ZAMBIA

DELOS GUIDE TO ARBITRATION PLACES (GAP)

CHAPTER PREPARED BY

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JURISDICTION INDICATIVE TRAFFIC LIGHTS

1. Law
   a. Framework
   b. Adherence to international treaties
   c. Limited court intervention
   d. Arbitrator immunity from civil liability
2. Judiciary
3. Legal expertise
4. Rights of representation
5. Accessibility and safety
6. Ethics

VERSION: 29 May 2020 (v01.002)

There have not been any material changes requiring an update to this chapter (including the traffic lights) since the date of the latest version. Nonetheless, please note that this chapter does not constitute legal advice and its authors, the contributing law firm and Delos Dispute Resolution decline all responsibility in this regard.

| Key places of arbitration in the jurisdiction? | Lusaka |
| Civil law / Common law environment? | Common law |
| Confidentiality of arbitrations? | Yes |
| Requirement to retain (local) counsel? | Yes |
| Ability to present party employee witness testimony? | Yes |
| Ability to hold meetings and/or hearings outside of the seat? | Yes |
| Availability of interest as a remedy? | Yes, whether simple or compound. Where Zambian law is applicable to the issue, the Act limits the interest rate to the current lending rate as determined by the Bank of Zambia. |
| Ability to claim for reasonable costs incurred for the arbitration? | Yes |
| Restrictions regarding contingency fee arrangements and/or third-party funding? | Zambian practitioners may not claim contingency fees in an action, except in a suit or other contentious proceedings in any country other than Zambia to the extent that the local lawyer in that country would be permitted to receive a contingency fee in these proceedings. |
| Party to the New York Convention? | Yes |
| Other key points to note? | Ф |
| WJP Civil Justice score (2019) | 0.47 |


## ARBITRATION PRACTITIONER SUMMARY

<table>
<thead>
<tr>
<th>Date of arbitration law?</th>
<th>29 December 2000.</th>
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| UNCITRAL Model Law? If so, any key changes thereto? | Yes, the Zambian Arbitration Act (the "Act") is based on the 1985 UNCITRAL Model Law. Key deviations concern:  
• Broader provisions in case of default of the claimant  
• Broader grounds for the setting aside of awards  
• Broader grounds for refusing recognition of awards |
| Availability of specialised courts or judges at the key seat(s) in the jurisdiction for handling arbitration-related matters? | Yes |
| Availability of ex parte pre-arbitration interim measures? | Yes |
| Courts' attitude towards the competence-competence principle? | Arbitrators may rule on their own jurisdiction, including on any objection with respect to the existence or validity of the arbitration agreement. |
| Grounds for annulment of awards additional to those based on the criteria for the recognition and enforcement of awards under the New York Convention? | In addition to the grounds set out in the New York Convention, the Act also provides that recognition and enforcement may be refused if the court finds that the making of the award was induced by fraud, corruption or misrepresentation. |
| Courts' attitude towards the recognition and enforcement of foreign awards annulled at the seat of the arbitration? | Courts may refuse the recognition and enforcement of awards annulled at the seat of the arbitration upon request of the party against which enforcement is sought. |
| Other key points to note? | φ |
JURISDICTION DETAILED ANALYSIS

1. The legal framework

1.1 Is the arbitration law based on the UNCITRAL Model Law?

Yes, the Act is modelled after the 1985 UNCITRAL Model Law. The title of the Act provides that the Act is “an act to repeal and replace the Arbitration act provision for domestic and international arbitration through the adoption, with modifications, of the Model Law on International Commercial Arbitration adopted by the United Nations Commission on International Trade Law on the 21st June, 1985”.

The key modifications to the UNCITRAL Model Law are as follows:

- Under the Act, if, without showing sufficient cause, the claimant fails to prosecute the claim within a reasonable time, the arbitral tribunal may make an award dismissing the claim or give directions, with or without conditions, for the speedy determination of the claim;5
- Grounds for the setting aside of an award include (i) the circumstance that the award has not yet become binding on the parties or has been set aside or suspended by a court of the country in which, or under the law of which, that award was made,6 and (ii) the making of the award was induced or effected by fraud, corruption or misrepresentation.7
- Recognition or enforcement of an award may be refused if the court finds that the making of the award was induced or effected by fraud, corruption or misrepresentation.8

1.2 When was the arbitration law last revised?

The law that governs Arbitration in Zambia was last revised on 29 December 2000.

2. The arbitration agreement

2.1 How do the courts in the jurisdiction determine the law governing the arbitration agreement?

The Zambian courts would most likely follow the approach adopted by the English courts.

2.2 Is the arbitration agreement considered to be independent from the rest of the contract in which it is set forth?

Yes.9 This principle has been recognized in Zambian law long before the Act’s adoption. In the case of Heyman and Another v. Darmins Limited,10 the court found that an arbitration clause is distinct from the other clauses stipulated in the contract. Indeed, while the other clauses set out obligations which the parties undertake towards each other, the arbitration clause does not impose on one of the parties an obligation in favour of the other. The court further held that if any dispute arose with regard to the obligations which the other party had undertaken to the other, that dispute was to be settled by an arbitral tribunal. In other words, the arbitration clause survives for determination of the mode of dispute settlement.

2.3 What are the formal requirements (if any) of an enforceable arbitration agreement?

An arbitration agreement must be in writing if it is contained in a document signed by the parties or in an exchange of letters, telex, telegrams or other means of telecommunication that provide a record of the agreement, or in an exchange of statements of claim and defence in which the existence of an agreement is

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5 Section 15 of the Act.
6 Section 17(2)(a)(v) of the Act.
7 Section 17(2)(b)(iii) of the Act.
8 Section 19(1)(b)(ii) of the Act.
9 Section 8(1) of the Act, and Article 16(1) of the First Schedule of the Act.
alleged by one party and not denied by the other. In addition, a reference in a contract to a document containing an arbitration clause constitutes an arbitration agreement, provided that the contract is in writing and the reference is such as to make the clause part of the contract.11

2.4 To what extent, if at all, can a third party to the contract containing the arbitration agreement be bound by the said arbitration agreement?

The position of the Zambian courts was set out in the case of *Odys Oil Company Limited v The Attorney General and others*,12 where it was held that a party who is not a party to the arbitration agreement cannot be bound by the terms and outcomes of an arbitration agreement.

In terms of the alter-ego/group of companies doctrine, the Zambian courts will most likely follow the approach adopted by the English courts.

2.5 Are there restrictions to arbitrability? In the affirmative, do these restrictions apply to specific domains (such as IP, corporate law, etc.) or specific persons (i.e., State entities, consumers, etc.)?

Yes. Restrictions to arbitrability are provided for under Section 6(2) of the Act, and apply to disputes in respect of the following matters:

- An agreement that is contrary to public policy;
- A dispute which, in terms of any law, may not be determined by arbitration;
- A criminal matter or proceeding except insofar as permitted by written law or unless the court grants leave for the matter or proceeding to be determined by arbitration;
- A matrimonial cause, or a matter incidental to a matrimonial cause unless the court grants leave for the matter to be determined by arbitration;
- The determination of paternity, maternity or parentage of a person; and
- A matter affecting the interests of a minor or an individual under a legal incapacity, unless the minor or individual is represented by a competent person.

3. Intervention of domestic courts

3.1 Will the courts stay litigation if there is a valid arbitration agreement covering the dispute?

3.1.1 If the place of arbitration is inside of the jurisdiction?

Section 10 of the Act provides for the possibility for a court to stay proceedings and refer the parties to arbitration upon request by a party. Such request may be filed at any stage of the proceedings and notwithstanding any written law. The court may decline the request if it finds that the agreement is null and void, inoperative or incapable of being performed.13

Rule 4 of the Arbitration (Court Proceedings) Rules, 2001 Statutory Instrument No. 75 of 2001 further explains that the application for the stay of legal proceedings to the High Court, Industrial Relations Court, or the Lands Tribunal must be made by summons in the same proceedings to the Registrar of the court or, if the proceedings are pending before a judge, to a judge. The application must be supported by an affidavit.14

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11 Section 9 of the Act.
13 Section 10 of the Act.
In the case of *Zambia National Holdings limited and another v The Attorney General*, it was held that where parties have agreed to settle any dispute between them by arbitration, the court’s jurisdiction is ousted unless the agreement is null and void. The decision reinforces party autonomy to arbitrate as opposed to being forced to litigate whenever there is a dispute. This principle was reaffirmed in the case of *Leonard Ridge Safaris Limited v Zambia Wildlife Authority*.

Interestingly, in the recent case of *Savenda v. Stanbic Bank* (Appeal No. 16/17) it was held that arbitration proceedings cannot be stayed by ordinary courts.

### 3.1.2 If the place of arbitration is outside of the jurisdiction?

Section 10 of the Act provides for the possibility for a court to stay proceedings and refer the parties to arbitration upon request by a party, irrespective of the place of arbitration, including where such is outside of Zambia.

### 3.2 How do courts treat injunctions by parties enjoining parties to refrain from initiating, halt or withdraw litigation proceedings?

The position of the Zambian courts is that if an agreement has an arbitration clause, then no further proceeding can take place before the High Court. Under the provisions of Section 14 of the Act, an arbitrator can issue an injunction enjoining Zambian courts to stay litigation proceedings.

### 3.3 On what ground(s) can the courts intervene in arbitrations seated outside of the jurisdiction? (Relates to the anti-suit injunction but not only)

Anti-suit injunctions are yet to be tested in Zambia. However, in the event of an application for an anti-suit injunction, the Zambian courts will be guided by English law principles pursuant to the provisions of Section 10 of the High Court Act of 1960 which extends the principles of English common law and equity.

### 4. The conduct of proceedings

#### 4.1 Can the parties retain counsel or be self-represented?

Section 21 of the Act states that unless otherwise agreed by the parties, a party to arbitral proceedings may be represented in the proceedings by a legal practitioner or another person of that party’s choice.

#### 4.2 How strictly do courts control arbitrators’ independence and impartiality?

Zambian courts control the independence and impartiality of arbitrators by using Section 17(2)(b)(ii) of the Act, which provides for setting aside on grounds of public policy. In the case of *Zambia Telecommunications Company v Celtel*, the Supreme Court set aside the award due to the perceived bias of the tribunal president.

The requirements for arbitrators to be independent and impartial may be found as follows:

- Section 12(6) of the Act provides that the court or arbitral institution, in appointing an arbitrator, shall have due regard to such considerations as are likely to secure the appointment of an independent and impartial arbitrator. Also, in the case of a sole or presiding arbitrator, the court or
arbitral institution shall take into account as well the advisability of appointing an arbitrator of a nationality other than any of the nationalities of the parties.20

- Section 1 of the Arbitration (Code of Conduct and Standards) Regulations, Statutory Instrument No. 12 of 2007 states that “an arbitrator shall act fairly and impartially between the parties”. These Regulations also provide rules aimed at ensuring the impartiality and fairness of arbitrators. These rules govern the disclosures by arbitrators (Section 2), the conflicts of interests (Section 3), the acceptance of appointments (Section 4) and the arbitrators’ qualifications (Section 9). With respect to standards set out in the Regulations, arbitrators are to give each party a reasonable opportunity to put their case and sufficiently deal with that of the party’s opponent; adopt procedures which are suitable to the case; and avoid unnecessary delay and expense in resolving the dispute.

4.3 On what grounds do courts intervene to assist in the constitution of the arbitral tribunal (in case of ad hoc arbitration)?

Pursuant to Section 12(2) of the Act, the parties are free to agree on a procedure to appoint the arbitral tribunal.

Where the parties have an agreed procedure and it fails, any party may request the court to step in and take the necessary measures, unless the agreement on the appointment procedure provides other means for securing the appointment.21

The application to the court is made pursuant to Rule 10 of the Arbitration (Court Proceedings) Rules, 2001 Statutory Instrument No. 75 of 2001, by ordinary summons supported by an affidavit before the Registrar of the High Court.22

If the parties do not reach an agreement on the appointment procedure, the Act provides the procedure for the appointment of the arbitral tribunal, which may be composed of a sole arbitrator or a three-arbitrator panel. Where a party fails to appoint an arbitrator as required under the legal procedure, the other party may request the appointment by an arbitral institution, i.e., either the Zambia Arbitration Association (ZAA) or the Chartered Institute of Arbitrators (‘CLArb’) Zambia Branch23 as provided under Section 11(4) and (4) of the Arbitration (Code of Conduct) in Statutory Instrument No. 12.24 The Act, however, does not expressly state that the institutions mentioned above must be referred to before making an application to the court. It does, however, provide a definition of arbitral institution, and the ZAA and the Chartered Institute of Arbitrators Zambia Branch are the only two arbitral institutions registered in Zambia.

If after referring the matter to an arbitral institution, there is still a deadlock in terms of designating a tribunal, then any party may apply to the High Court for its assistance,25 in the manner described above.

4.4 Do courts have the power to issue interim measures in connection with arbitrations?

Courts are entitled to issue interim measures in connection with arbitrations. Pursuant to Section 11 of the Act, courts may grant the following preliminary or interim relief:

- An order for the preservation, interim custody, sale or inspection of any goods, which are the subject-matter of the dispute;

- An order securing the amount in dispute or the costs and expenses of the arbitral proceedings;

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20 Section 12(6) of the Act.
21 Section 12(4)(c) of the Act.
23 Section 12(3)(a) of the Act.
24 Section 11(4) and (4) of the Arbitration (Code of Conduct) in Statutory Instrument No. 12. Available at: https://www.ciarb.org/.../code-of-conduct-amp-standards-regulations-zambia.pdf?
25 Section 12(4) of the Act.
- An interim injunction or other interim order; or
- Any other order to ensure that an award which may be made in the arbitral proceedings is not rendered ineffectual.

The above may be illustrated with the case of *U&M Mining Zambia Ltd v Konkola Copper Mines plc*,\(^{26}\) in which a Zambian court granted an interim measure in circumstances where the arbitration agreement provided that any arbitration would be seated in London. This was challenged in the English High Court, which found that, whilst English courts would have primary jurisdiction to hear applications in support of arbitral proceedings, parties may nevertheless seek interim relief or conservatory measures from other national courts where, for practical reasons, the application can only sensibly be made there.

**4.5 Other than arbitrators’ duty to be independent and impartial, does the law regulate the conduct of the arbitration?**


Specifically, the Arbitration (Code of Conduct & Standards) Regulations contained in Statutory Instrument No. 12 of 2007 provide for the professional conduct of arbitrators under Part I of the Regulations. Paragraph 5 specifically provides for regulation of the conduct of arbitration proceedings. Paragraph 5 provides as follows:

“5. (1) An arbitrator shall –
(a) take reasonable steps to ensure that the parties understand the arbitration process before the arbitration commences;
(b) accord all parties the right to appear in person and to be heard after due notice of the time and place of hearing; and
(c) allow any party the opportunity to be represented by counsel; and

(2) An arbitrator who is a lawyer shall not represent any party to the arbitration or provide legal advice to the parties.

(3) An arbitrator shall conduct the arbitration with reasonable dispatch and shall attend hearings and participate in deliberations. An arbitrator shall follow the procedure agreed by the parties and shall deal with all the issues.

(4) Where there is more than one arbitrator, the arbitrators shall accord each other an opportunity to participate in all aspects of the proceedings.”

**4.5.1 Does it provide for the confidentiality of arbitration proceedings?**

Yes – arbitrators, parties and their counsel are all bound by duties of confidentiality. As far as arbitrators are concerned, according to Regulation 7 of the Arbitration (Code of Conduct) and Standard Regulations Statutory Instrument Act No. 12 of 2007, an arbitrator cannot disclose to anyone who is not a party to the arbitration any information or documents that are exchanged in the course of proceedings except with the consent of the parties or when ordered to do so by a court. Regulations 25 and 26 of the Arbitration (Court


4.5.2 Does it regulate the length of arbitration proceedings?

The Act does not contain any provision as to the length of arbitration proceedings. However, in accordance with Rule 1(b) of the Arbitration Code of Conduct, arbitrators must adopt procedures which are suitable to the case and will avoid unnecessary delay in resolving the dispute.

Rule 17 of the Arbitration Code of Conduct further provides that it is a basic professional responsibility of an arbitrator to plan a work schedule so that present and future commitments will be fulfilled in a timely manner. It also states that arbitrators must cooperate with the parties in avoiding delays. Finally, once the case record has been closed, an arbitrator shall adhere to the time limits for an award, as stipulated in the submission to arbitrate or the order for directions.

4.5.3 Does it regulate the place where hearings and/or meetings may be held?

There is no regulation addressing this issue.

4.5.4 Does it allow for arbitrators to issue interim measures?

Under Section 14 of the Act, unless otherwise agreed by the parties, arbitrators are allowed to grant interim measures in respect of the subject-matter of the dispute. Arbitrators may, *inter alia*:

- grant an interim injunction or other interim order; and
- order the parties to make a deposit in respect of the fees, costs and expenses of the arbitration.

In addition, the arbitral tribunal may require any party to provide appropriate security in connection with any such measure.

4.5.5 Does it regulate the arbitrator’s right to admit/exclude evidence?

Article 19 of the UNCITRAL Model Law applies. The parties are expected to agree on the procedure which includes the mode of receiving evidence. If the parties do not agree, the arbitral tribunal will determine the procedure in such manner as it considers appropriate. The power conferred upon the arbitral tribunal includes the power to determine the admissibility, relevance, materiality and weight of any evidence.

It should be noted that Article 15(c) of the Act provides that where a party fails to produce documentary evidence, the arbitral tribunal may continue the proceedings and make the award on the evidence before it.

4.5.6 Does it make it mandatory to hold a hearing?

There is no mandatory requirement to hold a hearing.

4.5.7 Does it prescribe principles governing the awarding of interest?

Section 16(6) of the Act makes a difference between domestic and international arbitrations.

If the arbitration is international as defined in Article 1(3) of the 1985 UNCITRAL Model Law, the arbitral tribunal may award simple or compound interest in accordance with the law applicable to the arbitration.27

If the arbitration is domestic, the Act regulates the principles governing the awarding of interest by reference to the law applicable in Zambia to judgment debts, i.e., Section 2 of the Judgments Act of 1961.28 This provision is used as a guide and caps interest at the current lending rate as determined by the Bank of

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27 Section 16(6)(a) of the Act.
28 Chapter 81 of the Laws of Zambia.
Zambia. The Act gives the arbitral tribunal discretionary power to award simple or compound interest in accordance with said Judgments Act.

4.5.8 Does it prescribe principles governing the allocation of arbitration costs?

Parties are entitled to recover their costs. 29

4.6 Liability

4.6.1 Do arbitrators benefit from immunity to civil liability?

Under Section 28 of the Act, arbitrators are immune for anything done or omitted in good faith in the discharge of their function as arbitrators.

4.6.2 Are there any concerns arising from potential criminal liability for any of the participants in an arbitration proceeding?

Section 28 of the Act grants indemnity from both criminal and civil liability. The criminal liability aspect is yet to be tested in court.

5. The Award

5.1 Can parties waive the requirement for an award to provide reasons?

Pursuant to Article 16(2) of the Act, the parties may agree that no reasons are to be given as basis of the award, or that the award is an award on agreed terms under Article 30 of the UNCITRAL Model Law. 30

5.2 Can parties waive the right to seek the annulment of the award?

No. Under Section 17 of the Act, a party has a right to seek the annulment or setting aside of the award, 31 and no exceptions or possibility of waiver has been provided.

5.3 What are typical mandatory requirements that apply to the rendering of a valid award rendered at a seat in the jurisdiction?

Under the provisions of Section 16(1) of the Act, the award shall be made in writing and shall be signed by the arbitrator or arbitrators. In arbitral proceedings with more than one arbitrator, the signature of the majority of all members of arbitral tribunal shall suffice, provided that the reason for any omitted signature is stated.

The award shall state the reasons upon which it is based, unless the parties have agreed that no reasons are to be given or the award is an award on agreed terms under Article 30 of the 1985 UNCITRAL Model Law. 32 The Award shall state its date and the place of arbitration. 33

Once the award is made, a copy signed by the arbitrators shall be delivered to each party. 34

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29 Section 16(5) of the Act.
30 Section 16(2) of the Act.
31 The grounds include incapacity, lack of proper notice to appoint the arbitral tribunal, award deals with issues not within the scope of the reference to arbitration, irregular composition of the arbitral tribunal or where the award has not yet become binding or has been set aside by the court of the country which, or under the law of which, it was made.
32 Section 16(2) of the Act.
33 Section 16(3) of the Act.
34 Section 16(4) of the Act.
5.4 Is it possible to appeal to an award (as opposed to seeking an annulment)?

There is no provision in the Act nor in any other legislation pertaining to an appeal against an award. Section 17 of the Act provides that the only recourse to a court against an arbitral award may be made by an application to set aside the award.

This was confirmed in the case of Savenda Management Ltd v Stanbic Bank Zambia (Appeal No. 002/2015) is instructive. At page J24 of the ruling, the judges stated as follows:

[...] allowing the said application would amount to changing the decision of the Arbitrator with regard to the period within which the payment should have been made. In our view, Courts do not have jurisdiction to sit as appellate courts to review and alter arbitral decisions.

5.5 What procedures exist for the recognition and enforcement of awards, what time-limits apply and is there a distinction to be made between local and foreign awards?

The general rule according to Section 18 of the Act is that an award is recognized and enforced provided that the award does not fall within the provisions of Section 19 of the Act, which makes provisions for the grounds for refusing recognition or enforcement.

According to Section 18 of the Act, there is no distinction between a local and foreign award.

5.6 Does the introduction of annulment or appeal proceedings automatically suspend the exercise of the right to enforce an award?

There is no provision to stay the enforcement of an arbitration award. In other words, if a party seeks to set aside an award, the award will remain enforceable pending the decision of the High Court.

5.7 When a foreign award has been annulled at its seat, does such annulment preclude the award from being enforced in the jurisdiction?

Section 19(1)(a)(v) of the Act provides the grounds on which recognition and enforcement may be refused. It provides that recognition or enforcement may be refused if the requesting party furnishes proof that the award has been set aside or suspended by a court of country in which, or under the law of which, that award was made.

5.8 Are foreign awards readily enforceable in practice?

Foreign awards are enforceable in practice.

6. Funding arrangements

6.1 Are there restrictions on the use of contingency or alternative fee arrangements or third-party funding in the jurisdiction? If so, what is the practical and/or legal impact of restrictions?

The Zambia Legal Practitioner’s Act prohibits contingency fees. However, fee arrangements are allowed if they are permissible in the jurisdiction of the seat of arbitration.

7. Is there likely to be any significant reform of the arbitration law in the near future?

There is no significant reform anticipated to any of the laws of arbitration in the near future.


36 Zambia Legal Practitioner’s Act. Available at: https://www.zambialii.org/zm/legislation/consolidated-act/30/consol-act_30.RTF.