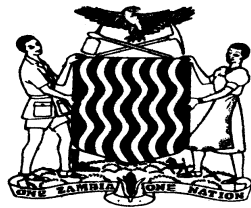


**MINISTRY OF FINANCE**

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**REGULATORY IMPACT ASSESSMENT REPORT ON THE  
PROPOSED GAMING AND LOTTERIES POLICY OF ZAMBIA**

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Prepared by: Technical Committee on the Establishment of the Gaming and Lotteries Authority  
Investments and Debt Management Department  
**MINISTRY OF FINANCE**

24<sup>th</sup> December, 2019

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## 1.0. EXECUTIVE SUMMARY

A detailed study of the operations of the State Lotteries Board (SLB) undertaken in 2012 revealed that SLB was technically insolvent and needed to be wound down. Consequently, Government observed that it would be prudent to restrict its involvement in the gaming and lotteries sector to regulation and allow as well promote the private sector participation in the industry in line with government policy. Subsequently, the affairs of SLB were wound down in 2016 and an interim team was left to oversee the collection and receipt of rentals from Lottie House and avert the potential vandalism of SLB buildings prior to the establishment of the regulator.

In 2018, a situational analysis was carried out on casinos, betting and lottery outlets in Lusaka, Copperbelt and North-western Provinces, the provinces which had high gaming and lotteries presence at the time of study. The objective of the situation analysis was to gain a detailed and practical experience on the affairs and operations of the gambling and gaming industry. The study assessed the gaming and lotteries business environment to appreciate the shareholding structure of companies, types of games offered, revenue collection mechanisms, clientele; number of employees; cost structures, corporate social responsibility and challenges faced by the companies. The findings of the study disclosed, among others, that there was duplication of efforts and overlapping of jurisdiction on the regulation of the sector; unrestricted location and number of gaming and lottery outlets; lack of age or criminal vetting of customers; unrestricted operating hours; and that betting and lottery companies were owned by foreign nationals. The study recommended for expeditious development of a gaming and lotteries policy and come up with a single legislation to govern the sector and establish the regulator of industry.

In the 4<sup>th</sup> Quarter of 2019, regulatory impact public consultations were undertaken in all the provincial headquarters of Zambia. The exercise was necessitated by the requirements of the Business Regulatory Act, No.3 of 2014, Part II section 6, which requires that public bodies and ministries should notify the Business Regulatory Review Agency; hold stakeholder consultations for at least 30 days; perform regulatory impact assessment and chart how the policy shift will be implemented. In satisfaction of the preceding requirements BRRA was, in April 2019, notified of government's intention to come up with the regulator of gaming and lotteries. Therefore, a workshop was carried out to develop the Regulatory Impact Assessment questionnaire, analysis template and roadmap.

The Public Consultations were held from September to November 2019. The stakeholders solicited at the public consultations included, but were not limited to, regulatory authorities such as Zambia Information and Communications Technology Authority, ZRA, local authorities, government departments, church mother bodies, gaming and lotteries companies, market associations, civil societies, the Chamber of Commerce and non-governmental organisations.

The stakeholders in all the Ten (10) provinces supported government's decision to come up with a single regulator for the industry. The good number of stakeholders proposed for an immediate freeze of issuance of licenses and restrict access to slot machines (Bonanza) by minors' operations. They suggested that geographical locations and operating hours for gaming and lotteries should be restrictive. They recommended among others for an increase of license fees, decentralization of monitoring the industry, strict screening (vetting) of license applicants, creation of a social fund and compelling partnerships with locals to empower our local investors

## 2.0. INTRODUCTION

The Government of the Republic of Zambia has observed that the country has in the last few years have seen an unprecedented growth and interest in the establishment of businesses that are categorized under the gaming and lottery industry. The games encompass casinos, sports betting, horse racing and lotteries. Gaming and Lottery patterns are undergoing a constant transformation which is changing the landscape and making the industry more accessible than was the case in the past. This has been coupled with technological advancements which have brought new players in the market.

The Gaming and Lottery Industry is one industry whose contributions can be substantial and significant to the economy. Whilst, the Country has experienced a proliferation of lotteries and other gaming outlets, the monitoring and supervision mechanism has remained stagnant. As of 2018, Zambia registered and licensed twenty-four (24) casinos and as of end August 2019 the number rose to thirty-four (34); whilst the licensed betting and lottery business stood at fifty (50) as of end 2018.

The Sector is currently governed by six (06) pieces of legislation, namely:

- i.* The Lotteries Act Chapter 163; an Act which provides for the control and regulation of lotteries and for the setting up of a Lotteries Control Board;
- ii.* The Tourism and Hospitality Act No. 13 of 2015; an Act which provides for the granting of casino licenses;
- iii.* The Pools Act Chapter 165 an Act which provides for the regulation of pools competitions;
- iv.* The Gaming Machines (Prohibition) Act. Chapter 92, an Act to repeal the Gaming Machines Act and to prohibit the keeping of gaming machines;
- v.* Betting and Control Act, No. 13 of 1994, an Act which provides for the establishment of a betting control and licensing board, licensing of book makers and betting premises and for the general improvement of control over book making and betting practices in Zambia
- vi.* The State Lotteries Act, Chapter 328 an Act which provided for the establishment of the State Lotteries Board, promotion and conduct of lotteries and pools by the State Lotteries Board;

The governance, monitoring and supervision of the industry currently falls under the Ministries responsible for Finance, Tourism and Arts and Ministry of Local Government. The regulation and control of lottery and betting games falls under the supervision of the Ministry of Finance whereas regulation and control of casinos falls under the jurisdiction of the Ministry of Tourism and Arts. The Ministry of Local Government through Councils issues trading licenses.

### 3.0. PROBLEM DEFINITION AND BASELINE

#### 3.1. PROBLEM DEFINITION

The regulatory oversight role of the gaming and lotteries industry is highly fragmented, and regulation of the industry has become challenging. The challenges range from players not strictly adhering to regulations or outrightly engaging in illegal activities. The main challenge has not been the lack of regulation per se, but that the existing pieces of legislation are administered by different ministries and organisations and has consequently led to ineffective enforcement of regulation. Further, the developments in the gaming and lotteries industry, inter alia advancement in technological has changed the landscape of the gaming industry to include internet-based gaming and lotteries. This has posed new and unique challenges necessitating the need to update and unify the current legislation and the need for a single entity to focus on the regulation and control of the whole industry.

The proliferation of players in the sector with the monitoring and supervision capacity being stagnant is another problem. It has been observed that some players operate outside the regulatory framework, making enforcement more difficult. Such weaknesses have resulted into social ills which include among others, mental disorder, gender-based violence and gambling by minors. Emanating from social ills are social costs which can be extended to employers and to public institutions in the health, welfare and even the justice systems and such costs are ultimately borne by taxpayers.

The industry has also been infiltrated by suspected illegal activities of a financial nature which calls for robust and transparent licensing and risk-based supervision and monitoring. The current regime has not promulgated effective, proportionate and dissuasive sanctions that would deter would be illegal players. The mutual evaluation of Zambia on Anti Money Laundering Countering Financing of Terrorism (AML/CFT) system or regime of 2007 as well as that of 2019 conducted by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) established that the gaming industry in Zambia caused money laundering risk because it was not effectively supervised. To this effect, a recommendation was made to the Zambian authorities to establish a gaming authority to oversee and effectively supervise the operations of the casinos, lotteries, betting, and horse betting.

The current legal framework does not provide for or define geographical locations and areas conducive for establishing gaming and lottery outlets. As such, it has been observed that casinos and betting centres have been opened in undesirable locations such as high-density areas and markets. There is no legislation restricting the operations of gaming and lotteries to specified areas. This has resulted in the gaming and lotteries activities being located in undesirable locations such as high-density areas and markets.

In addition, it has been observed that governments with robust gambling regulatory frameworks have reaped more revenue from the industry. Good examples include South Africa, England and Mauritius. Zambia, for instance, has more registered casinos and betting centres compared to other countries in the region but has reaped low revenue from the industry due to lack of comprehensive regulations and low compliance.

#### 3.2 BASELINE

According to the Zambia National Money Laundering and Terrorist Financing Risk Assessment Report of 2016 the casinos were found to pose a greater risk of money laundering. The factors that rendered the casinos highly vulnerable to money laundering was insufficient regulatory framework. The other factor contributing to the sector vulnerability is that most of the high value clients are foreigners and Politically

Exposed Persons (PEPs). Further, casinos and betting outlets offer online gambling which is not properly understood and regulated by the licensing authority. Identification of customers is not performed, and sources of incomes are not established. There are large cash transactions that take place in the sector making the sector vulnerable to tax evasions, fraud and money laundering. Lack of effective and comprehensive regulation also increases the sector's vulnerability. The money laundering risk and threat of the sector was rated high as a result of the high vulnerability of the sector.

### 3.3. STATISTICS OF CASINOS/ BETTING CENTRES

The gaming sector has in the past few years experienced proliferation of Casinos and betting centres in almost all the ten provinces of the Zambia. The number of betting center has just in the year 2019 increased from 32 in the beginning of the year to 43 betting centres, an upswing of eleven (11) new betting center representing a 34-percentage growth. In the same vein, the report of the Anti-Money Laundering published in 2018 indicate that so far two suspected financial crimes associated with Casinos have been recorded and were handed over to the investigative wings.

## 4.0. SETTING OBJECTIVES

### 4.1 GENERAL OBJECTIVE

To promote responsible gambling in order to minimize the harmful effects of gambling activities vulnerable persons from exploitation by 2026;

~~To strengthen and harmonize the regulatory framework in the gaming and lotteries industry in order to preserve the integrity of the nation by 2026.~~

### 4.2 SPECIFIC OBJECTIVES

- a) To set up a national Gaming and Lotteries Authority in order to effectively monitor and supervise the sector and enhance collection of revenue by 2021.
- b) To strengthen and harmonize the regulatory framework in order ~~To enhance the legal framework in order to effectively to strengthen the regulation and~~ control all of all gaming and lottery activities by 2021;
- c) To promote skills development in order to meet the needs of the gaming and lotteries industry by 2026;
- ~~d) To strengthen and harmonize the regulatory framework in the gaming and lotteries industry in order to preserve the integrity of the nation by 2026.~~
- e) To strengthen monitoring and supervision of the gaming and lotteries industry in order to prevent money laundering and any other related financial crimes by 2021.

## 5.0 IDENTIFICATION OF OPTIONS

The Committee considered three (3) options in order to address the problem discussed above.

1. Do nothing
2. Amend the different existing pieces of legislation
3. Repeal, harmonize and strengthen existing regulations

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## 5.1 DO NOTHING

Currently the industry is regulated by the Ministry of Finance, Ministry of Tourism & Arts and Local Authorities. The following are the pieces of legislation governing the conduct of business in the industry:

- a) **The Lotteries Act Chapter 163 an Act to provide:**
  - for the control and regulation of lotteries;
  - for the setting up of a Lotteries Control Board;
  - for the powers and duties thereof; and
  - for matters connected therewith and incidental thereto.
- b) **Tourism and Hospitality Act, No. 13 of 2015 and part VI of the Tourism and Hospitality Act No. 23 of 2007**
  - for the granting of casino licenses
- c) **Betting and Control Act, No. 13 of 1994**
  - To provide for the establishment of a betting control and licensing board;
  - To provide for the licensing of book makers and betting premises; and
  - To provide for the general improvement of control over book making and betting practices in Zambia
- d) **The Pools Act Chapter 165 an Act to provide:**
  - for the regulation of pools competitions; and
  - for matters incidental thereto or connected therewith.
- e) **The Gaming Machines (Prohibition) Act, Chapter 92**
  - an Act to repeal the Gaming Machines Act and to prohibit the keeping of gaming machines.
- f) **The State Lotteries Act, Chapter 328 an Act to provide:**
  - for the establishment of the State Lotteries Board; to provide for the promotion and conduct of lotteries and pools by the Board;

The existing regulatory framework and institutional arrangements are fragmented and outdated and is not in line with latest developments in the industry. Historically, the industry had been regulated by the State Lotteries Board whose operations have since been wound down. If nothing is done, the status quo will continue. There is a likelihood the regulation of the industry will remain weak with no clear regulator and will continue to pose a threat to the economy and society. Further, government will continue losing revenue through tax evasion and the sector will be vulnerable to money laundering and other financial crimes.

## 5.2 AMEND THE EXISTING PIECES OF LEGISLATION

The option advocates for amendment of the pieces of legislation stated in 4.1 above. The option could improve the current situation but may not achieve the intended results. For instance, it may not resolve the problem of fragmentation in the regulation, weak monitoring, supervision and weak enforcement as well as low revenue collection by government from the sector. This entails that the option would not provide a unified approach to regulation and might result in duplication of efforts and in the use of resources.

### 5.3 REPEAL, HARMONIZE AND STRENGTHEN EXISTING REGULATIONS

The option backs the repealing, harmonizing and strengthening of the legal framework by creating a single piece of legislation which shall create a single a single regulator of the gaming and lottery industry.

The Regulator is anticipated to be self-financing from the fees collected from different sector operators and shall be supplemented by the Treasury through annual grants. It shall act as the inspectorate of the sector, with full inspections and enforcement. It is envisioned that the regulator will establish a social fund and disperse monies for addiction treatment, raise awareness, research and education initiatives. Contributions to this fund shall be borne by consumers.

## 6.0. COMPARISON OF BENEFITS AND COSTS OF OPTIONS

The identified options were subjected to the cost benefit analysis as follows;

### 6.1 DO NOTHING OPTION

Doing nothing implies that Businesses, Consumers of gaming and lottery products and Government will maintain status quo. It means that Businesses will continue to pay licenses and inspection fees as before and as prescribed by the Casino Association and the Betting and Control Board. The costs will be maintained. The benefit to costs to consumers,

CATEGORY	DESCRIPTION	COSTS (PER ANNUM)
Businesses	<b>License &amp; inspection fees</b>	<b>ZMW</b>
	Sports Betting	900,000
	Lotteries	90,000
	Casinos (Registration, Layout, approval gaming equipment & rules)	24,000
	<b>Training</b>	
Consumers		
Government	<b>License meeting</b>	60,000
	<b>Inspection</b>	110,000
	<b>Monitoring</b>	140,000
	<b>Sensitization and awareness</b>	0
	<b>Compliance cost</b>	0

There are no direct benefits accruing to businesses, consumers and the Government in this situation apart from no payment of training levy, low license and inspection fees payable by businesses.

In addition, this option also has social, political and economic impacts and if not attended to will have a devastating effect on Society. The impact is tabulated hereunder:



<b>Social Impact</b>	<b>Economic/Political Impact</b>	
Increased crime	Tax evasion	Loss of Revenue (unable to estimate)
Poverty	Money laundering	Increased money laundering cases
Gender Based Violence,	Investor confidence	Protracted decline in investor confidence
Personal Bankruptcy,	National security	Compromised national security
Addiction, mental disorder	Fraud	Increased cases of fraud
Gambling by minors	Corruption	Increased cases of corruption
		Unable to estimate

## 6.2 AMEND THE DIFFERENT EXISTING PIECES OF LEGISLATION

Amending the different pieces of legislation to address gaps in the regulatory framework will accrue some costs and benefits to consumers, businesses and government. The initial cost is the cost of amending each piece of legislation to accommodate changes in the gaming and lottery environment which is a cost to government. The other costs are tabulated below:

<b>CATEGORY</b>	<b>DESCRIPTION</b>	<b>COSTS (PER ANNUM)</b>
Businesses	License & inspection fees	
	Pre-opening inspection	K50,000
	Collection of statistics	
	Sports Betting	K200,000
	Lotteries	K200,000
	Casinos	K63,500 (Minimum)
	Temporary License	K120,000
	Capital Requirement Zambian	K2,000,000
	Capital Requirement & Non-Zambians	K5,000,000
	Online Casino	K2,000,000
	Training	K5000
Consumers		
Government	License fees	K320,000
	Inspection	K350,000
	Monitoring	K300,000
	Sensitization and awareness	K250,000
	Compliance cost	K50,000

There are also no additional benefits accruing to businesses, consumers and the Government in this situation, apart from the license fees and inspection costs which are expected to increase to K583,500 and

K50,000 respectively. The social, political and economic effects will continue as tabulated in the Do Nothing situation.

### 6.3 REPEAL, HARMONIZE AND STRENGTHEN EXISTING REGULATIONS

Category	Description	Costs (Per annum)
Businesses	License & inspection fees	
	Pre-opening inspection	K50,000
	Collection of statistics	
	Sports Betting	K200,000
	Lotteries	K200,000
	Casinos	K63,500 (Minimum)
	Temporary License	K120,000
	Capital Requirement Zambian	K2,000,000
	Capital Requirement & Non-Zambians	K5,000,000
	Online Casino	K2,000,000
	Training	K5000
Consumers	Social Fund Contribution	K1,000,000
Government	License fees	K320,000
	Inspection	K350,000
	Monitoring	K300,000
	Sensitization and awareness	K250,000
	Compliance cost	K50,000
	Startup cost	K 5,000,000

The benefits accruing to businesses, consumers and Government are numerous, ranging from introduction to fair practices between businesses in the sector; to consumers accessing social benefits from the fund to be established by the Regulator. Government will also receive increased revenue inflows from license fees and inspection costs which are expected to increase to K583, 500 and K50, 000 respectively. In addition, it is expected that a Social Fund of K1, 000,000 will be established to assist in mitigating the social costs.

The social, political and economic effects highlighted earlier is expected to reduce over time with the benefits outweighing the risks.

### 7.0 STAKEHOLDER CONSULTATIONS

During the process of developing the policy and law, the Technical Committee undertook consultations with various stakeholders in 2015. The first consultations were at policy concept stage. At this stage a stakeholder's consultation meeting was held with Gambling Association of Zambia. The stakeholders generally supported the development of the policy. The Committee then proceeded to draft the policy and

the accompanying legislation in 2016. The process had been put on hold to pave way for the winding down of State Lotteries Board following the Committee's recommendation to the Minister of Finance.

In view of the above, the Technical Committee was appointed to establish the regulator of lotteries and Gaming in Zambia. In this regard, the Committee carried out a situational analysis of Gaming and Lottery outlets in Lusaka, Copperbelt and Northwestern Provinces in order to update the policy with the current trends in the industry.

The Committee then undertook an RIA and the following stakeholders were identified and consulted:

1. Ministry of Religious affairs
2. Ministry of Labour
3. Ministry of Community development
4. Ministry of Local Government
5. Ministry of youth and Sport
6. Bank of Zambia
7. Patents and Companies Registration Agency
8. Pensions and Insurance Authority
9. National Task Force of Senior officials on AML/CFT
10. Local Government Council Town Clerk and Planners
11. Zambia Development Agency
12. Immigrations
13. Competition and Consumers Protection Commission
14. Sport Betting Operators
15. Hotel Catering Association
16. Zambia Information and Communication Technology
17. Mobil Network Operators
18. Zambia Gambling Association
19. Zambia Chambers of Commerce and Industries
20. NCC
21. National Anti-Terrorism Centre
22. Bankers Association of Zambia
23. Law Association of Zambia
24. Zambia Institute of Chartered Accountants
25. Zambia Revenue Authority
26. Institute of Internal Auditors
27. Management of Shopping Malls housing gambling institutions
28. Ward councilors

A wide range of submissions were received from various stakeholders. A detailed stakeholder's consultation report has been annexed.

Below is a summary of stakeholder submissions:

Matter of Consultation	Stakeholder Submission	Regulators Comment	Resolution
<i>Geographical location of lottery and Gaming centres</i>	<ul style="list-style-type: none"> <li>• The representative of the Ministry of Local Government on the Copperbelt indicated that there was need for Governments guidance as to where the slot machines (Bonanza) should be located.</li> <li>• Stakeholders from Chipata in Eastern province proposed that the new policy should ensure that betting centres, and slotting machines are restricted to a specific location.</li> <li>• The stakeholders from Luapula Province, submitted that location of lottery and gaming premises should be restricted to certain areas to avoid easy access by venerable persons such as children.</li> <li>• Casino owners present at the meeting in Lusaka suggested that casinos should be within a radius of 20km from one another, however betting centres encouraged healthy competition in their section and had no problem being located next to each other.</li> <li>• The Stakeholders from Choma, Southern Province submitted that gaming activities should be restricted, and penalties charged on offenders who set up in the wrong places</li> <li>• Lastly a casino representative who attended the consultative meeting on the Copperbelt was agreeable to having casinos in one geographical location.</li> </ul>	<ul style="list-style-type: none"> <li>• The Statutory Instrument No. 12 of 2018 does not prescribe the specific location where slot machines could be located.</li> <li>• Generally, the current legal framework does not prescribe geographical location of casinos hence restriction could not be legally implemented.</li> </ul>	<p>Recommendation:</p> <ul style="list-style-type: none"> <li>• As a Short term measure Statutory Instrument to be issued to address the concern raised.</li> <li>• Long term measure: Revised legal framework to include prescribed geographical locations of about 20-kilometer radius in between.</li> </ul>

<b><i>Licensing and registration</i></b>	<ul style="list-style-type: none"> <li>• Participants from southern province specifically Choma stakeholders submitted that all lottery and gaming activities should be registered. In the case that one was found wanting, they should be reported to the authority's prosecution.</li> <li>• The Stakeholders from Livingstone, southern Province were of the view that licenses should be issued locally by the councils</li> </ul>	<ul style="list-style-type: none"> <li>• Although the current legal framework governing the sector is weak and does not prescribe punitive measures it provides for a requirement that all lottery and gaming activities should be registered.</li> <li>• Those operating without registration are operating illegally.</li> </ul>	<ul style="list-style-type: none"> <li>• The consolidated legal framework to prescribe punitive measures against those found wanting.</li> </ul>
<b><i>Empowerment of local authorities</i></b>	<ul style="list-style-type: none"> <li>• Stakeholders from Choma southern province submitted that the law should be enhanced to add extra power to the councils because they are on the ground to help with regulation.</li> <li>• Another view of stakeholders from Livingstone, southern province was that the lottery and gaming regulator was supposed to be a council initiative which they feel was being taken away from them.</li> <li>• Stakeholders proposed that Local Authorities should also be empowered to punish operators for allowing underage gambling.</li> </ul>	<ul style="list-style-type: none"> <li>• The current legal framework designates the Ministries of Finance, Tourism and Arts to regulate the</li> </ul>	<ul style="list-style-type: none"> <li>• We recommend that a by – law and Statutory Instrument be passed as a short-term measure to strengthen the power of the local authorities.</li> </ul>
<b><i>mushrooming casinos</i></b>	<ul style="list-style-type: none"> <li>• The stakeholders from Lusaka province submitted that due diligence was required before issuing licenses in order to assess the suitability of applicants. The meeting was advised on the need to clearly define and recognize differently each lottery and gaming sector.</li> <li>• Several other stakeholders submitted that mushrooming of</li> </ul>	<ul style="list-style-type: none"> <li>• The current legal framework provides criteria for business firms and individual to obtain operating licenses except the license fee was deemed to be minimal.</li> </ul>	<p>Recommendation:</p> <ul style="list-style-type: none"> <li>• Review of license fees paid by operators with the view to an upward adjustment.</li> <li>• Prescribe minimum capital for Casinos operators which should be deposited in the local commercial bank.</li> </ul>

	Casinos was of concern to them and needed to be addressed.		
<b>Training of machine operators</b>	<ul style="list-style-type: none"> <li>Regarding government establishing a curriculum for machine operators, the representatives from casinos in submitted to the consultative meetings in Lusaka that the move would amount to wasted human development effort and would render potential employees unemployed as many casino only operate for a short period of time mainly three years before going under.</li> <li>Stakeholders from southern province submitted that, such a move would promote laziness among youths as gambling could not be deemed as an appealing career path. They also questioned how such a move would sit in a country with a declaration in the constitution that Zambia was a Christian nation.</li> <li>Stakeholders in Luapula Province supported the introduction in the curriculum of Zambia, formal training in gambling and betting as it would enable Zambians to aspire for higher positions in the sector.</li> <li>Stakeholders in the Northern Province submitted that there was need for capacity building for efficient understanding and monitoring of the sector.</li> <li>Casino representatives in Copperbelt, were of the view that establishing a curriculum for machine operators would render potential employees unemployed as many casino</li> </ul>	<ul style="list-style-type: none"> <li>The The Zambian curriculum does not provide any formal training for the gaming and gambling sector. Hence Zambians cannot easily access formal training and it is practically impossible for the Zambians to aspire for higher positions offered in the sector.</li> </ul>	<ul style="list-style-type: none"> <li>Recommends that curriculum be introduced for Zambians to access formal training in gambling sector</li> </ul>

	owners only operate for a short period of time mainly three years.		
<b><i>Use of electronic platform for casinos</i></b>	<ul style="list-style-type: none"> <li>It was emphasized by the casino operators on the Copperbelt and Lusaka that electronic payments will not work as the industry is premised on a cash basis.</li> </ul>	<ul style="list-style-type: none"> <li>The current legal framework governing the Gaming and gambling sector does not have a provision to address the online betting.</li> </ul>	<ul style="list-style-type: none"> <li>The revised and harmonized legal frameworks should encompass regulation of web-based games and allow for electronic payment to pay winners.</li> </ul>
<b><i>Sensitization of gaming and betting Activities</i></b>	<ul style="list-style-type: none"> <li>There is need to sensitize the community on the industry and its impact. Further, the Stakeholders from Eastern Province appealed that the Church, traditional leaders and local authorities should be engaged to sensitize the general citizenry so that they fully understand the lottery and gaming activities</li> <li>The stakeholders from Western Province recommended that casinos and betting centres should clearly display the rules and regulations in both English and local languages to ensure that players including the minors are sensitized.</li> <li>Stakeholders from Southern Province proposed that the community needs to be sensitized more on the gambling industry and all its effects.</li> </ul>	<ul style="list-style-type: none"> <li>Currently there is no statute document that can be used to as reference for sensitization.</li> </ul>	<p>Recommendation:</p> <ul style="list-style-type: none"> <li>Once established the regulator should make it mandatory for gaming out lets to clearly display rules governing gaming activities</li> </ul>
<b><i>Strict Screening and registration of operators</i></b>	<ul style="list-style-type: none"> <li>A representative of Zambia police from Northern Province wanted to know the penalties for the people who will be found wanting. He also expressed concern on the nationality of operators. He</li> </ul>	<ul style="list-style-type: none"> <li>The current legal framework does not provide for screening of operators as there may have been no need to do so at the time they were enacted when only the</li> </ul>	<p>Recommendation:</p> <ul style="list-style-type: none"> <li>The harmonized legal framework to include diligent screening of prospective operators</li> </ul>

	<p>indicated that chances were that most participants could be from countries that do not even allow these games, or they could have been banned or sanctioned for illegal activities. Therefore, there was need for strict screening and registration of operators.</p> <ul style="list-style-type: none"> <li>• The stakeholders from Choma submitted that all gaming activities should be registered. In the case that one was operating without registration or a valid license, they should be reported to the authorities for prosecution.</li> <li>• Stakeholders submitted that the gaming and lotteries sector in Zambia lacks transparency as there is inadequate standard practice and unclear pricing mechanisms which makes the risk of money laundering very high;</li> </ul>	<p>state was the major player in the industry.</p>	
<p><b>Protection of Vulnerable and the Minors</b></p>	<ul style="list-style-type: none"> <li>• The Stakeholders from eastern province were concerned with underage gambling and gender-based violence cases due to rapid spread of lottery and gaming centres and slot machines. It was submitted that gambling addiction by minors in eastern province had become rampant leading to some pupils missing classes. As such, stakeholders appealed that the new policy should enhance protection of minors against gambling addiction.</li> <li>• Lusaka stakeholders submitted that slot machines should have an age restriction or time limits of operation and should be placed away from areas which</li> </ul>	<ul style="list-style-type: none"> <li>• In order to counteract the moral hazards of the gaming and lotteries industry such as suicide, Gender Based Violence, broken marriages etc. other countries have established a social fund to help victims of such vices. As such, it would be important for Zambia to look into the creation of a similar fund after the regulator would have been put in place.</li> </ul>	<p>Recommendation:</p> <ul style="list-style-type: none"> <li>• The harmonized legal framework should contain clauses that provide for enhanced protection of vulnerable groups and minors.</li> </ul>



	<p>could easily be accessed by children and that these machines should also be taxed.</p> <ul style="list-style-type: none"> <li>• A representative of the Ministry of Tourism in North Western Province proposed that slot machines (Bonanza) be abolished due to adverse effect it has had on the minors. In the same vein the Ministry of Local Government representative also requested that in order to prevent young people from participating in the gaming and lotteries activities, there was need for government to classify the industry in the category of alcohol and other drugs.</li> <li>• It was further proposed that operation of slot machines should be suspended as a short-term measure until such a time when enhanced regulation would have been established.</li> </ul>		
<b><i>Low wages to local employees</i></b>	<ul style="list-style-type: none"> <li>• The Stakeholders from eastern province were also concerned with the low wages paid to local employees. They indicated that the industry was poorly regulated, and that employers in casinos and gaming companies were exploiting poor Zambians by paying them meager salaries.</li> <li>• The Ministry of Labour representative from North-Western Province indicated that there was poor regulation of the industry, and that employers in casinos and gaming companies were exploiting poor Zambians by paying them very low salaries</li> </ul>	<ul style="list-style-type: none"> <li>• Currently the wages are dictated by the minimum wage as provided for in our national's Employment Code Act, of 2019</li> </ul>	<p>Recommendation:</p> <ul style="list-style-type: none"> <li>• Review of minimum wage by the Ministry of Labor since it was their mandate</li> </ul>
<b><i>General support for the creation of the regulator</i></b>	<ul style="list-style-type: none"> <li>• The Gaming Association of Zambia (though with fragmented representation)</li> </ul>	<ul style="list-style-type: none"> <li>• Government through the ministries of Finance and Tourism and Arts intends</li> </ul>	<p>Recommendation:</p> <ul style="list-style-type: none"> <li>• Establishment of the Regulator which would</li> </ul>

	<p>based in Lusaka, has been advocating for the formation of the regulator and was willing to work in collaboration with Government to see the formation of the regulator. The association was also lobbying Government to intervene in the mushrooming of casinos and betting centres around the major cities.</p> <ul style="list-style-type: none"> <li>• A representative of Ministry of Community Development Social welfare expressed support and further reinforced the idea of the Kasama council to use other ministries as well to support the idea. Zambia National Information Service (ZNIS) representative from Kasama also supported the establishment of the regulator.</li> <li>• The North-Western Province stakeholders supported government's direction of coming up with a unified regulator of the gaming and lotteries industry.</li> <li>• The stakeholders from Southern Province supported government's direction of coming up with a unified regulator of the gaming and lotteries industry.</li> <li>• The stakeholders from Luapula Province were in support of the creation of a new gaming and lotteries regulator.</li> <li>• The Competition &amp; Consumer Protection Consumer was also agreeable to having an umbrella regulator of the whole gaming and lotteries sector</li> <li>• The Lusaka stakeholders supported government's direction of coming up with a</li> </ul>	<p>to bring all the existing regulations under one umbrella bodies for a holistic regulatory approach.</p>	<p>take a holist approach to regulation of the sector.</p>
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	unified regulator of the gaming and lotteries industry.		
<b>Decentralization of monitoring</b>	<ul style="list-style-type: none"> <li>The Local Authority representative from Northern Province suggested a decentralized approach towards the monitoring of the industry through the local authorities due to their geographical presence across the country. The council also suggested that interim measures should be put in place as the regulator was being established.</li> </ul>	<ul style="list-style-type: none"> <li>When the regulator is established and based on the operational experience, decentralization of monitoring could be considered on geographical basis cost minimization.</li> </ul>	<p>Recommendation:</p> <ul style="list-style-type: none"> <li>The regulator would after being established access the need to decentralize its functions.</li> </ul>
<b>Partnership between foreign and local investors</b>	<ul style="list-style-type: none"> <li>Chamber of Commerce from Muchinga Province, Chinsali district, submitted that the new policy should advocate for foreign entities to partner with the local institutions.</li> <li>The Stakeholders from eastern province suggested that the new policy should force partnerships between locals and foreigners when setting up casinos and betting centres.</li> </ul>	<ul style="list-style-type: none"> <li>A survey by the Technical Committee on the formation of National Regulator of Gaming and gambling Sector revealed that some gaming firms have partnered with the locals investors, but the level of partnership is not to the desired level.</li> </ul>	<p>Recommendation:</p> <ul style="list-style-type: none"> <li>Revisit the indigenization policy with the view to upscaling shareholding for local investors to desired levels.</li> </ul>
<b>Engage the Ministry of National Guidance and Religious Affairs</b>	<ul style="list-style-type: none"> <li>The stakeholders from western province proposed that the Technical Committee collaborate with the Ministry of Religious Affairs to engage Churches in sensitizing the public and create awareness on the dangers and hazards of lotteries and gambling.</li> </ul>	<ul style="list-style-type: none"> <li>The Ministry of Finance has so far received an inquiry from the Ministry of National Guidance and Religious Affairs regarding restrictions on age limit and minors gambling on slot machines. Therefore, the Ministries could easily collaborate and enhance the level of sensitization and awareness.</li> </ul>	<p>Recommendation :</p> <ul style="list-style-type: none"> <li>The Ministry of National Guidance and Religious affairs to be written to and inquire about preparedness to engage churches for sensitization and awareness on the effects of gambling.</li> </ul>

## 7.1 SELECTION OF PREFERRED OPTION

During the CBA data limitations were encountered regarding the benefits that would arise from regulatory reform, however

Arising from the cost benefit analysis of the three (3) identified options, namely;

- i. Do nothing,
- ii. Amend various pieces of legislation; and
- iii. Repeal and replace existing legislation

The committee adopted option three (3) repealing and replacing the existing legislations as the best option. The current regulatory framework and institutional arrangements are weak and fragmented. If nothing is done, the negative effects of gaming and lotteries industry to the nation would continue and worsen in future. The gaming and lotteries industry are fast growing and becoming complex in nature for the current regulations to effectively and efficiently control.

Amending and strengthening of the existing legislations will not resolve the challenges of fragmentation. The preferred option is to repeal and replace the existing various pieces of legislation into one law and establish a single regulator.

Further, the Gaming and Lottery industry in Zambia will be clearly defined to consist of casinos, horse-racing, pools competition, bingo, and sports betting. It is expected that the casinos, slot machines and bingos locally know as bonanzas will be owned and operated by the private sector and regulated by the regulator on behalf of Government. The other lotteries and gaming activities such as promotional lotteries, society lotteries, community-based lotteries, one-off bingos which are nonprofit in nature will also be regulated by the regulator.

The government will provide a clear and transparent legal and regulatory framework that will ensure that the gaming activities in the country are effectively regulated controlled policed and licensed. The legal framework shall provide for a suitable regulatory regime that will promote private sector efforts to develop gaming activities and services in accordance with the international standards and practices and clearly stipulate the responsibilities and the limits of authority of each player in the sector..

The Government recognizes the role played by the Gaming industry in the national economy and is committed to the creation of an enabling environment that will ensure its sustainable development and realization of its full potential.

## 7.2 IMPLEMENTATION AND MONITORING PLAN

The overall implementation of the new law and policy will lie with the proposed National Gaming and Lotteries Authority under the guidance of the Ministry of Finance.

In order to realize the objectives of this option, there is need for appropriate implementation framework which articulates the institutional arrangements, legal framework, resource mobilization, monitoring and evaluation.

The governance structure of the national gaming authority will on the apex comprise of the Board, senior and middle management and the ordinary employees.

As a part of the Medium-Term Expenditure and annual budget, GRZ will allocate resources for the establishment and operation of the Authority. Further, for sustainability development of the Authority, both domestic and foreign investors will be allowed to invest in the gaming sector with priority in hostels, tourism and other communities' development activities. The promotion of equity joint ventures between local and foreign partners will be encouraged.

The Ministry of Finance through the Authority shall be ultimately responsible for monitoring and evaluating the implementation of the provision of the new law. The Ministry of Finance shall conduct periodic monitoring exercises to assess the regulator's adherence to the provisions of the law and to determine whether interventions activities are contributing towards achievement of the policy goal.

The new regulator is envisaged to be self-sustaining. Costs associated of converting the state lotteries board into the national gaming and lotteries authority are expected to be minimal estimated at K5, 000,000 which will include the transfer of the Lottery House.

RF	OBJECTIVES	ACTIVITY	RESPONSIBILITY	TIMELINE
1	To set up a national Gaming and Lotteries Authority in order to effectively monitor and supervise the sector and enhance collection of revenue	<ul style="list-style-type: none"> <li>i. Draft policy</li> <li>ii. Draft Bill</li> <li>iii. Draft Structure</li> <li>iv. Seek Treasury Authority</li> <li>v. Appointment of Board</li> <li>vi. Committee Exit meetings</li> </ul>	Technical Committee	2020
2	To enhance the legal framework in order to strengthen the regulation and control of all gaming and lottery activities	Develop the general legal framework	Technical Committee	2020
3	To promote skills development in order to meet the needs of the gaming and lotteries industry	Recommend to TEVETA to develop a sector specific curriculum	Regulatory Authority	2022
4	To promote responsible gambling in order to minimize the harmful effects of gambling activities and protect vulnerable persons from exploitation	Develop a general monitoring framework	Regulatory Authority	2022

5	To promote fair practices in gaming and lotteries in order to create a level playing field in the industry	Develop compliance standards and strengthen sanctions	Regulatory Authority	2022
5	To strengthen monitoring and supervision of the gaming and lotteries industry in order to prevent money laundering and any other related financial crimes	Develop compliance standards and stiffen sanctions	Regulatory Authority	2021

It is, therefore, necessary to introduce a National Gaming Policy to facilitate the establishment of the National Gambling Act. The main sections of this policy document are Introduction, Situation Analysis, Vision, Policy Rationale, Guiding Principles, objectives, Policies & Strategies and Implementation Framework. The need for robustness and effectiveness in the enforcement of a legislative framework in the Gaming and Lottery Industry cannot be overlooked. The Gaming and Lottery Industry has so much potential to collect more revenues.

## 8.0. CONCLUSION

The Government of the Republic of Zambia through the Ministry of Finance has realized that in order to remain relevant and abreast to the dynamics of the Gaming and Lottery Industry, there is need to establish a National Gaming and Lottery Regulatory Authority.