

AFRICA RISK CONSULTING

Zambia Monthly Briefing January 2025

Zambia Summary 17 January 2025

Finance minister Situmbeko Musokotwane confirms the 2024 national budget will now be fully funded after receiving approximately \$292m in funding from the International Monetary Fund (IMF) and the African Development Bank (AfDB). After being barred from contesting in future presidential elections, former president Edgar Lungu (2015-2021) is now driving the opposition to unite against the ruling United Party for National Development (UPND) ahead of next year's general election. The kwacha continues to plunge to a record low against the United States (US) dollar as drought increases power and food prices.

2024 budget fully funded

Finance minister **Situmbeko Musokotwane** confirmed on 18 December 2024 that the country's 2024 national budget has now been fully funded after receiving approximately \$292m in funding from the **International Monetary Fund (IMF)** as well as the **African Development Bank (AfDB)**, noting that without the funding, the 2024 budget would not have been fully funded.

The AfDB board of directors on 12 December approved a \$108m loan to Zambia to enhance the nation's economic governance and implement reforms in essential public sectors. The AfDB said the funding will facilitate the **Fiscal Sustainability and Economic Resilience Support Programme**, a crucial component in efforts to create a robust and diversified economy in Zambia.¹

The IMF's executive board then met on 17 December to complete the fourth review of Zambia's **Extended Credit Facility (ECF)** arrangement, allowing for an immediate disbursement of \$184m. This disbursement brought Zambia's total disbursement under the 38-month ECF-supported programme to \$1.3 billion.² The IMF approved the initial \$1.3 billion arrangement in August 2022 but was expanded to \$1.7 billion in June 2024.

The programme supports Zambia's home-grown eighth national development plan that seeks to entrench macroeconomic stability, attain debt and fiscal sustainability, enhance public governance, and foster inclusive growth to improve the livelihoods of Zambians, especially the vulnerable.

Despite difficult domestic and international challenges, including the devastating drought in 2024, the IMF believes the programme has progressed well. The board noted that most quantitative performance criteria (QPCs) and most indicative targets (ITs) for June and September 2024 were met, except for the June 2024 IT on the clearance of expenditure arrears and the September 2024 IT on social spending, which were missed by a small margin. With the historic drought significantly contracting agriculture and electricity production, the IMF

¹ Africanews, 12 Dec 2024

² Reuters, 17 Dec 2024

forecasts economic growth in 2024 to decline to 1.2% before recording a very strong economic recovery to 6.2% in 2025 driven by a recovery in agriculture and investments in mining.³

The IMF believes that Zambia's public debt is sustainable, but says the country remains at high risk of overall and external debt distress based on a full post-restructuring macro-framework. This framework incorporates, among others, the treatment of official bilateral claims agreed with Zambia's **Official Creditor Committee (OCC)**, the completed **Eurobond** exchange, and the agreements in principle (AIP) reached with most external commercial creditors, which enable Zambia to fully close its exceptional financing gap.

Zambia has managed to work out restructuring deals for its over \$13 billion stock of debt with private bondholders and official creditors while bilateral arrangements have also been reached with other countries such as **France** and **Saudi Arabia**.⁴

Lungu rallies opposition to unite against Hichilema

After being barred from contesting in future presidential elections former president **Edgar Lungu** (2015-2021) is now driving the opposition to unite against President **Hakainde Hichilema's** (2021-present) **United Party for National Development (UPND)** ahead of next year's general election.

Lungu has been in a bitter feud with his successor since losing power in 2021 and has been working to remove the incumbent. The Constitutional Court ruled in December that Lungu was ineligible to contest in future presidential election as he has served the maximum two terms allowed by the law. The court ruled that Lungu's first term, which he served from 2015 to 2016 after the death of then-president **Michael Sata** (2011-2014), counted as a full term.⁵

His second term was from September 2016 to August 2021, and he then lost the presidency to Hichilema in the 2021 national election. Lungu condemned the constitutional court's decision, in a social media post, accusing the judiciary of being manipulated by political forces, prioritizing partisan interests over constitutional integrity.⁶

Ahead of two parliamentary and two ward by-elections slated for next month, Lungu is now working to get the opposition to unite against the ruling UNPD candidates. The **Electoral Commission of Zambia (ECZ)** has set 6 February for the **Pambashe (Luapula Province)** and **Petauke Central (Eastern Province)** parliamentary by-elections. Two ward by-elections in **Ntanda ward of Mpongwe District (Copperbelt Province)** and **Litawa ward of Mongu District (Western Province)** will also be held on the same date.⁷

Lungu met and had lunch with opposition **Zambia Must Prosper** leader **Kelvin Fube Bwalya** on 31 December in the spirit of uniting and consolidating opposition players in readiness for a change of government in 2026. Before this, he attended a funeral service in **Lusaka** accompanied by Bwalya, **Patriotic Front (PF)** faction secretary general **Raphael Nakacinda**, his deputy **Brenda Nyirenda**, and other political leaders in another attempt to show a united opposition front.⁸

However, despite Lungu's efforts, political parties remain divided as on 7 January different parties filed nominations for their respective candidates ahead of the by-elections. The opposition **United Kwacha Alliance** says there was a proposal to nominate unified opposition

³ Diggers, 20 Nov 2024

⁴ Daily News Egypt, 27 Dec 2024

⁵ Reuters, 10 Dec 2024

⁶ Lusaka Times, 10 Dec 2024

⁷ Diggers, 19 Dec 2024

⁸ Diggers, 1 Jan 2025

candidates for both by-elections, but opposition political parties opted to remain silent and presented their preferred candidates.⁹

In Pambashe, the ruling UPND successfully filed the nomination of **Justine Kapema**. The **Forum for Democracy and Development (FDD)** under the **Tonse Alliance** presented **Williams Mwenya** as their nominated candidate, the **Democratic Union** nominated **Kanunsha Honorato** while the **Socialist Party** successfully nominated **James Mulenga Chabi**. For the Petauke Central by-election, the candidates are **Joshua Tembo** of the **Leadership Movement**, **Moses Phiri** of the Democratic Union, **Julius Mwale** of the Socialist Party, **Carlos Chama** of **Citizens First**, and **Simon Banda** of the **New Congress Party**. Others include independent candidate **Nkole Mutale** and **Severian Lungu** of the UPND.

Kwacha continues fall against dollar

The kwacha has continued to plunge to a record low levels against the **United States (US)** dollar as the ongoing effects of the **El Niño**-induced drought push up power and food prices. The kwacha weakened for an 11th consecutive day to trade at 28.1200 per US dollar on the **London Stock Exchange** on 7 January, a 0.4% weakening, the biggest in three weeks.¹⁰

There had been hope that Zambia's coming out of debt default in 2024 would have helped sentiment, but the currency is now roughly 3% below where it was before its debt restructuring deal and has fallen nearly 15% over the last six months.¹¹ The kwacha plunged when Zambia defaulted on \$11 billion worth of external debt in November 2020 but saw a brief 20% jump in February 2024 when it became clear its restructuring efforts were going to be successful.

Dubai-based, FIM Partners head of macro strategy **Charlie Robertson** noted that in a local market like Zambia's, some big payments for imported electricity, or similar, could easily drive the kwacha while the strained electricity supply was forcing mining companies to cut production of copper, the biggest foreign currency earner for Zambia.

Zambia gets 80% of its power supply from hydroelectric plants and the severe impacts of the drought have decimated crop production and reduced electricity generation. State-owned power utility **ZESCO Limited** is spending \$90m per month to import 500MW of power. The company also says it has managed to raise \$2m per month since the implementation of the emergency tariff plan on 1 November 2024, against a target of \$15m.¹²

Despite to continued weakening of the currency, Musokotwane says the performance of the kwacha is not too bad compared to other currencies on the African continent:

"There has been relative stability in the exchange rate, most of 2024, exchange rate stability does not mean fixed rate, stability,"¹³

The **Bank of Zambia** (central bank) governor **Denny Kalyalya** has announced plans to double down on efforts to reduce the county's reliance on the US dollar as he is worried that a rally in the US dollar driven by **Donald Trump's** (2017-2021) recent election victory may put a strain on the economy. Kalyalya believes a strengthening dollar is not good for the country as it will draw away capital flows from the country and contribute to further inflation.¹⁴

⁹ Diggers, 8 Jan 2025

¹⁰ Bloomberg, 7 Jan 2025

¹¹ Reuters, 8 Jan 2025

¹² Diggers, 31 Dec 2024

¹³ Diggers, 11 Jan 2025

¹⁴ Bloomberg, 13 Nov 2024

Planner

3-6 Feb 2025 **Cape Town (South Africa)** Mining Indaba 2025

Feb 2025 Lusaka (**Zambia**) **Bank of Zambia** (central bank) **Monetary Policy Committee** meets

Chronology

12 Jan 2025 **Lusaka (Zambia) Diggers**. Government says it has, together with the **Democratic Republic of Congo**, resolved to extend customs working hours at **Kasumbalesa Border Post** where over 1,700 trucks have been marooned along the **Chingola-Chililabombwe-Kasumbalesa** road;

11 Jan 2025 **Lusaka (Zambia) Diggers**. **Millers Association of Zambia** president **Andrew Chintala** attributes the recent increase in mealie meal prices to the rising cost of maize, which has surged from K8,500 (\$315) a tonne to K10,000 (\$370);

11 Jan 2025 **Lusaka (Zambia) Diggers**. **African Development Bank (AfDB)** provides \$13.2m in funding to the water development and sanitation ministry to finance improvements and access to water, sanitation and hygiene in **Kabwe** and **Bauleni** townships in Lusaka;

11 Jan 2025 **Lusaka (Zambia) Reuters**. Zambia's **Securities and Exchange Commission (SEC)** sanctions the local unit of **United Kingdom**-based **Standard Chartered Bank** for mis-selling a **Chinese** property company's bonds to one of the bank's local wealth clients at the height of the Asian country's real estate crisis;

10 Jan 2025 Lusaka (**Zambia**) *Zambia Monitor*. **Canadian** mining firm **GoviEx** has identified its **Muntanga Project** as a transformative venture, marking 2025 as a pivotal year for refocusing on the uranium mining initiative;

10 Jan 2025 Lusaka (**Zambia**) *Diggers*. The **Zambia Public Procurement Authority (ZPPA)** suspends **South Africa's Rousant International Zambia Limited** from participating in public procurement for one year due to failure to submit a performance security in a tender process involving state-owned power utility, **ZESCO Limited**;

9 Jan 2025 **Lusaka (Zambia) ZNBC**. **Central Province** minister **Mwabashike Nkulukusa** announces that 15,000 vulnerable children will receive baby care kits worth \$200,000 to strengthen early learning and literacy;

8 Jan 2025 **Lusaka (Zambia) Reuters**. **United Kingdom**-based **Gemfields** asks the **Zambian** government to remove a 15% export tax on emeralds, re-introduced by the state on 1 January, to avoid hurting the sector which is the world's second-largest emerald producer after **Colombia**;

8 Jan 2025 **Lusaka (Zambia) Diggers**. Mines minister **Paul Kabuswe** says the country will see the benefits from the mines that were recently resuscitated mines this year;

8 Jan 2025 **Lusaka (Zambia) ZNBC**. Over 4,000 farmers have accessed the **Sustainable Agricultural Financing Facility (SAFF)** loans designed to increase the value chain of agricultural production;

7 Jan 2025 **Lusaka (Zambia) Diggers**. **Konkola Copper Mine Plc (KCM)** board chairman **Moses Banda** says the mine has in the last five months increased its copper production to 8,000 metric tonnes;

7 Jan 2025 **Lusaka (Zambia) Diggers**. The **Financial Intelligence Centre (FIC)** says the perpetrators of illicit financial flows involving over \$3 billion in the past few years are overwhelmingly businesspersons from foreign jurisdictions, largely involved in illegal mining and trade;

6 Jan 2025 **Lusaka (Zambia) Diggers**. The **Zambia Revenue Authority (ZRA)** says it has seized a fuel tanker truck from **South Africa** for abetting the smuggling of 33,000 litres of ethanol into the country;

6 Jan 2025 **Lusaka (Zambia) Diggers**. **ZESCO Limited** board chairperson **Vickson Ncube** says the utility company has set a target of ensuring that it connects at least 10% of its residential customers to solar by June 2025;

4 Jan 2025 **Lusaka (Zambia) Diggers**. The **Zambia Environmental Management Agency (ZEMA)** says it approved 1,325 development projects in 2024, with a total investment value of \$10 billion;

3 Jan 2025 **Lusaka (Zambia) Diggers**. **Zambia Development Agency (ZDA)** director general **Albert Halwampa** says the **Lobito Corridor**, which will link Zambia, **Democratic Republic of Congo (DRC)**, and **Angola** to access the **United States** and **European** markets, will help triple Zambia's GDP;

3 Jan 2025 **Kitwe (Zambia) Diggers**. Health minister Dr **Elijah Muchima** reveals that the ministry has recorded the fourth mpox case in Kitwe involving a 1-year-and-7-month-old boy;

2 Jan 2025 **Lusaka (Zambia) The Africa Report**. Police arrest **Daniel Ngoy Mulunda**, the former head of **Democratic Republic of Congo's** electoral commission, for unknown reasons. Mulunda holds refugee status in Zambia;

1 Jan 2025 **Lusaka (Zambia) Zambia Monitor**. **United States**-based **KoBold Metals** has reportedly raised \$537m in Series C equity funding to support its critical minerals exploration projects, including the **Mingomba** copper deposit;

31 Dec 2024 **Lusaka (Zambia) Zambia Monitor**. **France**-based food and beverage manufacturer **Lactalis** announces plans to shut its Zambian manufacturing operations, opting to import products from **South Africa**, a move that will result in job losses;

31 Dec 2024 **Lusaka (Zambia) Diggers**. The **Zambia Statistics Agency (ZamStats)** discloses that export earnings from refined copper increased by 18.7% from K17.2 billion (\$637m) in October 2024 to K20.4 billion (\$755m) in November 2024;

31 Dec 2024 **Lusaka (Zambia) Diggers**. Acting health minister **Douglas Syakalima** says the government has engaged the **World Health Organisation (WHO)** and other stakeholders to mobilise an additional 197,000 cholera vaccines for **Nakonde Province** where 13 cases have been recorded;

28 Dec 2024 **Lusaka (Zambia) Diggers**. The **Bank of Zambia** (central bank) launches a K5 billion (\$185m) **Stability and Resilience Facility (SRF)** for onward lending to businesses in the agriculture sector and those negatively impacted by the electricity shortages for a period of 12 months;

27 Dec 2024 **Lusaka (Zambia) Zambia Monitor**. Zambia and **Saudi Arabia** sign a debt restructuring agreement to reschedule more than \$130m of Zambia's debt to Saudi Arabia;

26 Dec 2024 **Lusaka (Zambia) Zambia Monitor**. **Zambia Statistics Agency (ZamStats)** acting statistician general, **Sheila Mudenda** reports annual inflation rose to 16.7% in December from

16.5% in November, signalling sustained pressure on household budgets as food prices continued to rise;

26 Dec 2024 **Lusaka (Zambia)** *Zambia Monitor*. **Zambia Statistics Agency (ZamStats)** acting statistician general, **Sheila Mudenda** reports real GDP grew by 2.5 % in the third quarter of 2024, a slowdown from the 5.7% recorded in the same quarter of 2023;

24 Dec 2024 **Lusaka (Zambia)** *Diggers*. Mines ministry's geological survey director **Gerald Mwila** says government has so far spent \$6m from the total budget of \$98m on the ongoing countrywide geological mapping survey;

23 Dec 2024 **Lusaka (Zambia)** *Diggers*. **Standard Chartered Bank Zambia** customers accuse the bank of exposing them to a high-risk offshore bond investment which has caused them losses after failure to mature while the bank says the "third party high-yield bond" is currently undergoing a debt restructuring process and there has been active engagement by the client with the relevant bond issuer;

21 Dec 2024 **Lusaka (Zambia)** *Diggers*. The **Bank of Zambia** (central bank) announces that cheques will no longer be accepted as a payment instrument from 24 June 2026 following countrywide stakeholder consultations held between July and November 2024;

20 Dec 2024 **Lusaka (Zambia)** *Diggers*. Government proposes to increase entry fees to the **Victoria Falls** for foreign tourists from \$20 to \$40, while for Zambians, from K12 (\$0.44) to K50(\$1.85);

19 Dec 2024 **Lusaka (Zambia)** *Diggers*. Home affairs and internal security minister **Jack Mwiimbu** announces that Zambia has waived visa requirements for nationals from 53 countries, including **Argentina, Turkey, Ukraine, Israel, Morocco** and **Liberia**;

18 Dec 2024 **Lusaka (Zambia)** *Diggers*. The **Anti-Corruption Commission (ACC)** arrests and charges two national prosecutions authority prosecutors based in **Kalomo District (Southern Province)** for corrupt practices involving K17,000 (\$630);

17 Dec 2024 **Lusaka (Zambia)** *Mining Weekly*. **United Kingdom**-headquartered **Jubilee Metals** says unplanned power outages have interrupted its operations at its **Roan** facilities;

16 Dec 2024 **Lusaka (Zambia)** *Zambia Monitor*. **Climate Investment Funds (CIF)** governing board approves Zambia's **Nature, People, and Climate Investment Plan (ZNPCI)**, allocating \$34.65m to fund nature-based solutions addressing climate change impacts in **Central, Copperbelt, and North-Western** provinces;

15 Dec 2024 **Lusaka (Zambia)** *Diggers*. **The World Bank Group (WBG)** says implementing key actions in Zambia's mining, solar power, agribusiness and tourism sectors can help attract up to \$21 billion in cumulative new investment between 2025 and 2030;

15 Dec 2024 **Lusaka (Zambia)** *Zambia Monitor*. President **Hakainde Hichilema** launches the **Zambezi Economic Free Zone** in **Kazungula District** (Southern Province) which is projected to create over 1,000 direct jobs and transform the local economy;

13 Dec 2024 **Lusaka (Zambia)** *Diggers*. President **Hakainde Hichilema** fires the health ministry permanent secretary (PS) **Christopher Simoonga**, along with foreign affairs PS **Hope Situmbeko** and energy PS **Francesca Zyambo**, appointing **Arnold Simwaba** as PS for electricity in the energy ministry, **Louis Mulube** as PS in the public service management division and **Zacharia Luhanga** as PS in the labour ministry;

13 Dec 2024 **Lusaka (Zambia) Diggers. The African Development Bank (AfDB)** approves a \$108m loan to Zambia for an initiative aimed at strengthening the country's economic governance and implementing reforms in key public sectors;

12 Dec 2024 **Lusaka (Zambia) ZNBC.** Zambia and the **United Kingdom** sign five agreements focusing on renewable energy, poverty reduction and capacity building in revenue and customs;

10 Dec 2024 **Lusaka (Zambia) Bloomberg.** Zambia is looking to remedy an erroneous payment of \$80m from state-owned **Zesco Ltd** to **China**.

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