COMPETITION AND CONSUMER PROTECTION COMMISSION

STUDY ON THE EFFECTS OF COVID-19 ON CONSUMER PROTECTION IN ZAMBIA

MARCH 2021

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ACKNOWLEDGEMENTS

This study on the effects of COVID-19 on consumer protection in Zambia was developed by the Competition and Consumer Protection Commission (the Commission) with support from the Ministry of Commerce, Trade and Industry (MCTI). Overall appreciation goes to all stakeholders that assisted the Commission in the process of data gathering and information support.

EXECUTIVE SUMMARY

The global crisis struck the world in the shape of the COVID-19 pandemic at the beginning of 2020. As a result, the Hospitality sector, Pharmaceutical retail and wholesale sector and the Fast-Moving Consumer Goods (FMCGs) sector have experienced a reduction in business or closure, panic buying behaviours, empty store shelves, out of stocks, and an increase in prices in the retail sector. Supermarkets, producers, marketers, and businesses have had to adapt to consumers' changed buying behaviour in food, and medicine consumption.

The areas of concern for the Hospitality Service Providers (HSPs) are the cancellation and refund policies that businesses provide while the areas of concerns for the retailers of FMCGs, wholesalers and retailers of medicines are the volume of sale fluctuations, sources of supply and price trends of key medicines which are highly sought for during the pandemic. Sampling was done using primary and secondary data to obtain results from the provincial capitals of Zambia.

Price has been noted to be one of the most influential factors in the consumer decision-process in crisis situations such as this current pandemic. Price trends at both wholesale and retail levels in the pharmaceutical and FMCGs sectors indicated inconsistent fluctuating price changes. For example; between the months of April and August 2020 some commodity prices increased while from January to April 2020 some commodity prices remained the same. Despite, the HSP sector suffering the most immediate repercussions, consumers were provided with options of refunds, cancellations, postponements to their bookings/reservations for the services the procured from the industry players. The findings from the study will contribute to understanding the effects of COVID 19 on consumer protection, help companies deal with similar situations as well as recommendations for the government to support businesses effectively now and in the future.

ACRONYMS

CCPC	Competition and Consumer Protection Commission
COVID-19	Corona Virus Pandemic
FMCGs	Fast-Moving Consumer Goods
HSP	Hospitality Service Provider
MCTI	Ministry of Commerce, Trade and Industry
MOH	Ministry of Health
PPE	Personal Protective Equipment
WHO	World Health Organisation
ZAMRA	Zambia Medicines Regulatory Authority

INTRODUCTION

1. On March 11, 2020, the World Health Organization (WHO) declared the Coronavirus disease 2019 (COVID-19) a global pandemic[1]. The nature and spread of COVID-19 caused massive disruption to the normal flow and operations of the global economy and society at large. The prevalence of the pandemic caused states and governments across the world to order for the restriction of trade, global logistics, travel and operations of essential businesses and other establishments in a bid to contain the spread of the pandemic[2].

2. Amid the coronavirus pandemic, several countries across the world including Zambia resorted to full or partial lockdowns and several restrictions to "flatten the curve" of the infection. These measures meant confining millions of citizens to their homes, suspending some business operations and ceasing almost all economic activity in some sectors. As a result, several sectors have been affected by the COVID-19 crisis, with varying degrees of severity[3].

3. Many businesses have not been able to carry out their business operations, which has had knock-on effects on revenue, profits and consumer substitutes. Many economic sectors ranging from; tourism, health, finance, manufacturing, provision of fast-moving consumer goods and agriculture among others have been negatively affected[4].

4. The pandemic has also affected consumers to the extent of pushing them into shifting consumer demand attitudes, behaviors and purchasing habits and adopting unconventional ways of life such as virtual shopping. Disruptions in supply chains has meant that consumers are getting their supplies late than usual and at times no supplies at all. The suspension of some social services such as tourism and travel, events of an entertainment nature and others that promote social gathering meant that consumers had to cancel or adjust their programmes in adherence to the public health regulations on social gatherings. This resulted in an increase of hospitality service cancellations being registered with some consumers completely losing out on

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[1] https://www.who.int/emergencies/diseases/novel-coronavirus-2019

[2] http://www.oecd.org/coronavirus/policy-responses/the-territorial-impact-of-covid-19-managing-the-crisis-across-levels-of-government-d3e314e1/. retrieved 2/42021

[3]http://www.oecd.org/coronavirus/policy-responses/stocktaking-report-on-immediate-public-procurement-and-infrastructure-responses-to-covid-19-248d0646/OECD Policy Responses to Coronavirus (COVID-19): Stocktaking report on immediate public procurement and infrastructure responses to COVID-19. Updated 24 June 2020 to include Austria revisions

[4]http://www.oecd.org/coronavirus/policy-responses/stocktaking-report-on-immediate-public-procurement-and-infrastructure-responses-to-covid-19-248d0646/OECD Policy Responses to Coronavirus (COVID-19): Stocktaking report on immediate public procurement and infrastructure responses to COVID-19. Updated 24 June 2020 to include Austria revisions

their money as a result of the existence no refund policies by some service providers[5].

5. Furthermore, there has been an emphasis made by the Zambian Ministry of Health (MOH) and World Health Organization (WHO) encouraging the public to use Personal Protective Equipment (PPE) such as Face masks, including surgical masks, N95 respirators and hand sanitizers. In addition, the public was encouraged by either verified or unverified sources of information to keep stock of essential drugs such as vitamin C, pain killers and other herbs such as ginger, cinnamon and garlic. This created an unprecedented rise in demand levels of PPEs, essential drugs and foods. However, the Supply and availability of these commodities had been hampered by several issues, including export and travel restrictions by some producing countries, and lockdowns that had forced suppliers to (temporarily) shut down. The high demand and low supply of PPE and other essential medicines raised the prices of such commodities which resulted in the exploitation of unsuspecting consumers by some businesses[6].

6. Owing to the above, adjustments in consumerism as a response to the pandemic has meant that emphasis of consumer protection equally must shift to respond to the "new normal". Increased online activities require a different set of approach to consumer protection compared to physical activities. Equally disruptions in supply chains and restrictions of certain sectors and activities equally come with unique sets of consumer protection requirements that Government must respond to in order to avoid the pandemic eroding not only consumer health but also consumer welfare.

7. In the absence of a curative vaccine, and as Zambia adopts more restrictive measures to contain the spread of the COVID-19 in the early days, essential commodities became scarce. The fear of adopting quarantines and lockdowns led to panic buying among consumers as they sought to stock as much essential commodities as possible. Panic buying provided market players with the opportunity to engage in unfair trading practices such as; unjustifiable price increases of essential commodities, unconscionable conduct, misleading and deceptive conduct which were all to the detriment of the vulnerable consumer who mostly has low bargaining power[7].

8. The unforeseen challenges caused by the COVID-19 pandemic have taken a significant toll on consumers in Zambia. Prior to the prevalence of the

[5]DEVELOPMENT OF E-COMMERCE WITHIN FAST MOVING CONSUMER GOODS. What business models will be successful when the traditional food industry move online? SWEDEN, 2018. Retrieved 2/4/2021
[6] https://www.who.int/emergencies/diseases/novel-coronavirus-2019
[7]https://www.competitionpolicyinternational.com/enforcing-competition-law-and-consumer-protection-during-the-COVID-19-pandemic-in-africa-the-competition-authority-of-kenya/

pandemic, consumers made certain reservations and payments for activities without any anticipation of the pandemic. However, in a bid to contain the spread of the pandemic, the Zambian government suspended several social and economic activities. This then resulted in the rise of the number of cancellations being registered[8]. For instance, the closing down of the Victoria Falls, the country's main tourist attracting site, resulted in a slump in tourism, forcing the government to reopen it[9].

9. With the rampaging nature of COVID-19 and obvious unavoidable change in the country's social and economic activities, the issue of consumer welfare needed urgent intervention. Government agencies protecting consumers and the general public had to initiate various forms of interventions which involved awareness through media platforms, newspapers and many more on commercial practices concerning specific products of utmost relevance to the emergency period[10].

RATIONALE

10. The rationale for conducting this study is to understand the effects of COVID-19 on consumer welfare in order to identify possible areas of unfair trading practices among industry players as well as understand the main drivers of market distortions during the pandemic period. By understanding the state of industry practices in the hospitality, pharmaceuticals and Fast-Moving Consumer Goods (FMCGs) sectors the Commission will be able to design better strategies, make additional interventions and recommendations that will be used to deal with consumer behavioral changes and consumer right violations.

OBJECTIVES

11. The overall objective of the study is to see if there are adequate provisions to protection consumer welfare in a pandemic era:

The specific objectives were:

- Assess trends in price changes of FMCGs;
- Assess trends in price changes of medicines related to COVID-19.
- Assess adherence of hospitality facilities in placing fair cancellation and refund policies on bookings/reservations made prior to the pandemic.

[8] https://www.dlapiperafrica.com/en/zambia/insights/2020/Zambian-regulatory-bodies-and-their-efforts-under-the-coronavirus-pandemic.html
[9] http://www.xinhuanet.com/english/2020-07/11/c_139205719.htm
[10] https://www.lexology.com/library/detail.aspx?g=3ffb2152-9273-4e19-b876-7753b0080d94

SCOPE OF WORK

12. The study considered three types of respondents namely; Retailers of Fast-Moving Consumer Goods (FMCGs), Wholesale and Retail Pharmaceutical companies and Hospitality Service Providers (HSPs). The areas of concern for the HSPs were their cancellation and refund policies that the businesses provided during the pandemic while the areas of concerns for the retailers of FMCGs, wholesalers and retailers of medicines were the volume of sale fluctuations, sources of supply and price trends of key medicines that were highly sought for during the pandemic. Primary data was extensively used with data collected from provincial capitals and cities were the Competition and Consumer Protection Commission have presence. The districts were selected based on the vast availability of respondents required for the study and the extent of economic activity prevalent in the specific districts.

METHODOLOGY

13. The study used both primary and secondary data sources. Primary data was collected through self-administered questionnaires that were sent out to all the identified respondents. In addition to the self-administered questionnaires, physical interviews were conducted with pharmaceutical companies and retailers of FMCGs to get detailed insights on their operations and to collect copies of actual receipts and documentation of their submissions.

14. Specific information from the different sectors was used to understand price changes of FMCGs and medicines related to COVID-19, as well as determine whether hospitality facilities put in place fair cancellation and refund policies on bookings and reservations that were made prior to the pandemic.

15. The study also benefited from secondary data collected from various reports that have been done by other regional and international consumer protection agencies on the consumer protection during the COVID-19 pandemic.

SAMPLING

16. The study utilised random sampling techniques to identify its respondents. Respondents were drawn from the provincial capitals of Zambia that included Lusaka, Kitwe, Chipata, Solwezi, Mongu, Kabwe, Mansa, Kasama, Chinsali and Livingstone.

17. One hundred and eighty-nine (189) questionnaires were administered to three sectors namely retailers of FMCG, retailers and wholesalers of

Pharmaceutical products and HSPs during the study. Forty-four (44) responses were received from the 189 questionnaires that were administered. The responses to the questionnaires were broken down as follows three (3) wholesale and nine (9) retail pharmaceutical companies, twenty-three (23) HSPs and nine (9) retailers of FMCGs. The questionnaires can be found in Appendix 1 and 2. Figure 1 below shows how the sampling was carried out;

Figure 1; Sampling carried out for the entire study

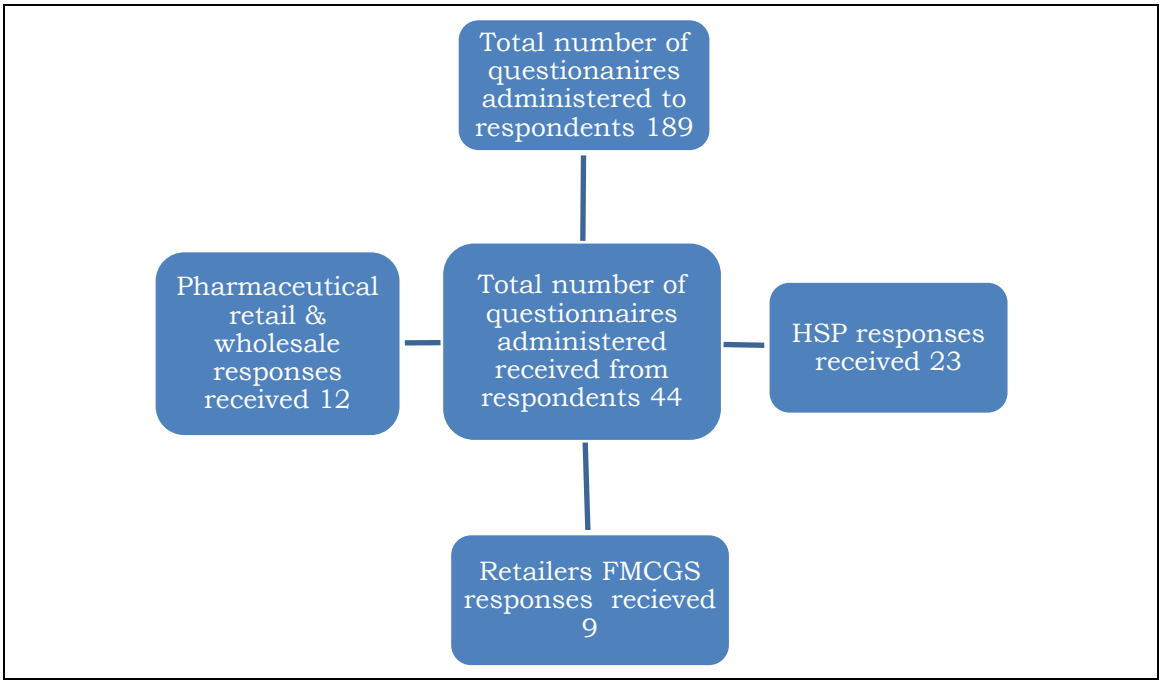

Figure 1 Breakdown of Study Sampling

LIMITATIONS OF THE STUDY

18. The major limitation of the study was failure to interview and receive responses from all the stakeholders identified at the inception of the study. Most of the respondents identified were either unavailable for responses or they had changed their trading locations. In addition, some of the respondents that provided responses did not provide sufficient information as required which limited the scope of analysis conducted. Table 1 below shows a break down on the number of respondents that were identified at the inception of the study and the respondents that provided information.

Table 1: Respondents and Responses received

Sector	Respondents Identified	Respondents that provided feedback
Hospitality Sector	63	23
Pharmaceutical Sector	83	12
FMCG's Sector	43	9

HOSPITALITY INDUSTRY SECTOR

19. The hospitality sector has faced challenges because of the COVID-19 pandemic. Strategies to flatten the COVID-19 curve such as social distancing, travel and mobility restrictions have resulted in temporary closure of many hospitality businesses and significantly decreased the demand for businesses that could continue to operate[11]. Hospitality service providers include travel; business; retail; education; health care; remote and offshore locations; corporate hospitality and executive dining; government and local authority provision; plus, leisure venues and events (such as concerts, regattas, sporting events, weddings and parties)[12]

20. Almost all restaurants were asked to limit their operations to only take-aways. One industry that suffered the most immediate repercussions was the hospitality and leisure industry. Factors that drove the hospitality industry before the COVID-19 pandemic were increased disposable income, new travel trends, increased online business of travelling due to increased internet penetration and internet banking, web-presence of hotels and tourism directories and many more. The ever-expanding tourism industry was one of the major factors driving the growth of the hospitality industry in the country before the COVID-19 outbreak[13]. Figure 2 below shows the different components of the hospitality industry that were considered in the study.

[11] (Bartik et al., 2020), https://www.tandfonline.com/doi/full/10.1080/19368623.2020.1788231
[12] http://www.hlb.global/covid-19-implications-on-the-hospitality-industry

Figure 2: Components of the considered Hospitality Industry

Source: CCPC 2021

21. The major impacts of the hospitality industry were in the form of postponement and cancelation of events, conferences, conventions, and sports leagues, which immediately drove down travel and tourism for business and pleasure. At the core of the hospitality industry was the provision of products and services that assist in recreation and supporting the well-being of people[14].

FINDINGS

PROFILE OF THE SECTOR

22. The Hospitality industry is a broad category of fields within service industry that includes lodging, event planning, theme parks, transportation, cruise line, and additional fields within the tourism industry[15]. The level of investments coming into the tourism sector is directly linked with the growth of Zambia's hospitality industry. The World Travel and Tourism Council (WTTC) report of 2018 indicated that the hospitality industry together with the travel and tourism sector in Zambia was the fastest growing national economic sector. The sector contributed K19.4 billion and posted a 6.3% Gross Domestic Product (GDP). However, this has perhaps been one of the worst affected sectors particularly due to the disruptions in international travel. For example, average room occupancy rates have dropped by 60%, although this is likely much higher given recent closure of the country's largest hotels, the Taj Pamodzi and Intercontinental hotels, and several lodges in tourism hotspots such as the Lower Zambezi. The new social distancing

[14] https://www.hlb.global/covid-19-implications-on-the-hospitality-industry/
[15] Hospitality.net, https://www.hospitalitynet.org/opinion/4082318.html

regulations and closure of restaurants, bars, and entertainment components have effectively grounded activity in these sub-sectors[16].

LEGAL, POLICY SUPPORT AND GOVERNMENT RESPONSE

23. Zambia has predominantly focused on putting up a range of measures to contain the spread of the pandemic within the Zambian economy. All travellers arriving in Zambia from any country with confirmed COVID-19 cases were required to self-quarantine for a minimum of 14 days, and to inform Zambian heath officials if they develop symptoms. The Government of Zambia had suspended all tourist visas, developed mandatory health screening at all entry points. The Nakonde border which had been closed was later reopened to cargo after conclusion of implementation of targeted measures before it's official re-opening on 8th May 2020. The three main International airports namely Ndola, Livingstone and Mfuwe were reopened from 25th June 2020 with strict adherence to stipulated health guidelines while the Kenneth Kaunda International Airport in Lusaka remained open[17].

24. The Zambian Government until 8th May 2020 had been postponing the reopening of hotels, lodges, events, conferences and conventions which immediately drove down travel and tourism for business and pleasure. As the phrase "social distancing" became a household term, many consumers were "playing" it safe and staying at home, while some were attempting to continue typical day-to-day operations through restrictions.

25. The Zambia Tourism Agency (ZTA) is the regulator of the Zambian tourism and hospitality sectors. ZTA did not come up with any Statutory Instrument (SI) or policy to assist companies to access markets, raw materials or products. Furthermore, no incentives were introduced in this sector aimed at enhancing easy access to raw market, products and market for businesses during Covid-19 pandemic[18].

IMPACT OF THE COVID-19 PANDEMIC ON THE SECTOR

26. While the hospitality industry is slowly recovering, the COVID-19 crisis continues to exert profound impacts on how hospitality businesses operate. The hospitality businesses as expected made substantial changes to their operations in the COVID-19 business environment in order to ensure

[16] https://cuts-lusaka.org/pdf/policy-brief-mitigating-the-socio-economic-impact-of-covid-19-in-zambia.pdf
[17] https://africa.cgtn.com/2020/05/08/zambia-to-reopen-restaurants-and-businesses-after-revenue-drop/
[18] Zambia Tourism Agency (ZTA) response to the Competition and Consumer Protection Commission questionnaire

employees' and customers' health and safety and enhance customers' willingness to patronize their business[19].

GEOGRAPHICAL LOCATION OF ESTABLISHMENTS

27. The study received twenty-three (23) responses from the Hospitality Service Providers (HSP) in the country. The geographical locations of the respondents were in Lusaka, Northern, Eastern, Luapula, Muchinga, Western, North-Western, Southern, Copperbelt and Central Provinces as shown in Table 2 below;

Table 2: Geographical location of establishments

Province	**Numbers**
Lusaka	5
Northern	3
Eastern	2
Luapula	2
Muchinga	1
Western	2
North-Western	2
Southern	3
Copperbelt	2
Central	1
TOTAL	**23**

28. The result above shows that more responses were received from Lusaka province while the other provinces had fewer responses. The low responses are attributed to reluctance of establishments wanting to respond to the questionnaires.

TYPES OF HOSPITALITY SERVICES OFFERRED

29. The study profiled the types of hospitality services that the respondents provide. Among the hospitality services identified included Conference, events, travel, and lodging services. Table 3 below summarizes the service profiles of the respondents.

[19] Gössling et al., 2020

Table 3: Hospitality services offered

Response	Conference	%	Events	%	Lodging	%	All the Above	%
Yes	17	74%	18	78%	19	83%	2	8.7%
No	6	26%	5	22%	4	17%	21	91%
TOTAL	**23**	**100%**	**23**	**100%**	**23**	**100%**	**23**	**100%**

30. Findings show that 83 percent (19 respondents) of the respondents offer lodging facilities while 78 percent (18 respondents) of the respondents offer events services; 74 percent (17 respondents) of the respondents offered conference services; and 8.7 percent (2 respondents) offer all the services mentioned above.

CANCELLATION POLICY

31. Cancellation policies determine the guest's refund in the rare event that they cancel a booking. Generally, businesses cannot charge you the full price for services that were not performed. They may charge a percentage of the service or a set fee for one cancelling or being a “no call, no show," but they should not charge the full amount for services not rendered[20]. With regards to the cancellation policy availability, the responses from the HSPs are summarized in Table 4 below.

Table 4: Cancellation policy

Response	Numbers	%
Yes	21	91%
No	2	8.7%
TOTAL	**23**	**100%**

32. Twenty-one (21) or 91% of the respondents indicated that they had a written/unwritten cancellation/refund policy with only 2 respondents (8.7%) indicating that they did not have any cancellation or refund policy in place. This shows that most HSPs that were contacted had set up some form of cancellation policy in an event of a cancellation or postponement of a service.

SERVICE CANCELLATION

33. The cancellation of a hospitality service may be due to several reasons which include travel restrictions and hotel closures. In fact, Zambia was projected

[20] https://www.collinsdictionary.com/dictionary/english/cancellation-fee

to lose about 400 million U.S. dollars in the tourism sector due to COVID-19 in both service and non-service sub-sectors in the sector. The loses were because of service cancellation caused by travel restrictions as well as the closure of hotels[21].

34. Findings indicates that 100% of the sampled service providers provided consumers with the option of cancelling their bookings owing to the prevalence of COVID-19 pandemic. This includes the 8.1% who did not have the cancellation policy documented from the findings.

Table 5: Service cancellations during the pandemic

Response	**Numbers**	**%**
Yes	23	100%
No	0	0%
TOTAL	**23**	**100%**

35. The findings further revealed that all 23 sampled HSPs provided their clients with another option such as postponing of their bookings to a later date.

TYPES OF REFUND POLICIES

36. The Covid-19 virus has hugely impacted the Hospitality Service Providers sector. With the flurry of travel embargoes and resultant cancellations, hotels have had to come up with all kinds of Terms and Conditions such as refund policies on bookings, reservations and date changes, in an effort to facilitate guests to better weather the storm. Customers may find themselves in one way or the other transacting with a hotel for a service which they end up cancelling due to unforeseen circumstances and request for a refund from the HSP[22].

37. Findings indicate that all consumers of HSPs were provided with options of refunds when they made cancellations for the services the procured from the HSPs in the sector. Consumers were also able to postponement their booking/reservations to a preferred date or available date. The responses from the HSPs are summarized in Table 6 below.

[21] Remarks by Minister of Tourism and Arts Mr. Ronald Chitotela accessed at http://www.xinhuanet.com/english/2020-04/22/c_138999378.htm on 10/02/2021
[22]https://hospitality.economictimes.indiatimes.com/news/hotels/covid-19-forces-changes-in-cancellation-policies-of-hotels-and-airlines/74578680

Table 6: Types of Cancellation Polices

Response	No refund	%	Partial refund	%	Full refund	%	Postponement of booking	%	All the above	
Yes	1	4.3%	4	17%	18	78%	19	83%	0	0%
No	22	96%	19	83%	5	22%	4	17%	23	100
TOTAL	**23**	**100%**	**23**	**100%**	**23**	**100%**	**23**	**100%**	**23**	**100**

38. Findings also indicate that on average seventeen (17%) per cent of the market players sampled in the HSP sector provided a partial refund on booking cancellations while seventy-eight (78%) per cent of the market players sampled offered full refunds on booking cancellations. This indicated that 83 percent of the sampled market players in the HSP sector provided for the postponement of a booking or reservation upon requests by clients.

ANALYSIS OF SECTOR AND FINDINGS

39. The hospitality sector remains the hardest hit by the COVID 19 pandemic due to both international and in-country travel restrictions which resulted in both domestic and international subdued tourism activities which drive the vital component of hospitality services industry. To support the sector, Government has since put in place measures such as time to pay agreements covering income tax and Value Added Tax (V.A.T). Other measures include reduction of corporate income tax rate from 35% to 15% on income earned by hotels and lodges on accommodation and food services, suspended import duty on safari game viewing motor vehicles, tourist buses and coaches, suspended license of renewal fees paid by hotels and lodges and also suspended retention fees paid by tourism enterprises[23].

40. Despite the challenges the sector is facing, data collected from the respondents appear to suggest that consumers who may have suffered cancellations due to COVID 19 were not disadvantaged as they had options of full or partial refunds or the option of postponement of hospitality services. While this may not be the complete picture, it however provides an idea of the conduct and treatment of consumers in response to the COVID 19 pandemic.

[23] 2021 Budget Speech by the Ministry of Finance accessible on http://www.parliament.gov.zm/node/8473

FAST MOVING CONSUMER GOODS SECTOR

41. The retail sector in Zambia is multi-layered in structure. There are three basic layers of retail that are key to note. The three (3) layers of Zambia's retail sectors are, as typically termed by most distributors, the Modern Trade, General Trade and Informal Trade[24]. The demand for Fast Moving Consumer Goods (FMCG) is on the rise. Most of the FMCG brands in retail shops are imports from South Africa. There are also local manufacturers like Trade Kings, Zambeef and Revin which are rising in various subcategories of FMCGs.

FINDINGS

PROFILE OF THE SECTOR

42. Zambia's Fast-Moving Consumer Goods (FMCG) retail sector is growing but remains relatively small with most shopping being done at traditional shops. The formalisation of the sector will be a key trend underlying the sector's expansion in the coming decade[25]. Zambians rising inflation amid the weakening of the Kwacha has exacerbated the negative impact of Covid-19 on consumer spending growth in 2020 on the FMCG sector. Improved economic growth in 2021 is expected to support household disposable income with household spending expected to grow by a real rate of 3.8% year on year over 2021, an improvement from the negative 2.8% year on year in 2020[26].

LEGAL, POLICY SUPPORT AND GOVERNMENT RESPONSE

43. Government put in place general incentives to support the economy including the FMCG. Incentives includes negotiated time to pay for income tax and Value Added Tax (V.A.T). This was in addition to the easing of liquidity the release of 2.5 billion Kwacha (app. US$140 Mill) to reduce arrears owed to domestic supplies of goods and services, pay outstanding arrears of pensioners and retirees[27]. In March 2020, the Zambian government suspended excise duty on imported ethanol for use in alcohol-based sanitizers and other medicine related activities subject to guidelines that were issued by ZRA. In April 2020, measures to mitigate the impact of Covid-19 on the Zambian economy such as: Tax Reliefs (Waiver of Tax Penalties and Interest) were done by ZRA to assist companies and businesses manage their cash flows, the Zambian government decided to waive tax penalties and

[24] https://www.tradezimbabwe.com/wp-content/uploads/2019/09/Zambia_Market_Survey_2019_1b.pdf
[25] https://home.kpmg/zm/en/home/insights/2016/08/african-consumer-and-retail-sector-report-2016.html
[26] https://www.marketresearch.com/Business-Monitor-International-v304/Zambia-Consumer-Retail-Q1-13882987/
[27] https://home.kpmg/xx/en/home/insights/2020/04/zambia-tax-developments-in-response-to-covid-19.html

interest on outstanding tax liabilities resulting from the impact of Covid-19. ZRA further suspended customs duties and VAT on additional medical supplies used in the fight against Covid-19, in order to expedite the provision of medical related devices needed to support the fight against Covid-19, the Zambian government extended the list of medical supplies that were not subject to Import Duty and Value Added Tax for an initial period of 6 months. The complete list comprised of 38 individual items which included; testing equipment, protective garments, thermometers, disinfectants, sterilisation products and other medical equipment such as ventilators and patient monitoring devices[28].

IMPACT OF THE COVID-19 PANDEMIC ON THE SECTOR

44. Many countries have imposed temporary closures to non-essential stores, bars, and venues, as well as putting a ban on large public gatherings and encouraging people to work from home wherever possible. As such, the market for fast-moving consumer goods faces considerable changes: demand for consumer goods has climbed sharply, while growth in household goods spending surged as well. One-way people try to reduce their chances of catching the COVID 19 is by decreasing the frequency of going to the grocery stores. Some consumers are resorting to stockpiling essential commodities such as food, toiletries and cleaning detergents. Others are using e-commerce to purchase products that they usually would find in a store[29].

GEOGRAPHICAL LOCATION OF ESTABLISHMENTS

45. The study sampled responses from FMCG's in geographical locations of Lusaka, Luapula, North-Western, Southern and Muchinga Provinces as shown in Table 7 below.

Table 7: Geographical location of establishments

Province	**Numbers**
Lusaka	1
Luapula	4
Southern	1
Muchinga	1
North-Western	2
TOTAL	**9**

46. The results above indicate that Luapula province had the most responses while the other provinces had fewer responses. The low responses are

[28] https://www.comesa.int/wp-content/uploads/2020/07/Measures-in-COMESA-MS-in-Response-to-Covid-19-Vol-16-.pdf
[29] https://www.statista.com/topics/6248/covid-19-impact-on-the-fmcg-market-worldwide/

attributed to reluctance of establishments wanting to respond to the questionnaires.

TYPES OF FMCG's

47. The study profiled the types of FMCGs that the respondents provide. Among the FMCGs identified include; Hand Wash, Hand Sanitizer, Antiseptic Liquid, Methylated spirits and Toilet paper. The study also profiled the source of supply, order prices, retail prices and volumes sold to respondents before the Covid-19 pandemic and during Covid-19 pandemic. The responses from the FMCG's are summarized in Table 8 below**.**

Table 8; Types of FMCG's

Type of FMCGs	**January**	**%**	**April**	**%**	**August**	**%**
Hand wash	7	77.8%	6	66.7%	5	55.6%
Hand Sanitizer	7	77.8%	5	55.6%	5	55.6%
Antiseptic Liquid	2	22%	2	22%	2	22%
Methylated spirit	4	44%	4	44%	4	44%
Toilet paper	4	44%	4	44%	4	44%

48. The findings indicate that FMCGs suppliers were already selling hand sanitizer, antiseptic liquid, toilet paper, methylated spirit and hand wash in January 2020 as a result of the Cholera outbreak in 2019. The FMCGs providers in the months of January, April and August 2020 continued to sale the same products on the market as a result of the COVID 19 pandemic.

SOURCE OF SUPPLY

49. The findings indicate that 6 out of 9 respondents purchased Hand wash, Hand Sanitizer, Antiseptic Liquid, Methylated spirit and Toilet paper from Trade Kings. 3 out of 9 respondents got their toilet paper from Gourock while 1 respondent got their Methylated spirit from Kabrinira. 1 respondent purchased Hand wash, Hand Sanitizer, Antiseptic Liquid, Methylated spirit and Toilet paper from Amico Wholesaler. 2 out of 9 respondents purchased their; Hand wash, Hand Sanitizer, Antiseptic Liquid and Methylated spirit from local suppliers while 1 respondent purchased Hand wash, Hand

Sanitizer, Antiseptic Liquid, Methylated spirit and Toilet paper from Mama Africa and South Africa. The responses from the FMCG's are summarized in Table 9 below**.**

Table 9; Source of Supply

Supplier	**Respondents**
Trade Kings	6
Gourock	3
Kabrinira	1
Amico Wholesaler	1
Local Supplies	3
Mama Africa	1
South Africa	1

ORDER PRICES

50. The findings indicate that the price of hand wash increased between January and April by 25 % while the same increased by 8% in August. The price of hand sanitizer in January to April increased by 15.4% while the same sharply increased by 93.3% from April to August. The prices of antiseptic liquid in April and August showed an 18.8% increase from January to April and a -2.6% decrease from April to August. Methylated spirit in January and April averaged a 10.96% increase in terms of prices and another 2.5% increase in price in August. Toilet paper prices in January to April increased by 2.1% and by 7.2% from April to August. This indicates that the prices of FMCGs increased significantly between April and August but averaged in the month of August. The responses from the FMCG's are summarized in Table 10 below.

Table 10: Order Price variations

Product	**January Average Order Prices**	**% change**	**April Average Order Prices**	**% change**	**August Average Order Prices**
Hand wash	20	25%	25	8%	27
Hand Sanitizer	13	15.4%	15	93.3%	29
Antiseptic Liquid	16	18.8%	19	-2.6%	18.5
Methylated spirit	7.3	10.96%	8.1	2.5%	8.3
Toilet paper	9.5	2.1%	9.7	7.2%	10.4

RETAIL PRICES

51. The findings indicate that the average retail prices of hand wash in January 2020 were K25, K25 in April and K30 in August. The changes in prices in January to April were 0% while the changes in prices in April to August were 20%. The average retail prices of hand sanitizer in January, April and August 2020 were K20, K26 and K36 respectively. The percentage changes in prices from January to April were 30% and 38.5% from April to August. The average retail prices of antiseptic liquid among the 9 sample FMCG's providers were K18 in January, K20 in April and K20 in August which showed an 11.1% increase from January to April and 0% change from April to August. The average retail prices of methylated spirit in January were K10 which showed a 10% (K11) increase of prices in April and a 22.7% (K13.5) increase in prices in August. Average toilet paper retail prices in January were K11.8, the prices increased by 1.7% (K12) in April and 15% (K13.8) in August. This indicates that the prices of FMCGs increased significantly between April and August but averaged in the month of August. The responses from the FMCG's providers are summarized in Table 11 below.

Table 11; Retail Prices

Product	**January Average Retail Prices**	**% change**	**April Average Retail Prices**	**% change**	**August Average Retail Prices**
Hand wash	25	0%	25	20%	30
Hand Sanitizer	20	30%	26	38.5%	36
Antiseptic Liquid	18	11.1%	20	0%	20
Methylated spirit	10	10%	11	22.7%	13.5
Toilet paper	11.8	1.7%	12	15%	13.8

VOLUMES SOLD

52. The findings indicate that the average volumes sold of hand wash in January were 78.7 units, 135.5 units in April and 113 units in August. The changes in volumes sold in January to April were 72.2% while the change in volumes sold in April to August were -16.6%. The average volumes sold of hand sanitizer in January, April and August were 18.3 units, 29 units and 145.3 units respectively. The percentage changes in volumes sold from January to April were 58.5% and 401% from April to August. The average volumes sold

of antiseptic liquid among the 9 sample FMCG's providers were 40 units in January, 58 units in April and 56 units in August which showed a 45% increase from January to April and a -3.4% change from April to August. The average volumes sold of methylated spirit in January were 91.5 units which showed a 33.9% (122.5) increase of volumes sold in April and a 23.7% (151.5) increase in prices in August. Average toilet paper volumes sold in January were 111 units, the volumes increased by 27.3% (141) in April and 74.5% (246) in August. This indicates that the prices of FMCGs increased significantly between April and August but averaged in the month of August. The responses from the FMCG's providers are summarized in Table 12 below.

Table 12; Volumes sold

Product	**January Average Volumes Sold**	**% change**	**April Average Volumes Sold**	**% change**	**August Average Volumes Sold**
Hand wash	78.7	72.2%	135.5	-16.6%	113
Hand Sanitizer	18.3	58.5%	29	401%	145.3
Antiseptic Liquid	40	45%	58	-3.4%	56
Methylated spirit	91.5	33.9%	122.5	23.7%	151.5
Toilet paper	111	27.3%	141	74.5%	246

ANALYSIS OF STUDY FINDINGS IN THE FMCG'S SECTOR

53. From January to August all products showed an upward change in prices except antiseptic liquid which showed a negative change in order prices from April to August. Retail prices also showed an upward change. This was despite the Zambian government putting in place several measures such as; the suspension of customs duty and VAT on PPE's, disinfectants, sterilisation products and alcohol-based hand sanitizers[30].

54. Hand sanitizer order prices increased by 93.3% from April to August while the retail prices increased by 38.5% for the same period. This was in addition to a 30% retail price increase of 30% from January to April. Findings indicate average price difference of K2 at order price from January to August with an

[30] Ibid[28]

increase of K5 of price difference to K7 on average (71.42%) from August to April. At retail level, the price difference was K6 from January to August before rising to K10 from August to April representing a 40% change in price difference. It appears the price changes were more pronounced at wholesale level than at retail level. The increase in price was on the back of strong demand for hand sanitiser with increase in volume sold of 58.5% from January to April and 401% from April to August.

55. Hand wash price difference on average from January to April was K5 at wholesale level and K0 at retail level the same period. The average of August was K2 at wholesale level and K5 at retail level. The cumulative change at wholesale was K7 while the retail change was K5 an indication that the retail level may have internalised some costs as volumes sold fell down 16.6% from April to August and indication that hand wash as a FCMG may not have been as convenient as hand sanitisers. It should be noted during this period there was a scaled-up promotion of key public health behaviours in communities such as frequent hand washing and sanitising. The *Rapid Covid-19 Vulnerability Assessment*[31] done by WaterAid indicated the leading measures undertaken by households to prevent COVID-19 were washing of hands using soap and clean water (83.5%) and using alcohol-based sanitizers at 45.5%.

56. Methylated spirit equally saw price adjustments at both wholesale and retail levels. The wholesale price in January and April averaged a 10.96% while April to August was 2.5%. The average retail prices of methylated spirit in January was K10 increasing to K11 in April and K13.5 increase in prices in August. The average volumes sold of methylated spirit by the respondents in January was 91.5 units and 122.5, a 33.9% increase. In August, the volumes sold increased by 23.7% to 151.5 units. Methylated spirits have an ethanol percentage of 99%[32] which could have been used as an ingredient to make homemade hand sanitisers following the increase in hand wash and hand sanitiser prices.

57. Antiseptic Liquid which showed stable prices and reduced volumes sold despite the abundance of awareness of campaigns promoting hand wash. This suggests that consumers may have preferred the use of hand sanitizers to hand wash to antiseptic liquid seeing that hand sanitizers were portable and do not require the use of running water. The increase in demand for portable sanitising alternatives could have also been attributed to increased consumer awareness and sensitizations of the pandemic that were carried out through different channels such as; newspaper, radio and social media by several public and private players.

[31] https://washmatters.wateraid.org/sites/g/files/jkxoof256/files/rapid-covid-19-vulnerability-assessment-lusaka-zambia.pdf

[32] https://www.taste.com.au/articles/make-own-hand-sanitiser/b6yhw28p

58. The findings of price adjustments are despite the fact that 8 out of 9 respondents received their supplies from local supplies and only one indicated their source as being imports from South Africa. In addition, the respondents did not sustain any VAT and customs duty costs as they were suspended by the Government at the time. It therefore follows that the price adjustments were likely to have been responding to changes in demand and not changes in the cost structure.

PHARMACEUTICAL SECTOR

59. The pharmaceutical industry discovers, develops, produces, and markets drugs or pharmaceutical drugs for use as medications to be administered (or self-administered) to patients, with the aim to cure them, vaccinate them, or alleviate the symptoms. Pharmaceutical companies usually deal in generic or brand medications and medical devices[33].

FINDINGS

PROFILE OF THE PHARMACEUTICAL SECTOR

60. The primary importers of pharmaceutical products to both the public and private sectors are wholesalers and domestic manufacturers that also hold importation licenses. In 2019, there were 49 pharmaceutical wholesale outlets included on the Zambia Medicines Regulatory Authority's (ZAMRA) published registry. Prior years' published lists contained more than 200 registered wholesalers. The majority of wholesalers and pharmacies are based in Lusaka, with the remainder based in the urban centres of the Copperbelt Province and Livingstone. In 2019, there were 393 hospitals and retail pharmacies included on ZAMRA's published registry. While the number of hospitals and retail pharmacies is growing, the largest client for wholesalers in Zambia continues to be the MOH. Other primary clients include public sector hospitals, district health offices, and mining industry facilities[34]. The Zambia Pharmaceutical Market 2019 report found that the top pharmaceutical industry players include; Sanofi-Aventis Zambia, Pharma Product Manufacturing, Pfizer (DKSH is the Distributor in Zambia) and Zambia Pharmaceutical Enterprises[35].

LEGAL, POLICY SUPPORT AND GOVERNMENT RESPONSE

[33] https://www.sciencedirect.com/topics/chemistry/pharmaceutical-industry
[34] https://www.ghsupplychain.org/sites/default/files/202005/Zambia_Wholesaler_Assessment_MNCH_Jan%202020.pdf
[35] https://www.globalbankingandfinance.com/category/news/zambia-pharmaceutical-market-2019-top-leading-countries-companies-consumption-drivers-trends-forces-analysis-revenue-challenges-and-global-forecast-2026/

61. Improving Zambians' access to quality health services and essential medicines remains critical, especially in light of the COVID-19 pandemic, as is ensuring that Zambia has the capacity to ensure that all medicines provided are of suitable quality. To improve access to essential medicines the government has adopted the National Supply Chain Strategy and has transferred responsibility for the procurement of medicines and medical supplies from the Ministry of Health to Medical Stores Limited (MSL). In addition, the Zambia Medicines Regulatory Authority (ZAMRA) has been mandated to ensure quality assurance of medicines as laid down in the Pharmaceutical Act of 2004 and reconfirmed in the National Health Strategic Plan 2017-21. Both organisations, as well as the Ministry of Health, are undergoing institutional and administrative changes. Moreover, shortages and the efficient use of human resources in the health sector are persistent problems. The Government of the Republic of Zambia has prepared a COVID-19 Multi-sectoral National Contingency and Response Plan which it has asked cooperating partners to support[36].

62. The pharmaceutical sector in Zambia during the period of review (January to August) experienced an upward slope in the demand and supply of Covid-19 medicines and essentials (sanitisers). Due to the increase in demand and supply, the sector in June, 2020 faced an order to recall some named brands of sanitisers and disinfectants off the market by Zambia Medicines Regulatory Authority (ZAMRA). This was after the products allegedly failed protection and safety standards by the Zambia Bureau of Standards (ZABS). Among the recalled sanitisers and disinfectants included Ten Wonders, Avacare, Bickmac, Glitzcare, Flost Antiseptic, Classic Match, Classic Match, So Clean Sanitiser Germ Killer, So Clean Anti-Bacterial, 3-Times Plus, Vintage, Plus and Sterilix Hand Sanitiser[37].

IMPACT OF THE COVID-19 PANDEMIC ON THE SECTOR

63. The pharmaceutical industry has been moving ahead with great confidence, as usual, to manufacture various pharmaceutical products as well as Research & Development activities to develop the vaccines & other products to combat the Covid 19 crisis[38]. The industry in Zambia experienced major changes in the demand and supply of Covid-19 related medicines and essentials. As a result, in order for suppliers to meet the demand of consumers, Zambia saw the increase in supply/production of sub-standard

[36] https://ec.europa.eu/international-partnerships/system/files/aap-zambia-2020-c-2020-5468-annex_en.pdf
[37] https://www.znbc.co.zm/news/13-hand-sanitizer-brands-face-recall/
[38] https://journals.sagepub.com/doi/full/10.1177/1741134320942275

hand sanitizers and disinfectants that did not meet the ZABS prescribed protection and safety standards[39].

FINDINGS

64. Among the numerous drugs produced and imported in Zambia. The study mainly focused on the following types of drugs; steroids, blood thinners, anti-malaria drugs, antibiotics, pain/fever medication and (Personal Protective Equipment) PPE for pharmacies.

GEOGRAPHICAL LOCATION OF SUPPLIERS - PHARMACEUTICAL WHOLESALERS

65. The study received three (3) responses from wholesalers in the pharmaceutical sector that were sampled. The geographical locations of the respondents were Lusaka Province as shown in the Table 11 below.

Province	Numbers
Lusaka	3

TYPES OF DRUGS OFFERED

66. The study profiled the drugs that the respondents provided by segmenting the responses in four (4) parts. The 4 parts included; source of supply of the drugs, retail, order prices and volumes sold in January 2020, retail, order prices and volumes sold in April 2020 and retail, order prices and volumes sold in August 2020 (over a period of 8 months). The study findings are as presented in table 12 below;

Table 12: Type of Drugs

Type of Drug	January	%	April	%	August	%
Steroids	2	66.7%	1	33.3%	1	33.3%
Blood Thinners	0	100%	0	100%	0	100%
Anti-Malaria Drugs	2	66.7%	2	66.7%	1	33.3%

[39] Ibid[33]

Medications for pain/fever	2	66.7%	1	33.3%	1	33.3%
PPE for pharmacies	0	100%	1	33.3%	1	33.3%
Anti-Viral Drugs	1	33.3%	1	33.3%	1	33.3%
Antibiotics	3	100%	2	66.7%	2	66.7%

67. The findings indicate that 2 out of 3 respondents sold Steroids in January, 1 out of 3 respondents sold Medications for pain/fever in April while 1 out of 3 respondents sold steroids in August. 0 out of 3 respondents sold blood thinners in January, April and August. 2 out of 3 respondents sold anti-malaria drugs in January and April while 1 out 3 respondents sold anti-malaria drugs in August. 2 out of 3 respondents sold medications for pain/fever in January while only 1 respondent sold medications for pain/fever in April and August.

68. 100% (0) of the respondents did not sale PPE for pharmacies in January while 1 respondent sold PPE for pharmacies in April and August. 1 out of 3 respondents sold anti-viral drugs in January, April and August. All 3 respondents sold antibiotics in January while only 2 respondents out of 3 sold antibiotics in April and August.

SOURCE OF SUPPLY

69. The study findings indicate that 1 out of 3 respondents got their steroids, anti-malaria and anti-viral drugs from Cipla (India), 1 respondent got their steroids, anti-malaria and anti-viral drugs from Umedica Lab (India) while the other respondent got their steroids, anti-malaria, anti-viral and antibiotics from TIL Healthcare (India). 2 out of 3 respondents got their antibiotics from local supplies while all 3 respondents got their medications for pain/fever and PPE for pharmacies from local supplies. The responses from the FMCG's are summarized in Table 13 below.

Table 13: Source of Supply

Supplier	**Respondents**
Cipla (India)	1
Umedica Lab (India)	1
Universal Corp (Kenya)	1
TIL Healthcare (India)	1
Local Supplies	3

ORDER PRICES

70. The findings indicate that the average order prices of steroids in January were K180, K180 in April and K180 in August. The change in prices in January, April and August were 0%. The average order prices of anti-viral drugs in January were K20. All 3 respondents did not order or resale anti-viral drugs in April and August. Henceforth, there were no percentage changes in prices from January to April and from April to August. The average order prices of anti-malaria drugs were K29 in January, K28 in April and August. The change in prices showed a -3.4% change from January to April and a 0% change from April to August. Order prices from medications for pain/fever increased from K90 in January to K128 in April this showed a 42.2% change in prices. The prices remained constant from April to August hence showing a 0% change in prices. PPE for pharmacies order prices in January were K38, K48 in April and K48 in April. The change in prices from January to April showed a 26.3% increase and 0% increase from April to August. The average order prices of anti-biotics in January were K40.45 which in increased by 1% (K43.73) in April and later increased by 2.9 % (K45) in August. The responses from the pharmaceutical wholesalers are summarized in Table 14 below.

Table 14; Order prices

Product	January Average Order Prices	% change	April Average Order Prices	% change	August Average Order Prices
Steroids	180	0%	180	0%	180
Anti-Viral	20	-%	-	-%	-
Anti-Malaria Drugs	29	-3.4%	28	0%	28
Medications for pain/fever	90	42.2%	128	0%	128
PPE for pharmacies	38	26.3%	48	0%	48
Anti-biotics	40.45	8.1%	43.73	2.9%	45

RETAIL PRICES

71. The findings indicate that the average retail prices of steroids in January were K200, K200 in April and K200 in August. The change in prices in January, April and August were 0%. The average order prices of anti-viral drugs in January were K25. All 3 respondents did not order or resale anti-viral drugs in April and August. Henceforth, there were no percentage changes in prices from January to April and from April to August.

72. The average order prices of anti-malaria drugs were K32.94 in January, K30.86% in April and K30 in August. The price change from January to April showed a -6.3% decrease, while the price changes from April to August showed a -2.8% decrease. Retail prices from medications for pain/fever in January were K122. All three respondents did not retail medications for pain/fever in April and August. PPE for pharmacies retail prices in January were K40, K51.25 in April and K50 in August. The change in prices from January to April showed a 28% increase and a -2.4% decrease from April to August. The average retail prices of anti-biotics in January and April were K43.9 while prices increased in August to K47.05. The responses from the FMCG's providers are summarized in Table 15 below.

Table 15; Retail Prices

Product	January Average Retail Prices	% change	April Average Retail Prices	% change	August Average Retail Prices
Steroids	200	0%	200	0%	200
Anti-Viral	25	0%	-	0%	-
Anti-Malaria Drugs	32.94	-6.3%	30.86	-2.8%	30
Medications for pain/fever	122	0%	-	0%	-
PPE for pharmacies	40	28%	51.25	-2.4%	50
Anti-biotics	43.9	0%	43.9	7.2	47.05

VOLUMES SOLD

73. The responses from the pharmaceutical wholesalers are summarized in Table 16 below.

Table 16; Volumes sold

Product	January Average Volumes Sold	% change	April Average Volumes Sold	% change	August Average Volumes Sold
Steroids	113.8	41.7%	161.2	156.5%	413.4
Anti-Viral	327	0%	-	0%	-
Anti-Malaria Drugs	431.1	-2.4%	420.7	-25.3%	314.2
Medications for pain/fever	3036	0%	-	0%	-
PPE for pharmacies	157	56.7%	246	855.9 %	2351.6
Anti-biotics	3721.2	-91.9%	299.9	-8.7%	274.2

74. The findings indicate that the average volumes of drugs sold of steroids in January were 113.8, 161.2 in April and 413.4 in August. The changes in volumes sold in from January to April and from April to August were 41.7% and 413.4% respectively. The average volumes sold of anti-viral drugs in January were 327 units. All 3 respondents did not order or resale anti-viral drugs in April and August. Henceforth, there was no percentage changes in volumes sold from January to April and from April to August.

75. The average volumes sold of anti-malaria drugs were 431.1 units in January, 420.7 units in April and 314.2 units in August. The volume change from January to April showed a -2.4% decrease, while the price changes from April to August showed a -25.3% decrease. Volumes sold for medications for pain/fever in January were 3036 units. All three respondents did not retail medications for pain/fever in April and August. PPE for pharmacies volumes sold in January were 157 units, 246 units in April and 2351.6 units in August. The change in volumes sold from January to April showed an increase of 56.7% and an increase of 855.9% from April to August. The average volumes sold of anti-biotics in January and April were 3721.2 units and 299.9 units respectively while volumes sold reduced to 274.7 in August.

PHARMACEUTICAL RETAILERS

GEOGRAPHICAL LOCATION OF ESTABLISHMENTS

76. The study profiled ten responses from retailers in the pharmaceutical sector. The geographical locations of the respondents were Lusaka, Northern and Muchinga, Western, Luapula, and North-Western Provinces as shown in Table 17 below.

Table 17; Geographical location of establishments

Province	**Numbers**
Lusaka	1
Northern	2
Muchinga	1
Western	1
North-Western	4
Luapula	1
Total	**10**

TYPES OF DRUGS OFFERED

77. The study profiled the drugs that the respondents provided by segmenting the responses in four (4) parts. The 4 parts included; source of supply of the drugs, retail, order prices and volumes sold in January 2020, retail, order prices and volumes sold in April 2020 and retail, order prices and volumes sold in August 2020 (over a period of 8 months). The study found the following in Table 18;

Table 18; Type of Drugs

Type of Drug	**January**	**%**	**April**	**%**	**August**	**%**
Steroids	9	90%	9	90%	9	90%
Blood Thinners	7	70%	7	70%	7	70%
Anti-Malaria Drugs	9	90%	9	90%	9	90%
Medications for pain/fever	7	70%	7	70%	7	70%
PPE for pharmacies	5	50%	7	70%	7	70%
Anti-Viral Drugs	1	10%	1	10%	1	10%
Antibiotics	8	80%	8	80%	8	80%

78. The findings indicated that 9 out of 10 respondents sold Steroids and Anti-Malaria Drugs in January April and August. 7 out of 10 respondents sold blood thinners and medications for pain/fever in January, April and August. While 5 out 10 respondents sold PPE for pharmacies in January and 7 out 10 respondents sold PPE for pharmacies in April and August. The study also found out that only 1 out of 10 respondents sold antiviral drugs in January, April and August. The further found that 8 out of 10 respondents sold antibiotics in January, April and August.

SOURCE OF SUPPLY

79. The responses from respondents are summarized in Table 19 below.

Table 19; Source of Supply

Supplier	**Respondents**
India	1
Karibu pharmaceuticals	6
ADS	2
Sylkay Pharmaceuticals	1
Yash	2
Shalina Pharmaceuticals	2
Artemis	1
Maithili Pharmaceuticals	3
Vyking	3
International	1
Local Supplies	4

80. The findings indicate that 1 out of 10 respondents got their Steroids, Blood Thinners, Anti-Malaria Drugs, Medications for pain/fever, PPE for pharmacies, Anti-Viral Drugs and Antibiotics from India. 1 out of 10 respondents got their Steroids, Blood Thinners, Anti-Malaria Drugs, Medications for pain/fever, PPE for pharmacies and Anti-Viral Drugs from local supplies and Antibiotics from International suppliers. 6 out of 10 respondents got their Steroids, Blood Thinners and Anti-Malaria Drugs from Karibu pharmaceuticals while 2 out of 10 respondents got their Medications for pain/fever, PPE for pharmacies, Anti-Viral Drugs and Antibiotics from ADS, Yash and Shalina Pharmaceuticals. 1 out of 10 respondents got their PPE for pharmacies, Anti-Viral Drugs and Antibiotics from Sylkay

Pharmaceuticals and Artemis. 3 out of 10 respondents got their PPE for pharmacies and antibiotics from Maithili Pharmaceuticals and Vyking.

ORDER PRICES

81. The responses from the pharmaceutical retailers are summarized in Table 20 below.

Table 20; Order Prices

Product	January Average Order Prices	% change	April Average Order Prices	% change	August Average Order Prices
Steroids	11	170%	29.7	-27.3%	21.6
Blood Thinners	42.4	-20%	33.9	48.1%	50.2
Anti-Viral	7.5	24%	9.3	77.4%	16.5
Anti-Malaria Drugs	117.8	25.8%	148.2	-13%	128.9
Medications for pain/fever	19.4	7.2%	20.8	-17.3 %	17.2
PPE for pharmacies	19.8	7.1%	21.2	-1.9%	20.8
Anti-biotics	65.5	-14.2%	56.3	-3.2%	58.1

82. The findings indicate that the average order prices of steroids in January were K11, K29.7 in April and K21.6 in August. The change in prices from January to April and April to August were 170% and -27.3% respectively. The average order prices of blood thinners in January were K42.4, K33.9 in April and K50.2 in August. The average order prices of anti-viral drugs in January were K7.5, K9.3 in April and K16.5 in August. The average order prices of anti-malaria drugs in January to April showed a 25.8% increase and -13% decrease from April to August. The average order prices of medications for pain/fever showed a 7.2% increase from January to April and -17.3% decrease from April to August. The average order prices of PPE for pharmacies in January were K19.8, K21.2 in April and K20.8 in August. While average order prices of Anti-biotics in January were K65.5, K56.3 in April and K58.1 in August.

RETAIL PRICES

83. The findings indicate that the average retail prices of steroids in January were K20, K50 in April and K47.6 in August. Blood Thinners were sold for K52.4

in January, K40 in April and K60 in August. The changes in prices showed a -23.7% changes from January to April and a 50% increase from April to August. Average prices for anti-viral drugs ranged from K11.25 to K22.5 the changes in price from January to April showed a 24.4% increase and a 60.7% increase from April to August. Anti-malaria drugs were sold at an average price of K120.4 in January, K150.4 in April and K130.7 in August. Medications for pain/fever were sold for K20.2 in January, K22.8 in April and K19.5 in August. PPE for pharmacies were sold at an average price of K22 in January, K25.1 in April and K24.4 in August while anti-biotics were sold at an average price of K70.2 in January, K58.9 in April and K60.6 in August. The responses from the pharmaceutical retailers are summarized in Table 21 below.

Table 21; Retail prices

Product	**January Average Retail Prices**	**% change**	**April Average Retail Prices**	**% change**	**August Average Retail Prices**
Steroids	20	150%	50	-4.8%	47.6
Blood Thinners	52.4	-23.7%	40	50%	60
Anti-Viral	11.25	24.4%		60.7%	22.5
Anti-Malaria Drugs	120.4	24.9%	150.4	-13.1%	130.7
Medications for pain/fever	20.2	12.9%	22.8	-14.5%	19.5
PPE for pharmacies	22	14.1%	25.1	-2.8%	24.4
Anti-biotics	70.3	-16.2%	58.9	2.9%	60.6

VOLUMES SOLD

84. The responses from the pharmaceutical retailers are summarized in Table 22 below.

Table 22; Volumes sold

Product	**January Average**	**% change**	**April Average**	**% change**	**August Average**

	Volumes Sold		Volumes Sold		Volumes Sold
Steroids	1486.3	-8.8%	1355.2	-25%	1014.6
Blood Thinners	2454.8	23.6%	3035	-38.2%	1876.8
Anti-Viral	67.5	-11.1%	60	-15.8%	50.5
Anti-Malaria Drugs	66.8	263.5 %	242.8	-85.9%	34.2
Medications for pain/fever	784.3	-6.2%	735.45	-3.5%	709.95
PPE for pharmacies	1946.9	3.6%	2017.4	26.6%	2554
Anti-biotics	1023	11.1%	1136.7	6.7%	1060.2

85. The findings indicate that the average volumes sold of steroids in January were 1486.3 units, 1355.2 units in April and 1014.6 units in August. Average blood thinners sold in January were 2454.8, 3035 in April and 1876.8 in August. The average anti-viral drugs sold in January were 67.5 units, 60 units in April and 50.5 units in August. Anti-Malaria drugs sold from January to August were 66.8 units, 242.8 units and 34.2 units respectively. Medications for pain/fever were 784.3 units in January, 735.45 in April and 709.95 in August. The average volumes sold of PPE for pharmacies were 1946.9 in January, 2017.4 in April and 2554 in August while volumes sold for anti-biotics were 1023 units in January, 1136.7 units in April and 1060.2 units in August. The retail and wholesale pharmaceutical sector's price variation of drugs increased and decreased between the months of April and August 2020 while in January prices of drugs remained low.

ANALYSIS OF STUDY FINDINGS IN THE PHARMACEUTICAL SECTOR

86. The findings indicate that there was a general availability of medical supplies from PPEs, steroids, blood thinners, anti-malaria drugs and antiviral drugs. At wholesale level, the majority indicated sourcing their supplies from regional and international markets while at retail level, the supplies were acquired mostly from local supplies. Retail level refer to pharmacies that resale to end consumers.

87. Most advise has been that the most common symptoms of COVID-19 are a fever, coughing, and breathing problems. Unless one has severe symptoms,

one could most likely treat themselves at home, the way a cold or the flu is treated. Most people recover from COVID-19 without the need for hospital care[40]. Some of the same things one was required to do to feel better was getting enough rest, staying well hydrated, and taking medications to relieve fever and aches and pains.[41]

88. In some jurisdictions, some medications were approved for example, the Food and Drug Administration (FDA) of the United States of America approved the use of Remdesivir (Veklury), to treat COVID-19[42]. Arguably this could have influenced some clinical management of covid 19 in Zambia as well. Reports suggests that in September it was reported that the Zambian government had acquired Remdesivir as treatment of COVID-19[43].

89. It was thus expected that pain killers and antiviral drugs in addition to PPE such as facemasks would be affected by the pandemic. Findings indicate that at wholesale level, PPES volumes surged from 157 units to 2351.6 units between January and August. This is similar to with the retail level with PPEs sold surging from 1946.9 in January to 2554 in August. The price indicated showed a 26% increase on average for order price at wholesale level from K38 to K48 with a corresponding 25% adjustment in prices to pharmaceutical retailers of K40 in January to K50 in August. At the retail level (pharmacy level), retail prices to consumers increased by 22% from K22 in January to K24.4 in August. The price adjustments indicate a general pass through with internalisation of costs adjustments at both the wholesale and retail level.

90. Although there is no role for antibiotics in the treatment of coronavirus infection, 58% of patients in Wuhan China were started on antibiotics[44]. According to the World Health Organization (WHO), antibiotics are not effective in the treatment of COVID-19, which the new coronavirus causes[45]. However, antibiotics were considered an effective treatment against bacterial infections and people with COVID-19 received antibiotics to treat secondary bacterial infections[46]. Azithromycin is an example of an antibiotic that researchers considered a potential treatment option for COVID-19. Azithromycin has anti-inflammatory effects, which may help reduce an overactive immune response to COVID-19[47].

[40] https://www.webmd.com/lung/covid-treatment-home-hospital#1
[41] https://www.health.harvard.edu/diseases-and-conditions/treatments-for-covid-19
[42] https://www.cdc.gov/coronavirus/2019-ncov/your-health/treatments-for-severe-illness.html
[43] http://www.xinhuanet.com/english/2020-09/17/c_139376879.htm
[44] https://www.medscape.com/answers/2500117-197549/what-is-the-role-of-antibiotic-therapy-in-the-treatment-of-coronavirus-disease-2019-covid-19
[45] https://www.who.int/emergencies/diseases/novel-coronavirus-2019/advice-for-public/myth-busters
[46] https://www.medicalnewstoday.com/articles/can-antibiotics-treat-the-coronavirus-disease
[47] https://www.medicalnewstoday.com/articles/can-antibiotics-treat-the-coronavirus-disease

91. Findings indicate that antibiotics saw a price increase at whole level to pharmacies by 7% from K43.7 to K47.05. However, there was a drop in price to consumers at retail level of 13.7%. volumes at both wholesale and retail level equally dropped signalling a weak demand for the product.

92. Patients with severe COVID-19 can develop a systemic inflammatory response that can lead to lung injury and multisystem organ dysfunction. It has been proposed that the potent anti-inflammatory effects of corticosteroids might prevent or mitigate these deleterious effects[48]. However, studies suggest that in COVID-19, such a long-lasting course of corticosteroids can inadvertently lead to poor treatment outcomes[49]. Prices of steroids at wholesale level remained the same from January to August despite an increase in volumes sold to pharmacies from 113.8 units to 413.4 units during the same period. Prices to consumers at pharmacy level increased by 138% from K20 to K47.6 (K20 in January, K50 in April and K47.6 in August) based on the responses despite a drop in volumes sold from 1486.3 units in January, 1355.2 units in April and 1014.6units in August. This may suggest an anticipated increase in demand at retail level by end consumer which based on volumes did not materialise prompting a reduction in price from April to August on the back of reduced volumes sold.

CONCLUSION

93. The Hospitality sector remains the hardest hit by the COVID 19 pandemic due to both international and in-country travel restrictions which resulted in both domestic and international subdued hospitality activities. Despite the challenges the sector is faced, data collected indicated that consumers who may have suffered cancellations due to COVID 19 were not disadvantaged as they had options of full or partial refunds or the option of postponement of hospitality services.

94. In the Retail sector of the FCMG, all products showed an upward change in retail prices except antiseptic liquid which showed a negative change in order prices from April to August. This was despite the Zambian government putting in place several measures such as, the suspension of customs duty and VAT on PPE's, disinfectants, sterilisation products and alcohol-based hand sanitizers. The findings of price adjustments are even though 8 out of 9 respondents received their supplies from local supplies and only one indicated their source as being imports from South Africa. In addition, Government had suspended VAT and customs duty at the time. It therefore follows that the price

[48] https://www.covid19treatmentguidelines.nih.gov/immunomodulators/corticosteroids/
[49] https://www.thelancet.com/journals/lanres/article/PIIS2213-2600(20)30530-0/fulltext

adjustments were likely to have been responding to changes in demand and not necessarily changes in underlying cost structure.

95. In the Pharmaceutical sector both at wholesale and retail, data indicate that there was a general availability of medical supplies from PPEs, steroids, blood thinners, anti-malaria drugs and antiviral drugs. At wholesale level, supplies were sourcing from regional and international markets while at retail level, the supplies were acquired mostly from local supplies. While PPEs volumes increased with corresponding increase in prices of around 25%, the other medical supplies generally saw wither stable prices, reducing volumes or reducing prices with the exception of steroids which increased at pharmacy level by 138% on the back of reduced volumes.

96. While price adjustments in some sectors may have seen an increase in prices from source which often was regional or international, data seem to suggest that changes in demand and anticipations may have equally influenced changes in prices. Prices that increased without corresponding increase in cost structures such as in the retail FMCG may point to profiteering given that there was a general encouragement to use supplies such as hand wash, hand sanitisers and PPEs.

RECOMMENDATION

97. There is need for measures to be put in place to avoid future or potential profiteering. The proposed recommendations thus largely seek to promote the use of measures to reign in on such occurrences. The recommendation are as proposed in the table below

Issue	**Concern**	**Recommendation**	**Expected Impact**	**Key Actors for Implementation**
Price adjustments	There was a general price adjustment especially in the retail FCMG sector and the pharmaceutical sector for PPEs	The Commission should increase its intelligence gathering system especially in pandemic situations	This will allow the Commission to quickly detect potential profiteering and make appropriate recommendation for policy interventions.	CCPC
		The Commission should continue pushing for the inclusion of unconscionable	With this power, the Commission will be able to investigate aspects of profiteering	CCPC

		conduct provisions in its proposed amendments to the Act	especially by non-dominant firms	
		The Ministry of Commerce, Trade and Industry should be proactive in its application of the Control of Goods Act	At policy level, this will protect consumers from potential profiteering	MCTI

ANNEXURES:

Appendix 1: SERVICE PROVIDERS OF HOSPITALITY SERVICES (I.E. CONFERENCE, EVENTS, TRAVEL, AND LODGING)

- What is the name of your establishment?

  ……
  ……
  ……

- Where is your establishment located? **(Circle applicable)**

  1) Lusaka
  2) Copperbelt
  3) Central
  4) Southern
  5) Northern
  6) Western
  7) Eastern
  8) North-Western
  9) Luapula
  10) Muchinga

- What hospitality services do you provide? **(Circle applicable)**

  1) Conference services
  2) Events services
  3) Travel services
  4) Lodging services
  5) All the above
  5) Other (Specify)
  ……

- Does your business have a written/non-written cancellation/refund policy in place?

  1) Yes ☐ 2) No ☐

- Has your establishment made any service cancellations as a result of the Covid-19 Pandemic?

  1) Yes ☐ 2) No ☐

- What cancellation options did you provide to your clientele?

☐

1) No refund
2) Partial refund ☐
2) Full refund ☐
3) Postponement of booking ☐
4) All the above ☐
6). Other (specify)……

- In an event of a partial refund, what percentage did you withhold as a service charge

  ……

Appendix 2: Questionnaire 2

Pharmacies and Chemists

Type of medical supplies	Source of supply	Order Price	Retail Price	Volumes sold	Order Price	Retail Price	Volumes sold	Order Price	Retail Price	Volumes sold
Anti-viral Drugs										
Abacavir										
Amprenavir (Agenerase)										
Biktarvy										
Cidofovir										
Cobicistat (Tybost)										
Combivir										
Darunavir										
Didanosine										
Dolutegravir										
Doravirine (Pifeltro)										
Efavirenz										
Elvitegravir										
Emtricitabine										
Fomivirsen										
Fosamprenavir										
Ibalizumab (Trogarzo)										
Indinavir										
Lamivudine										
Lopinavir										
Loviride										
Maraviroc										
Nelfinavir										
Nevirapine										
Norvir										
Rilpivirine										
Ritonavir										
Saquinavir										
Stavudine										
Tenofovir disoproxil										
Tenofovir										
Tipranavir										
Trizivir										
Truvada										
Valganciclovir (Valtrex)										
Vicriviroc										
Zalcitabine										
Zidovudine										
Steroïdes										
Prednisolone										
Betamethasone										
Dexamethasone										
Hydrocortisone										
Methylprednisolone										
Deflazacort										
Blood Thinners										
Apixaban (Eliquis)										
Dabigatran (Pradaxa)										
Edoxaban (Savaysa)										
Fondaparinux (Arixtra)										
Heparin (Fragmin, Innohep, and Lovenox)										

Rivaroxaban (Xarelto)										
Warfarin (Coumadin, Jantoven)										
Aspirin										
Clopidogrel (Plavix)										
Dipyridamole (Persantine)										
Prasugrel (Effient)										
Ticagrelor (Brilinta)										
Vorapaxar (Zontivity)										
Anti-Malaria Drugs										
artemether / lumefantrine										
Coartem										
mefloquine										
chloroquine										
doxycycline										
hydroxychloroquine										
Malarone										
Plaquenil										
atovaquone / proguanil										
clindamycin										
primaquine										
Doxy 100										
Vibramycin										
atovaquone										
Doryx										
Monodox										
Morgidox										
Oraxyl										
Cleocin										
Doryx MPC										
Cleocin HCl										
Cleocin Pediatric										
Cleocin Phosphate										
quinidine										
Malarone Pediatric										
Antibiotics										
amoxicillin										
doxycycline										
cephalexin										
ciprofloxacin										
clindamycin										
metronidazole										
azithromycin										
sulfamethoxazole and trimethoprim										
amoxicillin and clavulanate										
levofloxacin										
Augmentin										
Flagyl, Flagyl ER										
Amoxil										
Cipro										
Keflex										
Bactrim, Bactrim DS										
Levaquin										

Zithromax										
Avelox										
Cleocin										
Penicillins										
Tetracyclines										
Cephalosporins										
Quinolones										
Lincomycins										
Macrolides										
Sulfonamides										
Glycopeptides										
Aminoglycosides										
Carbapenems										
Medications for Pain/Fever										
Paracetamol (Panadol)										
acetaminophen										
Tylenol										
ibuprofen										
aspirin										
Advil										
Motrin										
naproxen										
Aleve										
Bayer Aspirin										
Advil Liqui-Gels										
Arthritis Pain										
Easprin										
Ecotrin										
A-G Profen										
Acephen										
Actiprofen										
Addaprin										
Anaprox										
Aspergum										
Cough syrups (dry cough)										
Ibrufen										
Nurofen (Ibuprofen)										
PPE for Pharmacies										
Medical Face Masks										
Protective hand gloves										
Hand sanitizers										
Protection body suits										