



ZAMBIA RESEARCH NOTE

Fiddling while Rome burns

*As if to hasten the inevitable train-wreck, the authorities have responded to the mounting evidence of a full-blown fiscal crisis by **doubling down on public spending**¹.*

1) With barely a month to go until the 2019 crop marketing season opens, the Agriculture minister acknowledged this morning that, **“because there is no funding”, the Government has still not been able to pay farmers** for maize delivered to the Food Reserve Agency² during the 2018 season (which closed last October). No figures have been released on the amount outstanding.

As it happens, the admission was almost redundant since the Minister had announced less than a week ago that milling companies were being authorized to purchase maize³, from the FRA. The cash proceeds from these sales would be used to pay down the Agency’s liabilities to the farmers and the suppliers.

2) Southern Africa’s worsening drought has now spread to Zambia’s Southern, Central, Lusaka and Eastern provinces, completely wiping out the maize crop across entire districts in each of the affected provinces. As a result, **instead of being self-sufficient in mealie-meal, farmers are being forced to buy maize flour** from the milling companies – at prices that are already spiking⁴ in response to the commodity’s scarcity.

And herein lies a grim irony that is not lost upon the farmers. The pricey staple they are now having to purchase may well have been **milled from maize that they themselves sold to the FRA** 11 months ago ... **but for which they have not even been paid.**

3) Displaying an inimitable flair for the absurd, the Transport minister chose today to announce that **a new national airline**⁵ will take to the skies in approximately six months, with plans to operate flights to Europe and the Middle East, in addition to various African destinations. No information is available on what sized fleet is envisaged, let alone where and how the aircraft are to be procured.

What is clear, however, is the fact that **scarce government cash is already being allocated to the venture**. A chief executive officer has already been appointed⁶ and, per the Minister, steps are now afoot **“to fill out the senior management positions”**. Talk about preparing a rod for the Government’s own back. Some of the commentary on social media has been appropriately merciless, as illustrated in the panel overleaf.

4) On a more serious note ...

Announced for Q1/2019, the long-overdue Article IV mission is now supposed to commence this month. However, the substantive mission chief has been out of the office since January, while the post of Resident Representative has remained vacant since the last incumbent Alfredo Baldini was forced out last year.

So, even if the star-crossed mission does take place, it will be no more than **a routine exercise, with absolutely no prospect of a break-through on the question of a support programme**. In other words, Zambia’s paper has much farther to fall, even though it already trades almost 100 b.p. wide of Mozambique’s defaulted eurobond - in default since January 2017.

¹ See our recent research note [“Theatre of the Absurd”](#), Mar. 7, 2019.

² The Hon. Michael Katambo also admitted that his ministry was also in arrears to agro-industrial dealers who had supplied inputs like seeds, fertilizer and pesticide for the 2017 planting season.

³ At a subsidized price, moreover. | ⁴ A 25 kg. bag of mealie-meal currently sells for Kw 110, up from Kw 80, two months ago.

⁵ To be operated in a 55%/45% partnership with Ethiopian Airlines. | ⁶ Presumably with the usual salary and emoluments package.

Facebook posts on Zambia Watchdog

Jairos Mwale [April 4, 2019 at 1:41 pm](#)

Brian Mashimba (i.e. Transport minister) is a highly educated guy, so I find it disappointing that at a time when the government is struggling with increasing debt interest payments, he wants to launch an airline that will be funded by the government. The argument being put forward that it will increase tourism are not justified. Has a feasibility study or a cost-benefit analysis been carried out, have they looked at loss-making airlines like Kenya Airways and South African Airways to find out how much it is costing these governments to finance such a project? Have they found out why Nigeria with a population of over 200 million and abundant oil resource has abandoned the airline project? We have jokers in this government, do you know they are discussing nuclear power when schools have no roof or desks?

Realist [April 4, 2019 at 2:41 pm](#)

When was the research done that this country needs a new airline? Who has the report? And though I know that there is no such report, how was this arrived at as a priority.

Anti UPND [April 4, 2019 at 2:44 pm](#)

I am PF but this airline thing is really crap

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