

AFRICA RISK CONSULTING

Zambia Monthly Briefing May 2025

Zambia Summary 23 May 2025

Public consultations begin on the plans to amend the constitution amid disgruntlement from civil society ahead of the 2026 general elections, with the political arena dominated by the contentious constitutional reforms, a fragmented opposition, and debates over electoral integrity. United States-based Moody's upgrades Zambia's economic outlook from stable to positive while the International Monetary Fund (IMF) lowers its previous 2025 growth forecast reflecting a mix of cautious optimism and persistent challenges for Zambia. The Bank of Zambia (central bank) holds its key interest rate at 14.5% as it expects inflation to continue declining due to lower food prices after a bumper maize crop.

Consultations begin on constitutional amendments ahead of 2026 election

Public consultations have begun on the plans to amend the constitution amid disgruntlement from civil society ahead of the 2026 general elections, with the political arena dominated by contentious constitutional reforms, a fragmented opposition, and debates over electoral integrity.

Public consultations on the constitutional reforms began on 21 May and will run until 21 June, with some civil society organisations raising concerns about how public consultations will be conducted ahead of the release of the bill for the constitutional amendment. Specifically, **Chapter One Foundation** and the **Alliance for Community Action** have queried how Zambians will be practically consulted within 30 days. In a statement, Chapter One Foundation executive director **Josiah Kalala** also questioned how the government would integrate submissions received in 30 days into a draft.¹

President **Hakainde Hichilema's** (2021-present) administration has spearheaded a push for constitutional amendments, sparking both support and criticism. The proposed reforms, released in March, aim to introduce proportional representation for women, youth, and persons with disabilities in parliament, ostensibly to promote inclusivity. However, critics argue that the amendments risk consolidating executive power. A key proposal allows the president to appoint an unspecified number of nominated members of parliament (MPs) through ordinary legislation, replacing the current constitutional cap of eight. Opponents, including civil society groups and church leaders, warn this could erode parliamentary independence and enable patronage politics, as the ruling party - holding a legislative majority - might exploit the provision to stack parliament with loyalists.²

The government has framed these changes as progressive, but scepticism persists and critics have accused the ruling **United Party for National Development (UPND)** of using inclusivity as a façade to centralise authority. The **Law Association of Zambia** and opposition parties have also condemned the lack of transparency in the amendment process, calling it a threat to checks and balances.

¹ Diggers, 22 May 2025

² Diggers, 6 Apr 2025

The opposition's struggles have become a defining feature of the pre-election landscape. Zambia's main opposition party, the **Patriotic Front (PF)**, faces an existential challenge after the **Constitutional Court** in December 2024 barred its leader, former president **Edgar Lungu** (2015-2021), from running in 2026.³ The court ruled that Lungu's prior terms - including a shortened 20-month tenure - disqualified him under the two-term limit. The PF has threatened to boycott the elections if Lungu remains excluded, but this is unrealistic. Other opposition factions, such as the **Economic and Equity Party** and the **Socialist Party**, have failed to unite into a unified front despite Lungu's push for all opposition parties to unite against UPND through an alliance called **Tonse Alliance**, leaving a fragmented opposition just over a year out of the August 2026 general election.

IMF cautious on Zambia's economic outlook but Moody's upbeat

Zambia's economic trajectory in 2025 reflects a mix of cautious optimism and persistent challenges with recent assessments by **United States (US)**-based **Moody's** and the **International Monetary Fund (IMF)** highlighting progress in fiscal consolidation and debt management, tempered by vulnerabilities tied to climate shocks and global market dynamics.

Moody's upgraded Zambia's economic outlook from stable to positive on 15 April, citing sustained debt reduction, stronger GDP growth, and fiscal reforms.⁴ A key driver for Moody's was Zambia's declining debt burden as government debt fell significantly following the successful restructuring under the **G20 Common Framework**, which eased repayment pressures and freed resources for public investments. Moody's highlighted Zambia's disciplined fiscal policies, including enhanced revenue mobilisation and expenditure control, as critical to this progress. The upgraded outlook is expected to reduce interest rates on loans and bonds, aiding Zambia's access to global capital markets.

Real GDP growth reached 3.9% in 2024, with Moody's projecting a 5% growth in 2025, driven by mining sector recovery and improved investor confidence. Copper production, a cornerstone of the economy, increased 12% to 820,676 metric tonnes in 2024, reinforcing Zambia's position as Africa's second-largest producer.⁵

While Moody's struck an optimistic tone, the IMF published a report on 16 May following a staff mission in which it revised Zambia's 2025 growth forecast downward to 6.2% from earlier projections of 6.6%, citing persistent challenges.⁶ IMF mission chief for Zambia **Mercedes Vera-Martin** noted that structural reforms in energy, governance, public procurement, and the business environment must be accelerated to unlock the country's growth potential and support job creation.

Martin added that Zambia's economy had shown resilience despite multiple economic shocks, with growth expected to strengthen in 2025, driven by an anticipated rebound in agriculture and increased mining activity, but not as strongly as expected. The devastating 2023/2024 **El Niño**-induced drought dramatically decreased agricultural output, caused electricity shortages leading to 17 hours of daily load-shedding, and pushed inflation to 16.7% in late 2024.

The IMF also emphasised Zambia's over-reliance on copper exports, which account for 70% of foreign earnings, leaving the economy exposed to commodity price swings. Further, despite

³ BBC, 10 Dec 2025

⁴ ZNBC, 16 Apr 2025

⁵ Xinhua, 23 Jan 2025

⁶ Zambia Monitor, 18 May 2025

progress, the 2025 budget deficit is projected at 3.1% of GDP, with 20% reliant on external financing, a risk amid reduced US aid and geopolitical tensions.⁷

Looking ahead, both institutions agree that Zambia's recovery hinges on sustained reforms and diversification with the revival of the mining and agricultural sectors expected to drive the economy while the debt restructuring success will bring the much-needed relief. Over 90% of Zambia's \$3 billion **Eurobonds** were restructured by 2024, alongside agreements with bilateral creditors like **China**. The IMF's **Extended Credit Facility** released \$184m in December 2024, bolstering fiscal stability. While Moody's upgrade signals confidence in fiscal discipline, the IMF's tempered growth forecast underscores the fragility of progress.

Central bank holds rate hikes as inflation seen easing

The **Bank of Zambia** (central bank) held its key interest rate at 14.5% on 23 May as it expects inflation to continue trending downwards largely on lower food prices due to a record maize harvest in the past cropping season. This marks a change from the 50 basis point increase in both November 2024 and February.

Acting statistician-general **Sheila Mudenda** announced on 22 May that Zambia's maize harvest will more than double to an estimated 3.66 million tonnes from a 16-year-low of 1.5 million tonnes last year which could help quell rampant consumer price growth and increase the chance of rate cuts.⁸ The harvest follows improved rains as the country recovers from the effects of last year's drought. Food prices soared, leading to costly imports and prices for maize meal, used to make Zambia's staple food, increased 10.2% in April from a year earlier.

The bank increased rates to help tame consumer inflation, which at 16.5% in April remains far above the central bank's target range of between 6% and 8%.⁹ Authorities have forecast that inflation will fall below 8% by end 2025, within the central bank's target for the first time since 2019.¹⁰ Central bank governor **Denny Kalyalya** said inflation is projected to average 13.5% this year, whereas at the central bank's last monetary policy meeting in February, the forecast was for average inflation of 14.6%, indicating better progress.

While food output rebounds, its electricity generation is still reeling from the effects of the drought. Water levels in hydropower dams remain low, with the biggest, **Kariba Dam**, requiring years of good rainfall to refill. Hydropower stations generate more than 80% of Zambia's power.

Planner

Jul 2025 **Lusaka (Zambia)** Mid-Year Budget Review

Aug 2026 **Lusaka (Zambia)** General election

Chronology

20 May 2025 **Lusaka (Zambia)** *Diggers*. **Kariba North** power station manager **Christopher Singogo** says the country should expect a reduction of load-shedding hours between July and August with the positive outlook at **Kariba Dam**;

17 May 2025 **Lusaka (Zambia)** *Zambia Monitor*. Information and media director minister **Henry Kapata** says eleven companies are set to establish operations at the **Zambia-China**

⁷ Reuters, 27 Sep 2024

⁸ Bloomberg, 22 Apr 2025

⁹ Reuters, 23 May 2025

¹⁰ Bloomberg, 17 Apr 2025

Multi-Facility Economic Zone (MFEZ) in Chibombo District with a projected investment of \$129m;

17 May 2025 **Lusaka (Zambia)** *Zambia Monitor*. Transport and logistics minister **Frank Tayali** says the government has begun engaging **Chinese** partners to develop a strategic transport infrastructure project, the **Kapiri Mposhi Dry Port**, in **Central Province**;

15 May 2025 **Lusaka (Zambia)** *Zambia Monitor*. Zambia signs a \$100m agreement for the 100-megawatt (MW) **Chisamba Solar Photovoltaic (PV) Project** led by the **Kariba North Bank Extension Power Corporation (KNBEPC)**;

12 May 2025 **Lusaka (Zambia)** *Diggers*. **Food Reserve Agency** board chairperson **Suresh Desai** says the country has received 180,000 metric tonnes out of the 195,000 metric tonnes of maize purchased by government in **Tanzania**;

11 May 2025 **Lusaka (Zambia)** *Zambia Monitor*. **United Kingdom**-based **Vedanta Resources Limited** has reportedly hired **South Africa's Rand Merchant Bank (RMB)** to help raise as much as \$1 billion in debt financing for the expansion of its operations in Zambia;

9 May 2025 **Lusaka (Zambia)** *Zambia Monitor*. Health minister **Elijah Muchima** says Zambia has acted to halt the "*systematic theft*" of medical donations, after the **United States** announced it was pulling \$50m in health sector funding to the country;

9 May 2025 **Lusaka (Zambia)** *Zambia Monitor*. **Mozambique's** President **Daniel Chapo** announces Mozambique and Zambia are set to sign a memorandum of understanding for the construction of a \$1.5 billion **Beira-Ndola** fuel pipeline;

9 May 2025 **Lusaka (Zambia)** *Zambia Monitor*. **United Kingdom**-based **Gemfields Group** has reportedly announced plans to soon restart full-scale emerald production at its **Kagem Mine** in Zambia, after halting full mining operations earlier this year;

9 May 2025 **Lusaka (Zambia)** *Zambia Monitor*. Agriculture minister **Mtolo Phiri** says Zambia's tobacco production is projected to reach 80 million kilogrammes in 2025, nearly doubling the 44 million kilogrammes recorded in 2024;

6 May 2025 **Lusaka (Zambia)** *Diggers*. The **Energy Regulation Board (ERB)** senior manager for research and pricing, **Rodgers Muyangwa** says **Zesco Limited** will need about \$135m to import power within the next three months;

4 May 2025 **Lusaka (Zambia)** *Zambia Monitor*. **African Development Bank (AfDB) Group** has reportedly approved a kwacha-denominated risk-sharing credit guarantee worth \$32m to support **Zambeef Products Plc's** \$100m expansion programme across its core operations;

1 May 2025 **Lusaka (Zambia)** *Diggers*. The **Energy Regulation Board (ERB)** reduces the price of petrol, diesel, kerosene and Jet A-1 for May 2025 with energy ministry permanent secretary for technical services, **Peter Mumba** saying the reduction shows that the open access regime for the **Tazama Pipeline**, which came into effect in April, is working;

30 Apr 2025 **Lusaka (Zambia)** *Reuters*. Mines minister **Paul Kabuswe** says copper production was up about 30% in the first quarter of 2025, reaching roughly 224,000 metric tonnes from around 173,000 metric tonnes in the first quarter of 2024;

30 Apr 2025 **Lusaka (Zambia)** *Bloomberg*. **Energy Regulation Board (ERB)** extends the emergency power tariffs by an additional three months until 31 July to cover the price of costly electricity imports that the country has been forced to rely on after its worst drought in more than a century in 2024;

30 Apr 2025 **Lusaka (Zambia)** *Bloomberg*. Mines and minerals development ministry says Zambia will by the end of June announce new regulations governing the level of goods and services mining companies must give preference to local suppliers;

30 Apr 2025 **Lusaka (Zambia)** *Zambia Monitor*. **Electoral Commission of Zambia (ECZ)** has set 26 June as the date for the **Lumezi** parliamentary by-election, following the conviction and imprisonment of incumbent independent member of parliament (MP) **Munir Zulu** on charges of making seditious remarks against the president;

29 Apr 2025 **Lusaka (Zambia)** *Znbc*. Technology and science minister, **Felix Mutati** says the government has plans to remove taxation barriers on digital infrastructure to accelerate its expansion across the country with the aim to encourage private sector investment in communication technologies;

28 Apr 2025 **Lusaka (Zambia)** *Znbc*. The **Consortium of Civil Society Organisations** has called on Chief Justice **Mumba Malila** to prioritise the establishment of a specialised electoral court as a division of the high court ahead of the 2026 general elections;

23 Apr 2025 **Lusaka (Zambia)** *Reuters*. **United Kingdom**-based **Vedanta Resources** is considering a **United States** public listing for its **Zambian unit Konkola Copper Mines** as one of its options to try to raise about \$1 billion for mine development;

18 Apr 2025 **Lusaka (Zambia)** *Znbc*. **China Jiangsu Construction Group Corporation** has started working on the upgrade of the **Mansa Airport** in **Luapula Province**, with the \$27m upgrade expected to enhance the economy through increased use of air transport;

17 Apr 2025 **Lusaka (Zambia)** *Zambian Monitor*. The **Kashime Copper Mine Project** in the **Upper Lusemfw** area of **Mkushi District** is set to commence mining operations spearheaded by **Zambian-owned Mimos** Resources, with Canada's **First Quantum Minerals (FQM)** providing financial support and undertaking further exploration within the licence area;

17 Apr 2025 **Lusaka (Zambia)** *Zambian Monitor*. The **Copperbelt Energy Corporation PLC (CEC)** has denied claims by **Konkola Copper Mines (KCM)** that it had fully settled a court-ordered debt, revealing that the mining firm still owes a balance of \$1.48m;

15 Apr 2025 **Lusaka (Zambia)** *Znbc*. Mines minister **Paul Kabuswe** says over 2,500 jobs will be created once mining operations start at **Kitumba Mine** in **Mumbwa District** with the mine expected to process 4.5 million tonnes of copper ore annually, producing 50,000 tonnes of refined copper;

About Africa Risk Consulting:

Africa Risk Consulting (ARC) is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

ARC's core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate

investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistle-blower support on one end to crisis media management and regular monitoring on the other.

www.africariskconsulting.com

About ARC Briefing:

ARC Briefing is ARC's essential business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

ARC Briefing is an information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

www.africariskconsulting.com

Getting in touch

Please contact us by email info@africariskconsulting.com or call + 44 (0) 20 7078 4080

Follow us on Twitter: [@ARCBriefing](https://twitter.com/ARCBriefing)