

## AFRICA RISK CONSULTING

### Zambia Monthly Briefing September 2024

---

#### Zambia Summary 16 September 2024

*Canada's First Quantum Minerals (FQM) confirms it is importing power from South Africa's state-owned power utility Eskom to avert a reduction in production. China, Tanzania and Zambia sign an agreement on 4 September to refurbish the Tanzania-Zambia Railway Authority (TAZARA) railway. President Hakainde Hichilema (2022-present) asks the World Bank to outlay an existing funding programme to help deal with the effects of the ongoing drought and approve a new catastrophe financing line by year-end.*

---

#### Copper mines look to South Africa for power imports

Canada's First Quantum Minerals (FQM) confirmed in September that it is importing 250MW from South Africa's state-owned power utility Eskom to offset the electricity deficit in Zambia that threatens to reduce production. FQM, which produces half of Zambia's copper output, added that imports are set to double under a separate deal with United Kingdom (UK)-headquartered electricity-trading company Africa GreenCo.<sup>1</sup>

The power crisis has forced state-owned Zambia Electricity Supply Corporation Limited (ZESCO) to cut supply to mines by up to 40% while households are now enduring up to 21 hours a day of blackouts.<sup>2</sup> FQM spends up to \$250m on power from ZESCO and will now be facing higher operational costs.

In March, China Nonferrous Metal Mining Corporation announced it cut production at its Chambishi Copper Smelter in Zambia by 20% due to power shortages. Chambishi is one of the biggest copper processing facilities on the continent, producing 250,000 metric tonnes per year.

ZESCO currently faces the imminent challenge of potentially exhausting the remaining water reserves at Kariba Dam, which could result in the shutdown of the Kariba North Bank Power Station. ZESCO spokesperson Matongo Maumbi said on 26 August that the utility anticipates a significant power supply gap from September. The hydropower generation deficit stood at 1,086MW for August and is expected to rise to 1,280MW for September.<sup>3</sup>

The government has forecast that most of Zambia will receive normal to above-normal rains starting in October, driven by the La Niña weather phenomenon, in the western part of the country that feeds Kariba.<sup>4</sup> However, much of the water takes months to reach the reservoirs with Kariba's waters usually starting to rise from January or February.

#### Lobito and TAZARA projects gather pace

China's President Xi Jinping (2013-present), Tanzania's President Samia Suluhu Hassan (2021-present) and Zambia's President Hakainde Hichilema (2022-present) jointly witnessed the signing of a memorandum of understanding (MoU) on 4 September for the revitalisation of the Tanzania-Zambia Railway Authority (TAZARA) railway.<sup>5</sup> The TAZARA railway runs

---

<sup>1</sup> Bloomberg, 13 Sep 2024

<sup>2</sup> Diggers, 1 Sep 2024

<sup>3</sup> Diggers, 26 Aug 2024

<sup>4</sup> Miningmx, 13 Sep 2024

<sup>5</sup> Xinhua, 4 Sep 2024

1,860km and was built between 1970 and 1975. It was built by China to offer Zambia a mineral export route via Tanzania. Negotiations for a concession agreement have started with the **China Civil Engineering and Construction Corporation (CCECC)**, and the total project expense is expected to be \$1 billion. TAZARA public relations officer **Conrad Simuchile** said on 4 September that the rehabilitation will take approximately two years:

*"We project that annual tonnage will rise from the current combined average of 500,000 metric tons for all operators to approximately 2 million metric tonnes."*<sup>6</sup>

Further benefiting Zambia, acting special coordinator for the partnership for global infrastructure and investment at the US state department **Helaina Matza** on 9 September announced plans to extend the **Lobito Corridor** project. The Lobito Corrido runs from the **Democratic Republic of Congo (DRC)** and Zambia to **Angola's** Lobito port and will facilitate the export of copper, cobalt and other critical minerals.

The US is keen to expand the corridor to Tanzania and create a 'Trans-Africa Corridor'.<sup>7</sup> The project as it stands has a total cost of \$1.6 billion, with the US approving a \$250m loan for the project. The **African Development Bank (AfDB)** plans to contribute approximately \$500m through a blend of sovereign and non-sovereign instruments, including concessional allocations.<sup>8</sup> **Italy** has also pledged \$320m towards the project.<sup>9</sup>

The refurbished TAZARA line could compete directly with the Lobito Corridor but regardless, Zambia remains a winner in the situation.

### Zambia seeks World Bank bailout to offset drought impacts

Hichilema met with the **World Bank's** vice president for eastern and southern Africa **Victoria Kwakwa** on 11 September, asking the lender to outlay an existing funding programme to help deal with the effects of the ongoing drought and approve a new catastrophe financing line by year-end. In July, the World Bank approved a \$208m grant for Zambia to help address the social and economic impact of the drought.<sup>10</sup>

Zambia has experienced the worst drought in decades which has led to a power crisis and increased food insecurity. The **International Monetary Fund (IMF)** in May announced that it had more than halved its 2024 economic growth forecast for Zambia from 4.7% to 2.3% as a result of the droughts impacts.<sup>11</sup>

The government has forecasted that the economy will grow by 2.5% but it has also been forced to revise its budgeted expenditure to cater for external debt repayments and drought mitigation. Finance and national planning minister **Situmbeko Musokotwane** presented a supplementary K41.9 billion (\$1.65 billion) budget to parliament in June, a 13.88% increase from the initial K177.9 billion (\$7.03 billion) budget.<sup>12</sup> At least K8.3 billion (\$328m) or 19.8% of the revised budget will be dedicated to facilitating the government's drought response interventions to provide life-saving and early recovery assistance to Zambians.

In his original budget speech, Musokotwane outlined key macroeconomic goals which included achieving economic growth of 4.8%, maintaining international reserves at a level equivalent to three months of import cover, increasing domestic revenue to represent 22% of GDP, narrowing

<sup>6</sup> Tazara site, 4 Sep 2024

<sup>7</sup> African Business, 30 Aug 2024

<sup>8</sup> Bloomberg, 8 Feb 2024

<sup>9</sup> SP Global, 14 Jun 2024

<sup>10</sup> Lusaka Times, 2 Jul 2024

<sup>11</sup> Bloomberg, 9 May 2024

<sup>12</sup> Diggers, 21 Jun 2024

the fiscal deficit to 4.8% of GDP, and capping domestic borrowing at a maximum of 2.5% of GDP. The drought's impacts have since undermined all these plans.

## Planner

Sep 2024 **Lusaka (Zambia)** 2025 National budget presentation

13 Nov 2024 **Lusaka (Zambia) Bank of Zambia** Monetary Policy Committee meets.

## Chronology

13 Sep 2024 **Lusaka (Zambia)** *Times of Zambia*. **Canada's Barrick Gold** says the feasibility study for the transformation of its **Lumwana Mine** into a super pit producing around 240,000 tonnes of copper per year over a 30-year life is expected to be completed by the end of the year, paving the way for construction to start in 2025;

13 Sep 2024 **Lusaka (Zambia)** *Lusaka Times*. President **Hakainde Hichilema** swears in **Geoffrey Zyelee** as the new army commander replacing **Sitali Alibuzwi** and major general **Luswapo Sinyinza** as deputy army commander;

11 Sep 2024 **Lusaka (Zambia)** *Times of Zambia*. Zambia and **Botswana** sign an agreement for the establishment of the **Kazungula Bridge Authority (KBA)** which will result in the development of infrastructure leading to the bridge;

11 Sep 2024 **Lusaka (Zambia)** *Times of Zambia*. **Transparency International- Zambia (TIZ)** urges the auditor general to immediately institute a probe into the utilisation of three **Eurobonds** worth \$3 billion contracted by the **Patriotic Front (PF)** regime in 2012;

10 Sep 2024 **Lusaka (Zambia)** *Diggers*. The **Zambia Environmental Management Agency (ZEMA)** approves four solar power projects with a combined capacity of 100MW in response to the current energy crisis;

9 Sep 2024 **Lusaka (Zambia)** *Miningmx*. **Canada**-headquartered uranium exploration firm **GoviEx** says it has acquired a 51% stake in the **Lundanzi** exploration licence from **United Kingdom**-headquartered **Stalwart Investments**;

7 Sep 2024 **Lusaka (Zambia)** *Diggers*. **Konkola Copper Mines (KCM)** chief operating officer **Malcolm Mewett** says the firm's focus for the next 12 months is to modernise and optimise its **Nampundwe Mine**;

5 Sep 2024 **Lusaka (Zambia)** *Diggers*. **Zambia Electricity Supply Corporation Limited (ZESCO)** spokesperson **Matongo Maumbi** says discussions on how the government will financially help support its alternative power initiatives, such as the installation of gensets at critical institutions are ongoing;

5 Sep 2024 **Lusaka (Zambia)** *Diggers*. State-owned investment firm **ZCCM-IH** discloses that it will provide a \$15m loan for **Maamba Energy's** 300 MW power plant project, while approximately \$300m will be financed by a consortium of lenders;

5 Sep 2024 **Lusaka (Zambia)** *Bloomberg*. **Bank of Zambia** (central bank) governor **Denny Kalyalya** announces plans to restrict the use of foreign exchange in domestic transactions to stabilise the kwacha;

3 Sep 2024 **Luanda (Angola)** *Times of Zambia*. The **Lusaka Securities Exchange (LuSE)** closes August at an all-time high of 15,146.27 points, representing a 40% gain on a year-to-date basis;

1 Sep 2024 **Lusaka (Zambia) Diggers. Zambia Statistics Agency** statistician general **Goodson Sinyenga** reports that export earnings from refined copper increased by 4.3% from K16.5 billion (\$634.6 m) in June 2024 to K17.2 billion (\$661.5m) in July 2024;

30 Aug 2024 **Livingstone (Zambia) Diggers. Mines and minerals development minister Paul Kabuswe** insists that the government is highly intolerable to illegal mining, warning those involved in the vice that they will face the law;

30 Aug 2024 **Lusaka (Zambia) Mining Technology. Mines minister Paul Kabuswe** announces plans to establish a state-owned investment firm that will hold at least a 30% share in the production of critical minerals from future mining projects;

29 Aug 2024 **Lusaka (Zambia) Diggers. ZCCM-IH** has announced that it has acquired an additional 10% shareholding in **Lubambe Copper Mines Limited** at \$1, bringing its total stake in the mine to 30%;

29 Aug 2024 **Lusaka (Zambia) Bloomberg. Statistician general Goodson Snyenga** reports that annual inflation rose to a 32-month high of 15.5% in August compared to 15.4% in July;

27 Aug 2024 **Lusaka (Zambia) Business Live. United Kingdom-headquartered Jubilee Metals** announces it has signed a three-year renewable power purchase agreement with independent hydro and solar power producer **Lunsemfwa Hydro Power**;

26 Aug 2024 **Lusaka (Zambia) Diggers. Zambia Electricity Supply Corporation Limited (ZESCO)** says it currently faces an imminent challenge of potentially exhausting the remaining water reserves at **Kariba Dam** by 14 September which could result in the shutdown of the **Kariba North Bank Power Station**;

24 Aug 2024 **Lusaka (Zambia) Diggers. Energy Regulation Board (ERB)** rejects state-owned power utility **Zambia Electricity Supply Corporation Limited's (ZESCO)** application for an emergency tariff hike;

24 Aug 2024 **Lusaka (Zambia) Diggers. Canada's First Quantum Minerals (FQM)** says although the company has been affected by the energy crisis in the country, its expansion projects remain on track;

16 Aug 2024 **Lusaka (Zambia) Diggers. Zambia Chamber of Mines** president, **Sokwani Chilembo**, says the recently launched national mineral mapping puts Zambia in very strong contention amongst premier global mining destinations;

### 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.

### 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.

### Getting in touch

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

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

Africa Risk Consulting (ARC) Pty Ltd expressly forbids the collection of information and content from ARC Briefing as data to train generative artificial intelligence models.

© Africa Risk Consulting (ARC)