

Press Statement

6th May, 2019.

Load shedding threatens Zambia's Economy and General Welfare of Citizens

ZESCO commenced a four-hour daily load shedding starting on June 1, 2019 which is expected to last until December 2019. Government has attributed the decision to lower water levels at power generation points such as Kariba North Bank. Hence its decision to moderate power generation to facilitate generation until the next rainy season when the reservoirs are expected to be refilled. Many stakeholders and citizens have expressed anxiety following their experience of massive load shedding in 2015. Consequences included; reduced production in various sectors such as mining, employee retrenchments, loss of income for majority small business who could not invest in alternative energy sources and increased production cost and subsequent price increases of basic commodity for those that invested in alternative additional sources of energy.

Load shedding will most likely impact negatively on the growth of our economy and general welfare of citizens. Sectors including mining, manufacturing and the informal sector will find it challenging to operate at their maximum potential. Without any corrective measures, their output will certainly reduce. The consequences of reduced output in various sectors and businesses will likely be: lay-off of workers, loss of income among families, reduction in government revenue to be collected and reduced foreign exchange. Job losses will likely make it difficult for those pruned to survive. Experience from the time of privatization has demonstrated that most companies do not have deliberate programmes to prepare employees for life after employment. Currently, the mining sector is the major driver of the Zambian economy, and any disruptions in its production capacity will have serious negative implications on the performance of the local currency and Zambian economy. Already, in the recent past, the Kwacha has faced serious challenges against major currencies such as the US dollar. This has tended to increase, for example, the cost of debt servicing. The resultant effect have included squeezed government coffers that have resulted, for example in late payment of salaries for public workers. Increased prices of most basic commodities such as cooking oil that Zambia largely imports have not been spared from the weakened kwacha.

Load shedding will also likely cripple micro, small and medium enterprises (MSMEs), for most of them will likely fail to afford investing in alternative energy sources. These largely depend on a steady supply of electricity from Zesco. Sadly, this will lead to reduced income or income loss for many families especially those in the informal sector running businesses such as barbershops and saloons, increasing suffering for many ordinary already poor households. Further, in instances where businesses opt to invest in other additional sources of energy to sustain their operations, production costs will increase and subsequently prices of end products such as food will increase. The foregoing situation will make it harder for already struggling majority households to afford the already high cost of living. In Lusaka for example, the cost of living has already seen an increase from K 5,395.35 in January 2019 to K5, 457.64 in May 2019.

Of concern also is that environmental degradation will not be spared. With increased load shedding, charcoal will become the alternative source of energy for most households. This will likely increase demand for charcoal and will promote rampant cutting down of trees and charcoal production.

Long hourly load shedding can be depressing, it will likely deteriorate our economy and general welfare of citizens due to reduced economic productivity. “JCTR shares the hopelessness and helplessness that many, especially the poorest of the poor experience when such measures are announced and imposed by Zesco” Executive Director Fr. Mumba says. “Year after year, they have to endure the brunt of Zesco decisions. They have no other alternative but to go with the demands and pronouncement of Zesco” he says.

In this time and age, JCTR wonders if the monopoly of electricity production by a government Parastatal still has room in a globalized economy. “Why should we all be subjected to this and just helplessly sit and wait as one Parastatal controls and negatively affects our livelihoods? Why is electricity generation not decentralised and opened up to the private sector? This would give people alternatives, rather than simply wait for Zesco to switch our lives ‘on and off’ at will. Is this not the right time to reconsider the diversification of power generation in Zambia?” questions Fr Mumba.

JCTR urges Government through ZESCO to logically load shed in a manner that will not adversely affect strategic businesses such as small scale businesses where the majority poor strive to make a living. Further, there has been so much effort and concentration on hydro power generation. Government needs to invest more to expand its power sources to include alternatives such as solar energy and Biofuels as these will not only be cheaper but will also be more sustainable. There have been pronouncements in this line recently and in the past but with little commitment. We need to move away from mere rhetoric. There will also be need for a clear plan on how the country will transition to other sources of energy. Alternatively and additionally, Government needs to consider attracting investment in hydro power generation in the northern region where currently rains seem to be certain. The problem calls for multiple strategies.

Jesuit Centre for Theological Reflection, Tel: 260-211- 290-410 Fax: 260-211-290-759

E-mail: jctr.info@gmail.com / jctr.sed@gmail.com Website: www.jctr.org.zm

Location: 3813 Martin Mwamba Road, Olympia Park, Lusaka