



**Copenhagen
Business School**
HANDELSHØJSKOLEN



WORKSHOP REPORT

Successful African Firms and Institutional Change (SAFIC) Project

Stakeholder Workshop

Held in Lusaka, Zambia

Swedish Embassy

09th August, 2017

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1.0 Introduction

The Successful African Firms and Institutional Change (SAFIC) Zambia team held a half day Closing Stakeholder workshop on Wednesday 09th August, 2017 at the Swedish Embassy in Lusaka (See Appendix A for the program of the day). The main objective of the workshop was to disseminate the findings of the SAFIC project research to the various stakeholders as the SAFIC project comes to closure by 31st December 2017. The workshop was attended by all members of the SAFIC Zambia project team and various invited stakeholders (See Appendix B for the full list of participants).

2.0 Opening Remarks

The SAFIC project Zambia coordinator, Dr Godfrey Hampwaye gave opening remarks. Ms. Anna Dloski, Trade and Relationship officer at the Swedish Embassy, then gave the welcoming remarks on behalf the Swedish Ambassador. She stated that the embassy was happy to host the meeting and hoped for fruitful discussions with great outcomes. This was followed by welcoming remarks from the representative of the University of Zambia (UNZA) Dean of Natural Sciences, Dr. Mfuno who expressed gratitude to the Danish research team for the collaboration with the department of Geography and Environmental Studies. He then called upon the representative of the UNZA Vice Chancellor (VC), Mr. Fabian Kakana.

In his speech, Mr. Kakana emphasized that thriving local firms make the backbone of a dynamic economy hence the need to take a local firms' perspective in research. He said UNZA is proud to be part of the international research team under the SAFIC project. He further expressed gratitude for the granted opportunity to collaborate, given the challenges of funding research at UNZA, as well as the contribution of the project towards training PhD and Masters Students.

3.0 First round of Presentations

3.1 [Introduction to SAFIC project by Dr. Hampwaye](#)

The presentation gave an overview of the project, participating universities and the key objectives of the project.

3.2 [Role of standards in the food processing industry by Prof. Søren Jeppesen.](#)

The presentation looked at the importance of standards to the Zambian owned food processing firms. The presentation emphasized the needs to assist the firms in upgrading their standards in order to stay competitive. It finally suggested how firms, business associations and government entities could enhance such development, e.g. by linking adherence to standards to investments in training/skills development and Research and Development (R&D).

4.0 First round of Discussions

The audience was given time to ask questions or comment in relation to the first two presentations. Among questions asked were: a clarification on the meaning of "Standards" as referred to in the presentation (whether local or foreign, voluntary or compulsory); the roles and responsibilities of firms, business associations and the government agencies; and the need for closer collaboration between firms, business associations and government.

5.0 Second round of Presentations

5.1 Local Content Policy Issues in the Mining Industry by Prof. Peter Kragelund

The presentation provided a picture of local content policy (LCP) dynamics in Zambia. Research had shown that mining companies' willingness to procure locally was of utmost importance to build a thriving locally owned private sector supplying products and services to the mines. This presentation therefore focused on the politics of drafting a LCP. Several issues came to the fore, including the lack of clear definition of "local" in the policies regulating the relationship between mines and their suppliers (as it could refer to ownership, the proximity of the supplier to the mine, whether or not it was located in Zambia, or the extent to which the relationship benefitted the local economy). Moreover, it was emphasized that LCPs ought to be aligned to broader policy regimes to work efficiently, and that there was the need for skills development via the support of interactions, by key institutions, between mines and local suppliers.

5.2 Challenges Faced by Suppliers to the Mines by Mr. George Jere

In his presentation, the General Secretary of the Mine Suppliers and Contractors Association, Mr. George Jere, identified the challenges faced by local suppliers to the mines in doing business with the mines as including:

1. Access to business, i.e. the uneven ground for local suppliers in the accessing of business opportunities. This was attributed to the lack of existent punitive governing instruments. He mentioned that in order to address this, there had been interaction with some government ministries to finalise and implement the LCP.
2. The misconception that the Local supplier cannot produce quality products. Access to finance, i.e. the indifferent/negative attitude financial institutions have towards local firms as being unfavorable whereas foreign firms are granted access to these finances. He mentioned how these institutions refuse to acknowledge contracts, which local firms are given by big mines, as collateral. He noted how when seeking financial assistance, one may be shunned by virtue of mentioning that they reside in low-income residential areas.

In ending his presentation, Mr. Jere mentioned how, via past dialogue between the association and the Ministry of Commerce, Trade and Industry (MCTI), the association stressed the need to identify items in the mines, which local firms could manufacture or assemble and the need of the Ministry to assist by introducing taxation incentives. He also emphasized the need for the restructuring of tertiary education in a manner that will enable the production of graduates who possess practical/technical knowledge as opposed to those that need to be trained. This would serve as solution to the human resource challenge currently faced where graduates underperform when employed.

6.0 Second round of Discussions

Comments and questions from the audience, based on the second round of presentations, were welcomed and addressed. Issues raised included a clarification on whether there was a difference between what mines pay local suppliers and foreign suppliers for a similar contract. Mr. Jere confirmed to be true with government response being that the private sector was beyond their control.

A question was also asked on the length of period taken for suppliers to be paid by mines and the impact of the new tax law of withholding tax at the source on suppliers to the mines. To this Mr. Jere responded that period of payment varies between 90 to 120 days as the payments are subject to tender whereas foreign companies are paid upfront because those payments are considered international business transactions. Over the taxation law, he mentioned that they had dialogue with Zambia Revenue Authority that lead to the provision of a window period in which all penalties were waived. He feared that the continuous introduction of more duties pose serious challenges to the members of the association. He also acknowledged the continuous increase in the Association's membership due to the realization that the Association lobbies on their behalf.

A comment was passed by Mr. Mvula, of Zambia Development Agency (ZDA), where he attributed the challenges faced by Small and Medium Enterprises (SMEs) to their inconsistency in supply hence discouraging mines from dealing with them. He also acknowledged lack of finance as one of the causes for these inconsistencies hence recommending the need for the Association to negotiate for special conditions in accessing finance, for their members. Mr. Jere responded by stressing the need for government to establish the cause for these inconsistencies through forums such as the workshop. He mentioned that they were propagating for a regulatory authority or board to regulate the sector.

Mr. Jere acknowledged a comment made on the negative attitudes that some suppliers may possess which affect their overall work culture. In admitting to this weakness, he brought to light that training workshops have been held to address such attitudes and create awareness on the existing structures guiding the sector. He also mentioned that they have quarterly liaison meetings with mines to identify areas where the suppliers need to improve.

7.0 Final Presentation

7.1 Industrial Policy issues in Food processing and the Suppliers to the Mines by Dr. Hampwaye

The presentation provided a historical analysis and presented overview of industrial policies in the two sub-sectors. It highlighted the gap between the intentions of strategies and policies and actual, targeted programs and schemes for the local firms.

8.0 Third round of Discussions

Based on the presentation, comments and questions brought to surface a number of issues. Among them was that there was need for favorable financing environment where banks could create a deliberate fund for Zambian firms, favorable tax regimes, capacity building to enhance Zambia business and the need for government to work with private sectors.

A comment was passed on the long term existence of National Development Plans that yield little or no result due to lack of political will. This led to the question of how policies are formulated and whether there was a way of detaching plans from the political arena in order to enable proper implementation by technocrats. The response to this was that current stakeholder engagement omits a partnership element and that ought to be addressed in a way that all stakeholders can hold each other accountable for implementation of plans/policies.

The representative from Ministry of Commerce Trade and Industry noted how government actually does have a number of Plans and policies but there is a challenge of information flow

that leads to lack of awareness. People ought to seek for this information. She also mentioned that the Ministry is currently working on a Local Content strategy that will hopefully be comprehensive and backed by legislation. She indicated participatory partnership will be encouraged during the process. She also made a suggestion that a similar study (as the SAFIC research) be done on the informal sector.

Emphasis was made on the need to be more practical by focusing on translation of policy into action. It was suggested that perhaps we ought to start thinking outside the box by focusing less on policy formulation and take a value chain approach by providing interventions at various stages. This point led to the next segment of the workshop.

9.0 Implications of the Studies for private sector development- Prof. Peter Kragelund and Prof. Søren Jeppesen

In concluding the presentations, key points on implications of the study for private sector development were identified. Noted was the limited influence that the private sector has on politics and policies. The need to address issues of access to finance was stated based on the concern of the loan repayment culture being so bad in Zambia thereby limiting the resource base of available funds.

The issue of Standards was linked to the earlier raised point on obtaining skilled and competent human resource in firms via improvement of quality of graduates via revision of tertiary education programmes. It also leaves the debate of voluntary vs mandatory nature of adherence to set Standards.

Other identified implications were based on issues of there being a need to for information sharing among partners on government regulations, tax issues and about what each one is doing. The need to strengthen State- Business relations was emphasized. Business Associations were encouraged to widen their resource base by introducing membership fees in an effort to increase their scope of power/influence. This encouragement could be done via introduction of interesting schemes for members.

The need for some institutions to mediate the relationship between government and the private sector and for some transparent incentive structures was also expressed so as to address the lack of adequate and proper enforcement. There was a suggestion from the audience on developing a website on issues that concern the SMEs to collate information on issues of interest. The response was that such could work if it is sector specific because sometimes the policies that are developed contradict each other. Sector specific websites could enhance interests and participation, and such could be better hosted by each Business Association.

10.0 Closing Remarks- Dr. Mfuno

In closing, Dr. Mfuno in his capacity as Head of department- Geography and Environmental Studies thanked everyone for coming to support the project. He also expressed gratitude to the researchers for doing a good job. He highlighted that SAFIC was one of the successful projects in the department. He was delighted to see the interaction between researchers and industry and hoped the dialogue would continue beyond this project. He urged the researchers to look into issues that are emerging, such as the informal sector.

APPENDICES

Appendix A: THE WORKSHOP PROGRAMME SCHEDULE

**THE UNIVERSITY OF ZAMBIA
SCHOOL OF NATURAL SCIENCES
DEPARTMENT OF GEOGRAPHY AND ENVIRONMENTAL STUDIES**

**SUCCESS AND CHALLENGES AMONG ZAMBIAN FOOD PROCESSORS AND SUPPLIERS TO THE MINES
- SUCCESSFUL AFRICAN FIRMS AND INSTITUTIONAL CHANGE (SAFIC) PROJECT**

STAKEHOLDER WORKSHOP

Wednesday 9th August 2017 at Swedish Embassy, Lusaka.

Timing – 8.45 am to 1.30 pm

Main points on agenda

08.45-09.15	Registration
09.15-09.25	Opening remarks, by the Trade, Promotion & Information Officer Ms. Anna Dloski
09.25-09.30	Welcome, Dean of Natural Sciences-Dr H. Mweene UNZA
09.30-09.40	Welcome, Vice-Chancellor-Prof. Luke Mumba, UNZA
09.40-09.50	SAFIC Project, Welcome, by Dr. Godfrey Hampwaye
09.50-10.10	Role of standards in the Food Processing Industry (based on policy brief), by Prof. Soeren Jeppesen & Ms. Matildah Kaliba
10.10-10.20	Comments & Questions from audience
10.20-10.40	Local content policy issues in the Mining industry (based on policy brief), by Prof. Peter Kragelund & Mr. Wisdom Kaleng'a
10.50-11.00	Challenges faces by suppliers to the mines, by George Jere, General Secretary, Mine Suppliers and Contractors Association
11.00-11.10	Comments & Questions from audience
11.10-11.40	Tea/Coffee Break
11.40-12.00	Industrial policy issues in the Food Processing and the Suppliers to the Mines Industry (based on policy brief), by Dr. Godfrey Hampwaye
12.00-12.10	Comments and Questions from the audience
12.10-12.20	Implications of the studies for private sector development in Zambia, by Prof. Soeren Jeppesen and Prof. Peter Kragelund
12.20-12.30	Comments and Questions from the audience
12.30-12.35	Closing Remarks by Dr. Orleans Mfune, HoD, Geography and Environmental Studies
12.35-13.30	Lunch

Appendix B: SAFIC WORKSHOP ATTENDANCE LIST

- 1 George Jere- Association of Mine Suppliers and Contractors - General Secretary
- 2 Ester K. Siyanda- Ministry of Commerce, Trade and Industry- Economist/IDP
- 3 Tasila Mwila- Zambia Association of Manufacturers- Business Development Officer
- 4 Prisca Kimanthi - Galaunia Farms- Production Manager
- 5 Morgan Chiselebwe - National Council for Construction- Director of Finance
- 6 Rose Silyato- Ministry of Agriculture- Principle Food and Nutrition Officer
- 7 Moonga H. Mumba- University of Zambia- Head of Department- Development Studies
- 8 Orleans Mfuno- University of Zambia- Head of Department- Geography
- 9 Peter Kragelund- Roskilde University- Head of Department
- 10 Progress Nyanga- University of Zambia Assistant Dean- Natural Sciences
- 11 Agatha Siwale- Central European University- Researcher
- 12 Emmah Mwale- Zayaan Investments- Sales Manager
- 13 Kelvin Kachingwe- Daily Mail- Deputy Feature Editor
- 14 Liswaniso Tabo- University of Zambia- Directorate of Research and Graduate Studies
Assistant Registrar-Research
- 15 Harrison Banda- Millers Association of Zambia- Executive Director
- 16 Christopher Mvula- Zambia Development Agency- Assistant Investment Development Officer
- 17 Soeren Jeppesen- Copenhagen Business School- SAFIC Project Coordinator
- 18 Matildah Kaliba- University of Zambia-PhD Student
- 19 Douglas Phiri- Business Regulatory Review Agency- Regulatory Impact Analyst- Intern
- 20 Milazi M. Kabamba- University of Zambia- SAFIC Project Assistant
- 21 Godfrery Hampwaye- University of Zambia- UNZA SAFIC Coordinator
- 22 Anna Dloski- Swedish Embassy- Trade, Promotion and Information Officer
- 23 Fabian Kakana- University of Zambia- Acting Librarian
- 24 Wisdom Kaleng'a- University of Zambia – PhD Student