016
30	Nanga Farms Limited	14.27 %	Profitable and declared dividends in 2015 and 2016

Your Committee was informed that since the establishment of the corporation, some of the SOEs had began re-shaping their operations and had prepared up-to-date audited financial statements. In order to be able to measure and track its operations, the IDC had put in place a five-year strategic plan and other performance benchmarks for SOEs. This had resulted into the transformation of some of the SOEs into viable and profitable enterprises, including listing at least three companies on the Lusaka Stock Exchange. Further, the IDC had endeavored to strengthen the corporate governance systems of parastatal bodies in line with international best practices. In so doing, the IDC had ensured that all the SOEs adhered to the following:

7.8.1 Development of Strategic Plans

Your Committee was informed that all the SOEs had been compelled to develop strategic plans to provide guidelines and ensure strategic focus in their operations.

7.8.2 Submission of Audited Books of Accounts

Your Committee was informed that the management of IDC had ensured that all SOEs maintained up-to-date books of accounts. The corporation had also engaged private auditors to audit SOEs which had a backlog of unaudited books of accounts.

7.8.3 Submission of Progress Reports

Your Committee was informed that all SOEs were required to produce progress reports on a quarterly basis to facilitate constant monitoring of the implementation of programmes and measurement of performance.

7.8.4 Placement of Boards of Directors in SOEs

Your Committee was informed that the IDC had commenced appointing Boards of Directors to respective SOEs. Before the establishment of the IDC, few SOEs had Boards in place. It was envisaged that the appointment of Boards to SOEs would ensure their effective and efficient management.

7.9 Measures initiated by the IDC to Improve the Performance of SOEs

Your Committee was informed that the IDC undertook a situation analysis of SOEs in Zambia. This was in order to come up with appropriate interventions for respective SOEs. Based on the situation analysis, the following measures would be implemented:

7.9.1 *Recapitalisation of companies*

Your Committee was informed that the IDC had embarked on various recapitalisation efforts. These interventions included restructuring of balance sheets to enable SOEs access finance without Government guarantee.

7.9.2 *Restructuring and modification of business models*

Your Committee was informed that the business models for some of the SOEs under the IDC were not profit driven. The IDC was, therefore, working with the management teams of such enterprises to orient them towards the profit objective.

7.9.3 *Implementation of effective group monitoring and evaluation mechanisms*

Your Committee was informed that the implementation of effective group monitoring and evaluation mechanisms mainly targeted financial performance, governance and risk management. SOEs were, therefore, required to provide monthly financial performance reports, which allowed IDC to monitor their financial performance.

7.9.4 *Strengthening Corporate Governance*

Your Committee was informed that strengthening corporate governance was mainly being achieved through the constitution of Boards of Directors to supervise respective SOEs. One of the key factors being considered before the Board was constituted was ensuring an appropriate skills mix in each Board.

7.9.5 *Implementation of a Performance management framework*

Your Committee was informed that one of the landmarks in the strategic plan of the corporation, in terms of its supervisory function, was the introduction of performance contracts. The performance management framework covered Boards of SOEs as well as chief executive officers. Using this framework, the Boards of Directors, the chairpersons and corporations were required to sign performance contracts, which spelt out parameters or targets used as performance indicators. Such targets or parameters would include compliance to statutory obligations, use of financial ratios such as profitability, liquidity, efficiency, gearing, dividend pay-out and industry specific ratios. Other performance benchmarks or targets included cost saving measures implemented by each SOE, growth in market share, innovations towards job creation across sector value chains, payment of dividends and implementation of shareholder directives on transformation and restructuring of the company. Under these performance contracts, the Board of Directors and the chief executives of these SOEs remained accountable to the IDC.

7.9.6 *Implementation of a recognition and reward system*

Your Committee was informed that the recognition and reward system was also one of the key yardsticks to promote efficiency and excellence in the IDC portfolio. The awards for best performing SOE would be given to those SOEs that had achieved the best performance in terms of profitability records and transforming their respective entities into high performing and profitable within the industry.

7.9.7 *Introduction of strategic equity partners*

Your Committee was informed that strategic equity partners were considered as an option to improving the performance of SOEs. In this regard, some SOEs indicated that they would need recapitalisation, new technology and specialised skills. The IDC would, therefore, seek strategic equity partners who could take up shareholding in the SOEs. Your Committee was informed that the strategy of seeking an equity partner was also aimed at changing the business model of the SOEs to that of a private entity in order to make them operate more efficiently and competitively.

7.9.8 *Listing on the Lusaka Stock Exchange*

Your Committee was informed that the IDC would list profitable parastatal entities on the stock market as a way of raising new capital and facilitating ownership by the Zambian citizens in such companies. It was indicated that one SOE that was listed on the Lusaka Stock Exchange was ZCCM-IH while ZAFFICO was earmarked for listing in 2018.

7.9.9 *Divestiture*

Your Committee learnt that based on the results of the situation analysis, the IDC would re-orient its portfolio through divesting from businesses that did not reflect its strategic thrust. It would also exit investments that did not necessarily represent national strategic interest. This strategy was to ensure that only SOEs that were competitive in the market would form part of the IDC portfolio.

7.9.10 *Winding down of non-operational companies*

Your Committee was informed that some of the SOEs had accumulated both staff and statutory liabilities and were not operating efficiently. In this regard, your Committee was informed that the IDC would wind-down companies which did not have a sound business case. For SOEs that were purely established to serve the purposes of providing public goods/services, they would be converted into Government agencies or departments.

7.10 Funding options to support the IDC and State-Owned Enterprises Operations

7.10.1 Financing of the IDC Operations

Your Committee was informed that the IDC was self-financing and, therefore, did not depend on the Treasury to fund its operations. The IDC's consolidated balance sheet reflected the performance of its underlying assets, which were the existing SOEs and new ventures in which it would invest. Therefore, the IDC would raise financing through direct project financing. Based on the commercial and financial merits of target projects in which the IDC would be investing, and by leveraging its consolidated balance sheet to support the new ventures it initiated as well as those by its subsidiaries. The self-financing mechanisms by IDC were augmented by:

i. internal profitability or retained earnings and this included dividend flows from subsidiaries, fees on third party service provision, and fee income on third party managed funds;
ii. utilising its consolidated balance sheet to issue bonds and other debt instruments on the domestic and international markets; and
iii. divestment from mature investments in which IDC involvement may no longer be tenable or adding value.

7.10.2 Financing of the SOEs' Operations

Your Committee was informed that prior to the transfer of shares to the IDC, parastatal institutions were dependent on the Treasury for both operational and working capital. This scenario tended to put undue pressure on the Treasury which had to ensure that funds were provided for in the budget for recapitalisation. In addition, the Treasury had to contract loans for on-lending to these institutions or provide some form of a guarantee for the institutions to access funds on the market. The lack of innovation and failure to closely monitor the financial performance of these institutions and the resultant poor performance of SOEs in the country as noted in their balance sheet implied that the financial risk rested on the government balance sheet.

Your Committee was informed that, following the transfer of shares of SOEs, the IDC had since come up with funding options to recapitalise the SOEs. The funding options were underpinned by measures to orient the business model of each respective parastatal institution, to reflect the strategic objectives of the IDC. These measures ensured that all SOEs under the IDC portfolio were profit making, and remained compliant in terms of declaring dividends. The private sector business model and strategies being pursued by the corporation are aimed at ensuring that both IDC and the SOEs had no recourse to the Treasury by way of grants or loans.

Your Committee was informed that, following the business model and strategies pursued in managing the portfolio assets, the IDC would raise funds through debt or equity to recapitalise the SOEs. Your Committee, in this regard, learnt was that all SOEs under the IDC portfolio had since been weaned off the Treasury support except for Engineering Services Corporation Limited (ESCO) and Medical Stores Limited (MSL).

In the case of ESCO, your Committee was informed that its challenges were largely because the company was originally established to provide pontoon services. However, following the Government's strategy to build bridges, ESCO had lost its main business line as almost all the key pontoon points had been replaced with bridges. This meant that the company was not able to generate enough revenue and declare a dividend to the shareholder. It was, however, stated that the infrastructure and equipment held by ESCO would still remain relevant and useful under the Ministry of Works and Supply. Your Committee was, therefore, informed that the company no longer formed part of the IDC portfolio, as it had been transferred back to the Ministry. It was further explained that as regards Medical Stores Limited, being a strategic company in ensuring that there was continuous distribution of pharmaceutical products to various public and private health institutions around the country, the company could not purely be run on profit basis as it was considered a provider of a critical public service. It could, therefore, not survive without government grants and support.

7.11 Collaboration Mechanisms between IDC and the Private Sector

Your Committee was informed that the private sector in Zambia was always looking for opportunities to grow their businesses and maximise their profits. The private sector led business model adopted by the IDC to manage SOEs in Zambia, therefore, emphasised the need for more collaboration to ensure that both the public and the private sectors optimally contributed to the broader economic development of the country.

The private sector, therefore, upheld the IDC’s role as a commercial investment holding company on behalf of the Government, which in turn created opportunities that could be exploited to advance economic diversification through agriculture and industrialisation. In this regard, the stakeholders submitted that the IDC had a wide portfolio of companies whose performance could be strengthend by partnering with the private sector through Public Private Partnesrhips (PPP) and Joint Ventures (JVs). It was, therefore, opined by the stakeholders that IDC was well positioned to play a catalytic role in identifying and promoting investment projects for PPPs and JVs in Zambia.

To realise this purpose, the stakeholders submitted that there was an urgent need for the IDC to facilitate business engagements between the SOEs under its portfolio and the private sector. Such business fora ought to be enshrined within the business charter for the IDC. The stakeholders reiterated the need for the corporation to address the bottlenecks associated with public sector bureaucracy, such as procurement procedures by aligning its operations to the operations of the private sector.

7.12 Factors Impeding Effective Operations of the IDC

Your Committee was informed that there were a lot of factors that would continue to affect the operations of SOEs. Given the diverse and complex nature of SOEs, the corporation would require a cadre of personnel with different skills to be able to understand the nature and complexities of SOEs and develop tailor made strategies that would support the transformation of these institutions into viable entities. Your Committee was informed that, despite the transfer of shares to the IDC, there were still some approval requirements by SOEs, especially under the Ministry of Finance and the Ministry of Justice. For instance, business contracts still had to be cleared by the Ministry of Finance and the Ministry of Justice before execution. The witnesses appreciated the requirement to have clearance by the two ministries to avoid contracts that could be onerous to the Government, but they underscored the need to streamline the approval processes of such agreements so that business transactions could be carried out efficiently. It was suggested that government should consider having the IDC legal department capacitated to a level where it could be charged with the responsibility as reviewing contracts being entered into by the SOEs. This would avoid loss of time when negotiating business transactions, while at the same time ensuring that the SOEs became trendsetters and remained competitive in their respective industries.

The witnesses bemoaned the multiple reporting structures for the IDC Group of Companies. In this respect, your Committee was informed that parent ministries to these SOEs continued to have a significant influence on their operations, resulting in parallel reporting relationships, which created conflicts of interest.

Your Committee was further informed that there existed conflicting legal provisions governing the operations of the IDC and SOEs. The laws, including subsidiary legislation, that governed these bodies characterised each entity as an independent unit with specific reporting and accountability processes to the line ministry under which they were created. Furthermore, the practice of chief executive officers of SOEs being appointed by the President, while the line ministry appointed the Board of Directors was not in line with upholding good corporate governance principles. This tended to promote the spirit of insubordination by chief executive officers towards the Board and, if the situation was perpetuated, it would negatively affect the supervision of SOEs by the corporation. The witnesses were, therefore, concerned that the existing legal and institutional framework for the IDC did not adequately support the mandate of the corporation.

In light of the above observations, the witnesses underscored the need to review and harmonise the various pieces of legislation that governed the mandate of the SOEs and IDC. It was suggested that in order to make the corporation more effective and give a superior mandate to the IDC over the operations of the SOEs in the country and ensure its sustainability, there was need to strengthen the legal framework governing the corporation, beyond the provisions of the *Companies Act*, under which the IDC was established. Noting that the mandate of the corporation transcended political aspirations as it was established to benefit the whole economy, witnesses reiterated the need to establish the institution by statute in order to render the corporation accountable to the people of Zambia. In addition, such an enabling statute ought to clearly define the roles of the parent ministries, SOEs and the mandate of the corporation. It should also include the appointment of the Boards to enhance corporate governance, its governance structure as well as the institutional and legal framework.

Your Committee was informed that despite the transfer of shares to IDC, the SOEs were still not performing effectively. The main reason for the lacklustre performance was the low recapitalisation of most SOEs and the IDC consolidated balance sheet was not sound enough to be used to raise the huge working capital required to transform the operations of SOEs without relying on the Treasury for a guarantee. The witnesses, therefore, informed your Committee that instead of allowing SOEs to leverage on the financial strength of other parastatal institutions that were performing fairly well, there was need to be candid and recommend privatisation of those SOEs which were not operating efficiently.

PART II

8.0 COMMITTEE'S FOREIGN AND LOCAL TOUR

8.1 Committee's Foreign Tour

The Committee undertook a benchmarking study tour to South Africa from 15^{th} to 18^{th} April, 2018. The study tour was conducted with the support by the Industrial Development Corporation Zambia. The tour provided an opportunity for the Members to appreciate how State Owned-Enterprises were managed in South Africa, including the role of the IDC of South Africa. In addition, the Committee sought to understand the parliamentary oversight of SOEs. The findings from the benchmarking tour are set out below.

8.1.1 Meeting with the IDC of South Africa

a) Legal and Institutional Framework of the Industrial Development Corporation

The IDC is a state owned enterprise established under the *Industrial Development Corporation Act No 22 of 1940.* The IDC was formed primarily to promote South African industrialisation. However, the IDC mandate was expanded in 1998 to enable it to do business beyond South Africa.

Your Committee was further informed that the IDC was a registered development financier and that as a national development finance institution, its primary objectives were to contribute to the generation of a balanced sustainable economic growth in South Africa and to enhance economic empowerment of the South African populace.

b) Operations of the IDC

The priorities of the IDC South Africa were aligned with government's policy direction set out in the National Development Plan (NDP) and other government policy documents. IDC was mandated to maximise its development impact through job creation and industrialisation, while contributing to an inclusive economy by among others, funding black owned companies, black industrialist women and youth owned enterprises. At the same time, the IDC was required to ensure long-term sustainability through prudent financial and human resource management, whilst safeguarding the natural environment and increasingly positioning itself as a centre of excellence for development finance.

Further, your Committee learnt that the IDC was self financing and operated as a profit making company that was required to pay taxes and dividends. The Board of Directors of the IDC was appointed by the Government of the Republic of South Africa through the Ministry of Economic Development.

c) Measures by the IDC South Africa to improve efficiency of SOEs

The IDC neither superintended over nor owned SOEs. Further, the IDC had no influence on the operations of other parastatal bodies and that it was not empowered by an Act of Parliament to inject its funds into SOEs. However, the IDC was empowered to fund projects under the SOEs being managed by a private entity. Through this arrangement, the IDC of South Africa was extending its relations with IDC Zambia, specifically focusing on investment opportunities that the IDC Zambia may have interest in.

d) Funding options to support operations of SOEs and the IDC South Africa

The IDC was permitted to invest only in viable projects and could not invest in parastatal operational activities. Further, the IDC did not lend funds to the South African Government for onward investing in the SOEs. However, to support the SOEs, the IDC Act permitted the IDC to invest directly into a project under the SOE, but as a minority shareholder. The IDC, as a development financier was self financing and only received recapitalisation from the Government in 1953.

e) Coordination mechanism between the IDC, the Government, the Private Sector and other Strategic Partners

The IDC had a mandate to make a profit, declare dividends and have a developmental impact in South Africa. The IDC as a financier, partnered with other private companies to invest in specific industrialisation projects from inception and in the rehabilitation of projects for existing entities. Further, the IDC partnered with the private sector by providing equity and in some cases, it assumed majority shares in order to safeguard its investment. However, the IDC required that before it could participate in any project, the project initiator or strategic partner undertook a feasibility study, after which the IDC would undertake an appraisal. In addition, the strategic partner was required to co-finance the project. On its coordination with the Government, the IDC was superintended by the Ministry of Economic Development and was answerable to a Parliamentary Portfolio Committee.

The IDC had scored a number of successes. Some of these were:

i. provision of development finance;
ii. project development, with a focus in hotel construction in the area of tourism;
iii. fund management;
iv. business support and capacity building; and
v. approved investment of ZAR1.14 billion to invest in Zambia in areas of copper mining, storage and ware housing, energy production projects and credit provision through the Development Bank of Zambia.

As regards to the level of IDC investment in other institution's projects, your Committee learnt that this was dependant on a respective project, ranging from an investment of not less than 30% and a maximum of 80%.

Your Committee also wanted to know how IDC was implementing its investment strategic policy. In response, IDC management indicated that when IDC invested in a company, the project would be transferred to post investment, where the technocrats under IDC would ensure that the investment realised its objective. Apart from the post investment team, IDC also had a work out and restructuring team, whose responsibility was to manage collapsing projects. To achieve this, your Committee was informed that the IDC had a workforce of almost 840, all with different specialised skills to manage its investment portfolio.

Your Committee wanted to know the difference between the IDC and the Development Bank of South Africa (DBSA) in relation to their investment priorities as they were both finance institutions. Your Committee was informed that the main difference was that the DBSA focused on infrastructure investment, whilst the IDC focused on industrialisation and that the two institutions were able to partner outside South Africa to undertake projects that would benefit South Africa.

8.1.2 Meeting with the Public Investment Corporation (PIC)

During the benchmarking tour, your Committee held meetings with the Public Investment Corporation Limited (PIC). The objective of the meeting was to appreciate the role of the PIC in the management of state-owned-enterprises. The findings from the meetings are as outlined below.

a) Legal and Institutional Framework of the Public Investment Corporation

The Public Investment Corporation (PIC) Limited was established in 1911 and was one of the largest investment managers in Africa. In addition, the *Public Investment Corporation Act of 2004*, gave the PIC a legal mandate as fund and asset managers. In terms of the institutional framework, the PIC was a registered financial services provider, which was wholly owned by the South African Government.

b) Objective of the Public Investment Corporation

The objective of the PIC was to provide financing through debt and/or equity to both the private and public entities. The PIC was one of the entities through which the Government of the Republic of South Africa implemented its policy of broad-based black economic empowerment. The PIC was also responsible for investing the pension fund of the South African Government.

In line with its mandate, the PIC invested funds on behalf of public sector entities, based on investment mandates set by each of these clients and approved by the Financial Services Board (FSB). To meet the expectations and investment objectives of its shareholders, the PIC undertook rigorous research, careful risk analysis and stringent compliance practices, before any investment decision was made.

c) Portfolio Assets of the Public Investment Corporation

The portfolio asset base of the PIC was over ZAR1.928 trillion (or US$157.0 billion). In this case, the PIC managed both the unlisted and listed portfolio assets for both the private and state owned enterprises. The PIC managed funds for twenty three different government bodies, and almost 90 percent of its assets came from the Government Employees Pension Fund (GEPF). The total assets portfolio under management by PIC from each public institution in South Africa as at 31st March, 2017 was as set out below.

i. Government Employees Pension Fund (GEPF) :- 87.72%
ii. Unemployment Insurance Fund (UIF) :- 7.03%
iii. Compensation Commissioner Fund (CC) :- 1.93%
iv. Compensation Commissioner Pension Fund (CP) :- 0.96%
v. Associated Institutions Pension Fund (AIPF) :- 0.77%
vi. Various clients with smaller portfolios :- 1.59%

d) Strategic Focus of the Public Investment Corporation

As a long-term investor, the PIC set its objective as one to achieve returns higher than the clients' benchmark and it investment portfolios were spread amongst four investments areas:

i. **Fixed income and dealing** – The PIC managed all fixed bonds in which it invested. A government corporation or parastatal could approach the PIC to borrow funds and in exchange, a fixed interest bearing bond would be issued and managed on behalf of the parastatal organisation. The PIC was also a member of the Bond Exchange of South Africa (BESA).

ii. **Listed equities** – The PIC's largest client was the GEPF, with approximately 80% of the stocks managed internally and externally, and with the ability to invest up to 10% of the funds outside of South Africa. The PIC investment on the Johannesburg Stock Exchange was worth approximately 12.5% of the exchange capitalisation.

iii. **Properties** – The PIC managed high-quality retail, office and industrial properties including property development and new property acquisitions. The clients of the property fund were the GEPF, the Unemployment Insurance Fund (UIF) and the Compensation Commissioner Fund (CC).

iv. **Isibaya** – The PIC made use of a portion of clients' funds through provision of debt financing for projects that contributed to long-term economic, social, and environmental benefits in South Africa, and provided financial return for the client.

Your Committee wanted to find out the risk exposure of the PIC as it related to management of the SOEs. The PIC management explained that its exposure was mostly to the bond market, from where the PIC mobilised funds through issuance of bonds from the capital market to invest in the SOEs. Political risk was often expected, especially where the Board composition of the SOE was politically inclined.

As regards managing potential risks arising from the investment by PIC in SOEs and private entities, your Committee was informed that the investment philosophy followed by the PIC was underpinned by the legal framework. The Act establishing the PIC as an investment and fund manager precluded it from investing into a company, whether state owned or private, that was not financially viable. In this regard, the investment decision was anchored on four pillars with benchmarks/targets, which were also enshrined in the law. The four pillars includes:-

(i) adherence to corporate governance;
(ii) financial viability;
(iii) social and economic benefits; and
(iv) environmental protection.

For any entity that submitted a proposal for financing through debt or equity, the PIC ensured that a thorough due diligence was undertaken and the entity was scored against the four benchmark, and without exception. The PIC management reiterated that the four key scoring targets were necessary to guarantee return on investment and also ensure that the debt was paid back.

On the post monitoring framework, your Committee learnt that a holistic post monitoring and evaluation framework was in place. Included in the Monitoring and Evaluation framework were the key performance indicators, such as the timeline, to ensure the project being financed was on schedule, to guarantee a return on investment and avoid overrun costs; functional Boards to provide policy direction; and preparation & submission of annual performance and financial reports.

Your Committee also wanted to find out if the PIC had any influence in the management of SOEs where it had investment interests. Your Committee was informed that the extent or level of influence was limited to Monitoring and Evaluation in the case of those SOEs where PIC has investments. In addition, the PIC also participated in the appointment of Board members for some of the SOEs and also participated at shareholder and annual general meetings.

8.2 Committee's Local Tour

Your Committee undertook its local tour from 14th to 21st May 2018. Your Committee visited four provinces namely; Lusaka, Central, Copperbelt and Northern Province. In particular, the Committee visited the following institutions:-

i. Lusaka South Multi Facility Economic Zone;
ii. Kafue Gorge Lower Green field project;
iii. Nitrogen Chemicals of Zambia;
iv. Zambia Railways Limited;

v. Mukuba Hotel; and
vi. Mpulungu Harbour.

The broad objective of the tour was to carry out an on the spot check of the infrastructure of selected state owned enterprises (SOEs) and to ascertain how their operation feed into the IDC framework for managing SOEs and to ensure that they operated profitably. In addition, your Committee sought to follow up on the undertakings made by some of the SOEs during interactions with your Committee during its long meetings.

The findings of your Committee during these site visits are summarised below.

1. Visit to Lusaka South Multi Facility Economic Zone

Arising from its interactions with the management of the LS-MFEZ, your Committee highlights its major findings as outlined below:-

(i) LS-MFEZ was the first owned special economic Zone in Zambia, which was established under a Statutory Instrument No 47 of 2010;
(ii) The LS-MFEZ had mixed land use developments such as industrial, residential and commercial;
(iii) The role of the LS-MFEZ was to operate, manage and develop the LS-MFEZ, provide services to investors in the Zone, collect service charges and levies and promote investment of the Zone;
(iv) The Zone had a thirty year master plan that was being implemented in five phases and the LS-MFEZ had also developed a five year strategic plan, that helped in the implementation of the master plan;
(v) The Zone had forty-three approved investments with a pledge of U$$1.4 billion, of which ten companies have an investment pledge of U$$170.0 million on the ground, four had commenced production and three additional companies were expected to start production before the end of 2018, while eleven companies were expected to commence construction works before the end of the year;
(vi) The LS-MFEZ was required to provide the following infrastructure to fully service the Zone:

   a) a 140 km road network, of which 20km had since been constructed;
   b) a 160km treated water network, of which 30km had already been completed and a sewerage treatment whose works were at 50% construction; and
   c) reliable electricity source, of which a 600 MVA substation had been constructed and a 160 km power line whose works had been completed.

(vii) the Zone collected lease fees from investors who were leasing the land and currently collected ZMW12.0 million annually. It was assumed that if the whole Zone was leased and fully occupied, the LS-MFEZ could collect ZMW 42.85 million in lease fees annually; and

(viii) the Zone had a total of 291.56 hectares of residential land, earmarked for sale at an estimated value of ZMW 822.0 million.

2. Kafue Gorge Lower Green Field Project

Arising from the interactions with the project management team, the major findings of your Committee are set out below.

(i) The hydropower potential at the Kafue Gorge was in excess of 1500mw with a head of 600m and this potential was being developed in phases. The first phase involved the Kafue Gorge Upper with the capacity of 450MW, while phase two being done under the Kafue Gorge Lower project with an estimated capacity of 750MW;

(ii) The Kafue Gorge Lower project was aimed at harnessing the 750MW and feasibility studies to construct a power plant were first undertaken in 1976 by SWECO, with a recommendation to develop a 450MW plant. Further studies were conducted in 1994 by Harza who recommended a plant capacity of 600MW, and in 2010 by Montgomery who equally recommended a 600MW plant capacity. In 2012, Sinohydro conducted another feasibility study and recommended a 750MW plant capacity;

(iii) The initial project development process was to be undertaken through a PPP arrangement, but it was difficult to attract private investment due to low electricity tariffs, which were not cost reflective;

(iv) The project was being developed by Sinohydro Corporation of China under an Engineering Procurement Contractor (EPC) plus financing, as a turnkey project;

(v) The total project cost was US$ 2.1 billion, including financing costs. The project financing was a combination of equity and debt in the ratio of 15:85. ZESCO, through the Government assistance was providing equity to the project. The debt for the power plant had been mobilised by the Government, from China Export and Import Bank (EXIM Bank of China) and the Industrial and Commercial Bank of China (ICBC). The ICBC was also providing a debt for the transmission line;

(vi) The two senior loan facilities were being backed by a buyer's credit insurance being provided by SINOSURE and the Government was providing sovereign guarantees on the two loans. Further, the loan agreement for the hydropower plant had been signed and conditions precedent to disbursement had been fulfilled;

(vii) The current construction activities which commenced on 15th January, 2016 were funded from the advance payment by the contractor. The contractor has employed approximately 3,000 local employees and just under 600 Chinese expatriates and at peak construction period, the labour force would increase to above 4000;

(viii) The construction period was fifty-four months and completion was scheduled for mid 2020. The main works were in progress as outlined below:

(a) Diversion of the Kafue river to allow construction of the 139m high Roller Compacted Concrete (RCC) dam which was complete;
(b) Excavation of the abutments and foundation of the dam which is complete;

(c) Excavation of the power house and the foundation of the dam which was complete, and construction of the concrete placement which was still work in progress;

(d) Excavation of water way tunnels which was more than 80% complete;

(e) Manufacturing of the hydro mechanical and electro mechanical equipment which was in progress at various equipment manufacturing factories;
(f) installation of embedded steel structures (draft tube elbows and penstock lining) had commenced;
(g) Construction of inter-connector line between Kafue Gorge Upper (KGU) and Kafue Gorge Lower (KGL), whose works had been completed and was currently being used to supply construction power to site; and
(h) Erection of the batching plant that would be used to mix all the project concrete, including for the RCC dam.

(ix) In addition to the power generation, the project would also bring other infrastructure and social amenities into the area such as:

(a) opening up of the area by an all weather road constructed to bituminous standard;
(b) construction of a primary and boarding secondary school;
(c) Corporate Social Responsibility projects to the four chiefdoms around the project area, including grid extensions, fish farming dam construction and borehole drilling; and
(d) other social amenities.

3. Visit to Nitrogen Chemicals of Zambia

Arising from the interactions with the management of NCZ, your Committee's major findings are set out below.

(i) NCZ was profiled to receive the Euro50.0 million from the Euro Bond funds, but the money was not disbursed.
(ii) NCZ received K25.0 billion in 2012 to rehabilitate the ammonium nitrate plant. However, the ammonium nitrate was highly corrosive and hence the plant machinery needed repairs and maintenance o a continuous basis.
(iii) the company was selling fertilizer on credit to the Government and this had affected its liquidity position. Currently, the Government owed NCZ K 240 million.
(iv) NCZ was highly indebted as it owed retirees about K60.0 million. The company also owed statutory obligations and suppliers and this had negatively affected its operations.

(v) NCZ lacked working capital and required US$170.0 million to enable the company operate at full capacity.
(vi) NCZ was pursuing progressive avenues to regain its position in the market and to reduce the cost of doing business through its research and development activities.
(vii) to avoid intermittent power supply, the company planned to start producing its own power.

4. Visit to Zambia Railways Limited

Arising from its interactions with the management of ZRL, your Committee's major findings are set out below.

(i) The Zambia railways total rail truck length was 1,248 km, mostly spanning the urban areas, and this was the historical and initial layout of the rail line;
(ii) In 2017, ZRL generated ZMW204.0 million from the movement of 703,168 tons of cargo, and 255,727 long distance passengers. The company was focused on generating ZMW403.0 million in the year 2018. To achieve this, the company was re-positioning itself through:

  (a) implementation of the SI No. 7 of 2018 on the movement of freight and heavy cargo by rail;
  (b) locomotive remanufacturing;
  (c) Acquisition of new rolling stock assets and track equipment;
  (d) Track repairs and maintenance; and
  (e) Local and inter-mine connectivity to new industries.

(iii) To be operate efficiently, the company required a recapitalisation of U$$922.0 million, and the company was currently holding discussions with potential investors to raise the funds;
(iv) The company aimed to increase its tonnage carriage from the current 700,000 tonnes to 1000,000 tonnes;
(v) In an effort to implement the SI No. 7 of 2018 the company had signed a Memorandum Of Understanding with Mopani Copper Mines and Konkola Copper Mines to begin transporting cargo effective 1st June, 2018;
(vi) ZRL had signed a contract in February, 2014 and paid Bombardier Transportation Denmark AS, a total of 21,948,797.40 Danish Kronor (or equivalent to US$3.57 million) from the Euro Bond money, which was disbursed by the Ministry of Finance, to supply and deliver a signaling system to ZRL. However, Bombardier had to date failed to deliver the signaling system and management had written to Bombardier demanding for a refund, but the contractor had not complied with the demand notice;
(vii) The Ministry of Finance was in discussion with Bombardier, the Swedish company to provide credit financing amounting to US$500.0 million for supply of the signaling track and rolling stocks;
(viii) BUK Truck Parts Limited, a Zambian company, through a contract signed on 18th October, 2013 amounting to K58,613,640 million to supply and deliver ballast has failed

to honour its contractual obligations, despite ZRL paying BUK 25 percent of the contract value as advance payment and the matter was in court. This money was paid out of the Euro Bond, which was disbursed to the ZRL for rehabilitation of the rail infrastructure; and

(ix) Diamond Motors Limited of Tanzania, whose parent company was in India, signed a contract on 15th July 2013 to supply two flash butt welding machines, thermit welding equipment and thermit welding portions for use in the rehabilitation of rolling stock, at a total cost of US$2,660,121. ZRL paid 25 percent advance payment to Diamond Motor Limited and only one flash butt welding machine has been supplied. The money was paid out of the Euro Bond disbursed to ZRL to rehabilitate the rail infrastructure and to date, Diamond Motors had not honoured its contractual obligations and had not refunded the money, despite demand notices from the management of ZRL.

5. Visit to Mukuba Hotel

Arising from the interactions with the management of Mukuba Hotel, your Committee's major findings are as outlined below.

(i) Mukuba hotel had numerous operational challenges which included dilapidated infrastructure, lack of adequate conference facilities and high staffing levels;
(ii) The hotel was highly indebted, as it owed statutory obligations, delayed employee salaries and overdue gratuity payments to staff;
(iii) The hotel required recapitalisation; and
(iv) In June, 2017, the IDC signed a shareholder's loan agreement with Mukuba Hotel amounting to K5.5 million. The money was to be utilised to clear outstanding overdue gratuities/terminal benefits to both existing and separated employees.

6. Visit to Mpulungu Harbour

Arising from the interaction with the management of Mpulungu Harbour Corporation, your Committee's major findings were as set out below.

(i) The port handled commodities exported mainly to Burundi, Democratic Republic of Congo and Rwanda. The main commodities were sugar, cement, clinker and maize, which were exported mainly by Zambia Sugar, Lafarge and Dangote;
(ii) There was a huge market for cement and sugar export to Burundi and Rwanda respectively;
(iii) The suspension of the export cement in 2013 from Zambia, affected the company adversely, leading to a loss in market share, which was taken up by Tanzania at Kasanga and this resulted into depressed port revenues; and
(iv) The Government, through the Office of the Vice President, owed Mpulungu Harbour Corporation a total sum of K1,008,182.29. The debt was accrued through salaries paid to employees of the company called Pendulum and refurbishment of the boat belonging to the same company, which was at the time under Mpulungu Harbour Corporation as

caretaker, from 2012 to 2015. The company had since been placed under the Office of the Vice President.

8.2 Your Committee's observations and recommendation arising from consideration of submissions by stakeholders and both the foreign and local tours are presented in Part III of the report.

PART III

9.0 COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

9.1 Committee's Observations and Recommendations on the submissions by stakeholders

After having carefully reviewed the submissions from various stakeholders, your Committee makes the observations and recommendations listed hereunder.

9.1.1 Enhancing Capacity of the IDC

Your Committee observes that SOEs in the country are diverse and complex in nature, therefore, requiring the IDC to recruit staff with various skills in order for it to be able to superintend over the operations of the SOEs effectively. In this vein, while your Committee appreciates the need to cut operational costs, it observes that, the IDC is grossly understaffed and cannot effectively carryout the mammoth task of overseeing the performance of SOEs with the current staffing levels.

In light of the above, your Committee strongly recommends that the Government must ensure that the IDC recruits competent staff with relevant skills in line with the various needs of the SOEs. This will help the IDC to fulfil its intended objective of transforming SOEs in the various sectors into profit making institutions and benefit the nation at large.

9.1.2 Adherence to Principles of Corporate Governance and Professionalism

Your Committee notes the dire need to adhere to the principles of good corporate governance and removal of political interference in SOEs. Doing so will help to boost investor confidence and drive the transformation agenda of SOEs in order to improve performance and service delivery. Your Committee further observes that adherence to good corporate governance will also ensure that, the Board members and the executive management of the SOEs remain accountable for the operations of the SOEs.

Your Committee, therefore, recommends that the appointment of SOE Board members should be based on professional qualifications and experience so that SOEs benefit from sound Board direction and practices. The Government should further ensure that no individual is allowed to serve on more than two Boards at a time. This will allow the people serving on these Boards to be fully dedicated to Board functions and contribute to effective performance of the SOEs that they serve. In addition, the SOE Boards must be broadened to include members with various skills that are relevant to the needs or mandate of the SOEs.

In addition, your Committee recommends that appointments of SOE Boards must be left to the IDC, including the setting up of Board performance targets, while the line ministry must be left to handle policy issues affecting SOE operations. These targets must also be anchored on the broad objectives of the national development plan which should also be included in the SOE monitoring and evaluation framework.

9.1.3 Identifying a Political Champion to Drive the Country's SOE Reform Process

Your Committee reiterates that the current position where the IDC Board is being chaired by the Republican President is not unique to Zambia as Malaysia has a similar institution called Khazanah, where the Prime Minister is the chairperson and has consequently recorded success in transforming SOEs. In this regard, your Committee reiterates that the country needs a political champion to drive the process of transforming SOEs, especially considering that the IDC is in its infancy.

In light of this, your Committee recommends that, the President must continue to chair the IDC Board, in order to enforce change of mindset, buy-in by all stakeholders, and insulate the IDC from unnecessary interference by the line ministries, which were once in charge of these SOEs. In addition, your Committee recommends that, having the President sitting as Chairperson of the IDC Board in the initial stage, will enable the IDC to effectively carry out its mandate of transforming SOEs across all the sectors with minimal resistance, so that SOEs contribute to GDP growth in the interest of the country.

9.1.4 Recapitalisation of SOEs under the IDC Portfolio

Your Committee observes that most of the SOEs require recapitalisation for them to improve their financial performance and transform into profit making institutions.

In this regard, your Committee recommends that the Government should come up with a robust private sector driven intervention to reposition some of the SOEs. This entails bringing in carefully selected strategic equity partners with the potential to bring in technological efficiencies, capital injection and the technical competence for managing business based on international best practices.

Your Committee recommends further that the Government must ensure that the IDC leverages on joint ventures with the private sector, both local and foreign, for possible partnership arrangements with the SOEs.

9.1.5 Developing an SOE Performance Monitoring and Evaluation Framework

Your Committee observes that the continuous assessment of the performance of the SOEs will allow for immediate remedial intervention where necessary which will ensure that the SOEs remain strategically focused to achieve the set objectives with minimal risks.

Therefore, your Committee strongly recommends that the Government must ensure that IDC puts in place a holistic monitoring and evaluation framework anchored on various policy documents such as the Seventh National Development Plan and the IDC long-term strategic plan for SOEs in the country. Further, your Committee recommends that the monitoring and evaluation framework must also be extended to the performance of Boards by aligning it to the performance contracts signed between the Boards and the IDC. Furthermore, your Committee recommends that the Government must ensure that the IDC institutes measures to compel SOEs to come up with an implementation plan which is robust and effective, anchored on their short to long term objectives, to enable it undertake continuous assessment of the institutions.

9.1.6 Defining Clear Reporting Structures for SOEs

Your Committee observes that the IDC is responsible for overseeing the operations of the SOEs. Your Committee, however, observes that although the IDC has put in place reporting structures for SOEs, there are still some overlapping functions between the IDC and the line ministries under which these parastatal institutions fall. The multiple reporting requirements, therefore, render the SOEs overly burdened and can, in the long-run, undermine the effective performance of these institutions.

In this regard, your Committee strongly recommends that the Government must ensure that the IDC defines a set of new rules and regulations, which clearly set out the reporting structures for SOEs to ensure transparency and accountability to the IDC. Further, your Committee recommends that the Government must ensure that the role of the line ministries is limited to that of policy direction while the implementation of the policies must be left to the SOEs under the supervision of the IDC.

9.1.7 Reducing the Bureaucracy in the Operations of SOEs

Your Committee observes that, allowing the SOEs to operate like the private sector requires timely decision making.

In this regard, your Committee strongly recommends that, the Government must streamline the approval of contracts and procurement processes to ensure speedy implementation of activities by the SOEs. Your Committee, therefore, urges the Government to review the *ZPPA Act* in order to align procurement procedures to those adopted by the SOEs.

9.1.8 Developing a Comprehensive SOE Policy

Your Committee observes that the various statutes that govern SOEs are designed for these institutions to operate independently. However, under the current business model, the SOEs are compelled to operate under the IDC as a holding company.

Your Committee, therefore, strongly recommends that the Government should urgently put in place a legal framework governing SOEs and align them to the central model, which has been adopted for overseeing the performance of parastatal institutions, in order for the IDC to develop an effective oversight mechanism. Further, your Committee recommends that the Government must expeditiously develop a holistic policy framework for managing SOEs by the IDC. The SOE policy framework must guide a sound legal framework which should address the following:

a) clear separation between the state's ownership function and the IDC;
b) define clearly the mandate of the IDC, including its institutional framework and governance;
c) state clearly the disclosure and reporting requirements to ensure transparency and accountability;
d) reform measures for transforming the SOEs;
e) financing options for recapitalisation of SOEs, including options for government guarantees;
f) develop a clear roadmap of how it intends to contribute to the Sovereign Growth Fund directly, or indirectly through its SOEs;
g) the risk management framework for SOEs;
h) criteria through which the IDC shall make its investment decision and also state clearly the exit strategy for such undertakings;
i) dividend policy and compliance requirements; and
j) state clearly, any preferential treatment to SOEs by the Government.

Furthermore, your Committee recommends that, the Government must ensure that IDC develops an IDC Charter so that its operations with respect to the SOEs under its oversight are clearly spelt out and a rationale, vision and mission statement for each SOE is re-developed to clearly direct the parastatal institutions strategic plans.

9.1.9 Mechanism for Collaboration with the Private Sector

Your Committee observes that the mechanism for collaboration between the IDC and the private sector is not very entrenched, as IDC is still in the transition period in terms of the transfer of SOEs. It observes that in the absence of a well documented strategic plan on private sector engagement, it is difficult to create business opportunities for SOEs to engage formally with the private sector. As a way of facilitating capital formation for both the SOEs and local private sector players such as Small and Medium Enterprises (SMEs) including investment opportunities through joint ventures, your Committee reiterates the need for the IDC to create synergies with the private sector. Your Committee also underscores the fact that collaboration with the private sector would allow for technological improvement and capacity building in SOEs, which is a key factor in improving the performance and service delivery of parastatal institutions.

Your Committee, therefore, strongly recommends that the Government must ensure that IDC puts in place a holistic strategic plan defining its short medium and long term objectives for transforming SOEs, through which the private sector could leverage for collaboration.

Your Committee further recommends that these strategic objectives must be anchored on change management, cost effectiveness, productivity enhancement, and marketing SOEs to the private sector locally and abroad, so as to encourage investments in the selected strategic areas of development.

9.1.10 Creation of Synergies with Think-Tank Institutions, Academia and Financial Institutions and Associations

Your Committee observes that the IDC is expected to play a catalytic role in deepening and supporting Zambia's industrialisation capacity to support employment creation across the main priority sectors of manufacturing, infrastructure, agriculture and tourism. Your Committee, further, observes that research institutes, academia, financial institutions and associations, have a very important role to play in the transformation process of these SOEs in the country.

In this regard, your Committee strongly recommends that the Government must ensure that the IDC enters into memoranda of understanding to outline how it intends to work with these institutions to address any capacity gaps that IDC may be facing in its early stages of establishment.

9.1.11 Articulation of the IDC Strategic Objectives and Goals

Your Committee observes that most of the SOEs under the IDC are not able to articulate the IDC's broad strategic objectives and goals and define how these would fit into their specific institutional strategic and implementation plans.

Therefore, your Committee strongly recommends that, the IDC must develop strategies to ensure that the respective SOEs under its mandate understand and clearly articulate the strategic targets and benchmarks. This will act as a catalyst in re-orienting the SOEs and facilitating change of the mind-set towards that of profit making institutions.

10.0 Committee's Observations and Recommendations arising from the Foreign Tour

Arising from the meetings and interaction with the Industrial Development Corporation (SA) and the Public Investment Corporation (PIC) and in the quest to contribute to the enhancement of the performance and effectiveness of the IDC, your Committee makes the observations and recommendations as set out below.

i. Your Committee observes that the South African model for managing SOEs is different from the model adopted by Zambia. Whereas the IDC of Zambia is given the full mandate to own, invest in and supervise the parastatal bodies, the South Africa model allow the SOEs to continue operating under the supervision of the portfolio or sector ministry. Your Committee observes that, the IDC (SA) is only mandated to invest in the private sector through equity or debt financing.

   Your Committee, therefore, recommends that, the IDC Zambia must intensify investment into private entities that have viable business models, through equity and/or joint ventures, to sustain its operations and raise resources for investing in SOEs.

ii. Your Committee further observes that the IDC (SA) is specifically involved with raising financing from the capital market and investing through debt and equity into the private sector. In the case of the IDC (SA), preference is given to equity, investment, which gives it a level of control in the private entity. In the case of the PIC, your Committee observes that it is providing financing and investing in both the private entities and state owned enterprises, as long as they are financially viable and meet the set benchmarks.

   Your Committee, therefore, recommends that the IDC of Zambia must create synergies with the Zambia Development Agency and the Development Bank of Zambia, in order to promote investment opportunities within both the public and the private sectors.

iii. Your Committee observes that investment decisions by both the IDC (SA) and PIC are aligned to the Government's medium term strategic plan and the national development plan. Currently, the focus of the South African Government in the medium term is job creation. Therefore, any investment decision by both the IDC (SA) and PIC is aimed at supporting projects that contribute to job creation and value addition. In achieving this objective, the Corporation has invested over US$2.0 billion in the programme initiative dubbed Developmental Investing for Radical Economic Transformation, or DIRECT. Therefore, PIC aims to invest between US$2.0 billion and US$3.0 billion a year, over the next three to five years, through DIRECT, targeting strategic sectors like agriculture, mining, manufacturing, health care, education and infrastructure.

   Your Committee, therefore, recommends that the IDC Zambia must also align its investment decisions with the medium term and long term national development plans and the Vision 2030.

iv. Your Committee further observes that both the IDC (SA) and PIC, being wholly owned by the Government, are subject to parliamentary oversight, in terms of operational and board functions, through their portfolio or sector ministry. Any deviation from the provisions of the Act establishing these institutions attracts stiff penalties as recommended by Parliament. On the contrary, your Committee observes that the IDC in Zambia is established under the *Companies Act*. Your Committee therefore, reiterates that having the IDC established by a statute will enable to become more transparent in its operations, enhance accountability and adherence to principles of corporate governance.

In light of the above, your Committee recommends that the Government should urgently present draft legislation to Parliament to govern the operation of the IDC Zambia, as is the case with the IDC (SA) and PIC. The law establishing the IDC must clearly prescribe the sources of funds to sustain its operations, which should purely be dividends and returns on investments.

In addition, your Committee recommends that the mandate, focus area of investment and governance structure and that the IDC will use its balance sheet to recapitalise SOEs be clearly spelt out in the legislation.

v. As regards investment decisions by IDC (SA) and the PIC, your Committee observes that the two public entities were precluded by law from investing in entities that were not financially viable.

Your Committee recommends that the legislation establishing the implementation of the IDC in Zambia, once enacted, must preclude the IDC from investing in private entities and SOEs whose business model is not financially viable. In this regard, all SOEs that have been performing poorly must be recommended for privatisation or winding up, without exception.

vi. Your Committee observes that the Zone provides numerous opportunities for the private sector to participate in its development. Among these are opportunities for the private sector to invest in actual value addition, processing construction and real estate development. Further, the private sector can also be involved in providing consultancy services to the industries in the Zone, and can also create partnerships in various areas of the Zone, such as infrastructure development, service provision and real estate.

Your Committee recommends that the Government must facilitate participation of the private sector through the Zambia Development Agency, so as to enable those players to take advantage of the available opportunities in the Zone.

11.0 Committee's Observations and Recommendations arising from the Local Tour

Arising from its findings during the local tour and on the spot check of the infrastructure in selected parastatal institutions, your Committee makes the observations and recommendations set out below.

11.1 Lusaka Multi-Facility Economic Zone (LS-MFEZ)

(i) Your Committee observes that the Zone provides numerous opportunities for the private sector to participate in its development. Among these are opportunities for the private sector to invest in actual value addition, processing, construction and real estate development. Further, the private sector can be involved in providing consultancy services to the industries in the Zone, and also create partnerships in various areas of the Zone, such as infrastructure development, service provision and real estate.

Your Committee recommends that the Government must facilitate participation of the private sector through the Zambia Development Agency, so as to enable these players to take advantage of the available opportunities in the Zone.

(ii) Your Committee observes that the IDC is the main shareholder in the Zone and provides policy direction and monitoring parameters.

Your Committee recommends that the IDC should not only provide policy direction but also take a lead in identifying financiers to help service the Zone and should also invest in private entities, which have sustainable business models to be located at the LS-MFEZ.

(iii) Your Committee observes that, the LS-MFEZ has various business opportunities for it to be sustainable as a thriving city within a city, which include, lease and sale of land for residential plots, lease of land for business operations, provision of services such as power, water, communication and waste management to investors, collecting management fees and dividends from partnership arrangements and joint ventures.

In this regard, your Committee recommends that, the LS-MFEZ should be fully serviced with water reticulation systems, access roads and electricity in order to attract investors.

(iv) Your Committee observes that the land lease fees and prices for residential land are low and uncompetitive to facilitate short periods of cost recovery for servicing the land.

Your Committee therefore, recommends that the Government must allow the LS-MFEZ to increase the lease fees from the current K3.9 per square metre to commercial rates, to enable the Zone generate enough revenues to sustain its operations.

(v) Your Committee observes that, the Zone requires to be fully serviced with water reticulation systems, access roads and electricity in order to attract investors and lacks consistent power supply to enable the companies that are currently operational to operate efficiently.

Your Committee recommends that the LS-MFEZ should create synergies with public entities that can fully service the Zone, for example ZESCO and Lusaka Water and Sewerage Company.

(vi) Your Committee observes that there is a conflict in the reporting structure of the LS-MFEZ, as on one hand it is superintended over by the Ministry of Commerce, Trade and Industry, whilst on the other hand, it is expected to also report to the IDC as the shareholder on behalf of the Ministry of Finance.

Your Committee recommends that there is need to resolve the conflicts in the reporting structure of the LS-MFEZ. In this vein, the Ministry of Commerce, Trade and Industry, the Ministry of Finance and the IDC, who are the shareholders, should resolve this matter.

(vii) Your Committee observes that the LS-MFEZ must be established on the principle of incentives such as taxes, to attract investment in the Zone.

In this regard, your Committee strongly recommends that Government must adhere to the policies governing the establishment of multi-facility economic zones and should be consistent in its policy pronouncements to attract investment and ensure investor confidence.

11.2 ZESCO – Kafue Gorge Lower Green Field Project

(i) Your Committee observes that the project is on schedule and further observes that ZESCO is not actually handling funds for the project but is only certifying the works undertaken by the contractor to facilitate payment.

Your Committee recommends that ZESCO should ensure that the controls for the Kafue Gorge Lower project are strictly adhered to by the contractor to ensure that the project is implemented according to specifications to guarantee value for money.

(ii) Your Committee observes that the benefits of the project will accrue to the domestic market, the mines and for the export market within the Southern African Region. Your Committee, further, observes that there is still revenue potential in power generation as there is still a high demand for power both within the country and in the region; however, the tariffs are not cost reflective to attract investment in the sector.

In order to create ZESCO as a regional hub for power generation and distribution, your Committee recommends expediting the Cost of Service Study, which will help in the determination of cost reflective tariffs for electricity, and attract potential investors in the power sector.

(iii) Your Committee observes that the project will also provide social benefits to the surrounding community.

Your Committee recommends that the projects being undertaken in the energy sector or other sectors must be encouraged to implement Corporate Social Responsibility activities for the benefit of the local people.

(iv) Your Committee, further, observes that ZESCO through the Government is expected to repay the loan of US $2.1 billion borrowed for the financing of the project, over a period of fifteen years, with a moratorium of five years.

Your Committee recommends that the Cost of Service Study is expedited to enable Government determine the correct tariffs structure for electricity, to enable Government service the debt without putting undue pressure on the Treasury.

11.3 Nitrogen Chemicals of Zambia (NCZ)

(i) Your Committee observes that the NCZ plant is obsolete and requires a huge capital injection of approximately US$170.0 million, to give the plant a new lease of life and sustain its business operations.
Your Committee recommends that a candid decision has to be made by the Government to either liquidate the company or urgently come up with a re-modernisation plan to sustain its operations.

(ii) Your Committee further observes that the NCZ has a number of liabilities, and that the IDC has not assisted the institution to resolve its current financial and operational challenges. In this regard, the NCZ owes huge sums to suppliers and pensioners, and has not been paying statutory obligations to ZRA and NAPSA.

Your Committee recommends that the Government should honour the debt owed to NCZ, amounting to K240.0 million, to be paid as a lump sum, to enable the company clear its liabilities in the form of statutory obligations, pension dues and suppliers.

11.4 Zambia Railways Limited (ZRL)

(i) Your Committee observes that the management at ZLR faced challenges in managing both the rail business and railway infrastructure maintenance. Your Committee, further, observes that management focused more on maintenance and rehabilitation of the railway infrastructure, at the expense of coming up with strategies to improve the railway business in order to sustain the operations of the Company.

In this regard, your Committee recommends that the Government should consider separating the railway business and the railway infrastructure maintenance and management of the railway lines, through creation of a rail infrastructure agency which will focus on maintenance of the railway infrastructure. The ZRL would then pay user fees to the agency to facilitate continuous maintenance of the rail infrastructure.

(ii) Your Committee observes that to mitigate the challenge of transporting cargo from areas where there is no railway track, the ZRL plans to establish dry ports, which will enable the company transport cargo by road to the railway tracks.

Your Committee recommends that the shareholder must help mobilise financing for establishment of dry ports to facilitate transportation of heavy cargo by road transport to the railway tracks, so as to open new business opportunities within the country and the region.

(iii) Your Committee observes that the ZRL has been slow in implementing the process of demolishing illegal structures built on ZRL land in Luanshya, following the judgment passed in its favour. In addition, your Committee observes with disappointment that the Ministry of Lands and Natural Resources and the local authorities have issued certificates of title to various members of the public on land belonging to ZRL.

Your Committee strongly recommends that management of ZRL must, without fail enforce the judgment which was passed in its favour by repossessing the land from the Luanshya local authority and demolish any developed properties built within 50m radius of the railway line. In addition, your Committee recommends that the Ministry of Lands and Natural Resources and the local authorities should with immediate effect, revoke all the certificates of title that were illegally issued in relation to the land belonging to ZRL.

(iv) Your Committee observes that the money owed by BUK, amounting to K12.0 million for failure to supply and deliver ballast has not been reimbursed and the matter is still in court. In addition, your Committee observes that, Bombardier has equally not refunded 21,948,797.40 Danish Kronor (equivalent to U$$3.57 million) for failure to supply and deliver a signaling system despite demand notices sent by the ZRL.

Your Committee recommends that Government must facilitate the recovery of the funds owed by BUK who failed to meet contractual obligations as specified in the contract signed in 2013 and recover funds owed by Bombardier who failed to supply and deliver a signaling system as agreed in the contract signed in February 2014. Your Committee directs that the Ministry of Finance supports ZRL to recover these funds with interest.

(v) Further, your Committee observes that Diamond Motors Limited, a company based in Tanzania, has not refunded the US$2.0 million paid by ZRL in 2014, from the Euro Bond money, for the supply of one flash butt welding machine.

Your Committee strongly recommends that the Government through the Ministry of Finance supports ZRL to recover these funds with interest.

(vi) Your Committee observes with extreme concern that ZRL through the Ministry of Finance, is in discussion with Bombardier, to tender for the financing and supply of signaling tracks and rolling stocks at a contract amount of US$500.0 million.

Your Committee strongly recommends that the Government through the Ministry of Finance must halt discussions with Bombardier, given the failure of the company to fulfill its contractual obligations in the contract signed with ZRL in 2014.

(vii) Your Committee observes that to improve its operations, ZRL needs to rehabilitate the railway line and also purchase high speed locomotives.

Your Committee recommends that to improve the railway business, there is need to urgently rehabilitate the railway track and procure high speed wagons. In addition, your

Committee strongly recommends that the Government must embark on an ambitious exercise to repair the vandalised railway track, to enable ZRL attract more business opportunities, both locally and internationally.

(viii) Your Committee observes that ZRL is improving its local operations and that the measures instituted so far have resulted in the increased speed of coaches; however, more work still needs to be done in terms of rehabilitation of the coaches and wagons, to enable ZRL to compete favorably with the road transport sector, especially in moving heavy cargo.

In addition to rehabilitating the railway tracks and locomotives, your Committee recommends that the Government fully implements the SI No. 7 of 2018, aimed at compelling the movement of heavy cargo by railway rather than by road, as a way of generating revenues for the company.

11.5 Mukuba Hotel

(i) Your Committee observes that, the hotel has lost business opportunities as it mainly relies on the trade fair, which is a one-off business opportunity. In addition, the pricing of the hotels' rooms is not competitive in comparison to other hotels in Copperbelt. This means that the hotel is unable to attract business throughout the year.

Your Committee recommends that the hotel should price its services competitively, comparable to other players in the industry, so as to attract more customers, and sustain its business operations.

(ii) Your Committee further observes that the hotel infrastructure is outdated as compared to other recently constructed hotels within the country. In addition, the hotel is a loss making entity, and not able to declare dividends to the shareholders.

Your Committee therefore, strongly recommends that, the Government should look for an equity partner, who should take up the majority shareholding, and help revamp Mukuba Hotel to avoid putting undue pressure on the Treasury.

(iii)Your Committee observes that the current survival plan to construct a conventional centre is limited and cannot ensure profitability and sustain the hotel.

Your Committee recommends that to sustain the operations of the hotel, there is need to inject more capital to give the hotel a facelift and not just focusing on construction of the convention centre. Your Committee reiterates that to meet the capital requirement for modernising the hotel, there is need for Government to look for an equity partner.

11.6 Mpulungu Harbour

(i) Your Committee observes that, Mpulungu Harbour has great potential but lacks modern equipment and port infrastructure.

Your Committee recommends that, as a long term measure, the harbour must be modernised to an internationally acceptable standard to open up more business opportunities in the shipping industry. In this regard, your Committee recommends that the shareholders must help the company mobilise resources to facilitate the modernisation of the harbour.

(ii) Your Committee observes that the Mpulungu Harbour is strategically located to facilitate exportation of cement and sugar which is in demand to countries like Burundi, Rwanda and the western part of Africa. However, the company lacks trucks for in-land transportation to the port.

Your Committee recommends that in the short term, the Government should support the company to procure trucks to help with in-land transportation of goods so as to tap into the exportation of cement and sugar, which are on demand within the West African region.

(iii) Your Committee observes that the Harbour is owed funds amounting to K1,008,182.29 by the company called Pendulum, which is now under the Office of the Vice President.

Your Committee recommends that the management at Mpulungu Harbour Corporation, through the Ministry of Finance, must come up with a debt swap arrangement to clear the debt owed by Pendulum.

(iv) Your Committee observes that the decision by the Government to ban exportation of products such as maize and cement has a negative impact effect on the operations of the Harbour as its revenue generation is dependent on the export of these products.

Your Committee, therefore, recommends that Mpulungu Harbour Corporation should look for more business opportunities to cushion its revenue uptake in the case of a ban on exportation of products such as maize and cement.

12.0 CONCLUSION

Your Committee wishes to thank you, Mr Speaker, and the Clerk of the National Assembly, for the advice and services rendered to your Committee during the Session. Your Committee also expresses its appreciation to the Permanent Secretaries and Chief Executive Officers of institutions and companies and other stakeholders for their cooperation and input into its deliberations.

Mr P M W Daka, MP	June, 2018
CHAIRPERSON	**LUSAKA**

13.0 APPENDICES

13.1 List of Witnesses

i. Ministry of Finance
ii. Ministry of Commerce, Trade and Industry
iii. Nitrogen Chemicals of Zambia
iv. Indeni Petroleum Products Limited
v. Zambia State Insurance Corporation
vi. National Housing Authority (NHA)
vii. ZCCM Investment Holdings (ZCCM-IH)
viii. Mulungushi International Conference Centre
ix. Zambia Railways Limited
x. Zambia Development Agency
xi. Medical Stores Limited (MSL)
xii. Private Sector Development Association
xiii. Zambia Institute for Policy Analysis and Research
xiv. Zambia Association of Chambers of Commerce and Industry
xv. Economics Association of Zambia
xvi. World Bank Zambia Office
xvii. Industrial Development Corporation
xviii. ZESCO
xix. ZAMTEL

13.2 List of National Assembly Officials

Ms C Musonda, Principal Clerk of Committees
Mr H Mulenga, Deputy Principal Clerk of Committees (FC)
Mr S Mtambo, Senior Committee Clerk (FC)
Ms B C Chanda, Committee Clerk
Mr E I C Chilimboyi, Committee Clerk
Ms K Lyondo, Typist
Ms A Choongo, Receptionist/Intern
Mr M Chikome, Committee Assistant
Mr D Lupiya, Acting Committee Assistant