

## AFRICA RISK CONSULTING

### Zambia Monthly Briefing October 2025

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#### Zambia Summary 24 October 2025

*Zambia takes a significant step in its long-running debt crisis by signing bilateral debt restructuring agreements with Chinese lenders, including the Export-Import Bank of China (Exim Bank) and other Chinese creditors. Finance minister, Situmbeko Musokotwane, presents Zambia's 2026 national budget, outlining a K253.1 billion (\$11.17 billion) plan the government says is designed to "consolidate economic and social gains" after a period of macro-financial strain. The kwacha climbs to its strongest level since early 2024 in October, driven by a surge in global copper demand and renewed confidence that the country can convert its mineral wealth into tangible economic gains.*

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#### Zambia signs key debt-restructuring deals with Chinese lenders

**Zambia** has taken a significant step in resolving its long-standing debt crisis by signing bilateral debt restructuring agreements with **Chinese** lenders, including the **Export-Import Bank of China (Exim Bank)**. Finance and national planning minister, **Situmbeko Musokotwane**, [announced](#) the deals on 14 October, confirming they cover part of Zambia's obligations to Chinese institutions. These developments form part of a broader restructuring process. In previous rounds, Zambia engaged with its official creditors to restructure approximately \$6.3 billion of debt through a memorandum of understanding [signed](#) in 2023.

For Zambia, whose economy has been under strain since defaulting on its sovereign bonds in 2020, the restructuring with Chinese creditors offers meaningful relief as these agreements are likely to boost investor confidence and provide fiscal space for the government to focus on investment in infrastructure, healthcare and education. As Zambia channels less budget toward debt repayments, it gains more flexibility to allocate funds to critical sectors and improve growth prospects.

Furthermore, as Chinese lenders are among the largest single-country creditors for Zambia, these agreements may unlock further restructuring with other creditors and pave the way for new capital inflows and investment. A stable debt profile can encourage foreign direct investment and lower borrowing costs. While the full terms of the Chinese-creditor deals have not been publicly disclosed, the agreements sit alongside Zambia's broader objective to finalise bilateral agreements with all official creditors [by](#) the third quarter of 2025.

Despite the positive momentum, Zambia still faces several challenges. First, the restructuring thus far only covers part of its obligations to Chinese creditors and secondly, the broader process must still secure final agreements with other major creditors, such as commercial banks, bondholders, and other official bilateral lenders.

The debt restructuring deals with Chinese lenders mark a milestone for Zambia's sovereign debt overhaul. However, Zambia must still complete negotiations with all creditors, ensure transparency and use the fiscal space generated to drive growth. If managed well, this could usher in a more sustainable economic model, but missteps could revive vulnerabilities.

#### Musokotwane presents 2026 budget

Musokotwane presented Zambia's 2026 national budget on 26 September, outlining a K253.1 billion (\$11.17 billion) plan the government [says](#) is designed to "consolidate economic and social

*gains*” after a period of macro-financial strain. The 2026 budget signals Zambia’s return to stability and resilience after a period of crisis-driven spending. The focus has shifted from emergency measures to consolidating reforms, restoring fiscal credibility, and ensuring that economic growth benefits all Zambians.

The 2026 budget reflects a 17% increase over the original 2025 budget of K217 billion (\$9.58 billion), and a 6% rise above the supplementary-adjusted figure of K238.6 billion (\$10.5 billion). The 2026 budget’s significance lies in its focus on continuity and consolidation as major reforms from 2022 and 2023 are being embedded, with measures like the **Minimum Alternative Tax** introduced through the 2025 supplementary process. Rather than unveiling sweeping new initiatives, this budget reinforces existing policies.

Notably, there is a clear [push](#) to promote and protect domestic manufacturing with key measures including higher import duties on processed meat products, powdered milk, cheese, yoghurt, flexible PVC hoses, and polyester fibre. At the same time, the removal of import duties on milk pasteurisation machinery and vehicle assembly components aims to support local industry and value addition.

The budget also emphasises fiscal consolidation, targeting a deficit of 2.1% of GDP, the [lowest](#) in over a decade. This compares with a revised 2025 deficit of approximately 4.6%, which rose after drought-related spending and the supplementary budget. The government plans to finance approximately 82% of the budget, equal to K 206.5 billion (\$9.12 billion), through domestic revenues. This marks the highest ratio in more than a decade as stronger mining receipts, improved tax compliance, and targeted measures such as higher fees and levies underpin this growth.

Overall, the country’s total external debt stock excluding publicly guaranteed debt now stands at \$15.78 billion, a 2.3% increase from \$15.43 billion as of December 2024. This was primarily driven by multilateral and plurilateral creditors’ disbursements. Publicly guaranteed external debt was unchanged at \$1.36 billion. The incremental debt is concessional and largely came from previously contracted debt.

The more pressing challenge now appears to be the domestic debt, which reached K225.5 billion (\$9.95 billion) by mid-2024, double the 2020 level and nearly four times the K62 billion (\$2.73 billion) recorded in 2019. Debt servicing costs are substantial, with K52 billion (\$2.29 billion) allocated for domestic interest payments in 2026 due to the maturity of loans contracted during the borrowing surge. Domestic debt service now accounts for 20.6% of total expenditure, an unprecedented level.

To build on recent economic and social progress, the government has [set](#) the following macroeconomic targets for 2026:

- Attain a real GDP growth rate of 6.4%;
- Reduce inflation to the 6% to 8% target band;
- Maintain gross international reserves above four months of import cover;
- Increase domestic revenue to at least 22.3% of GDP;
- Reduce fiscal deficit to 2.1% of GDP;
- Limit net domestic borrowing to 2.3% of GDP.

Several risks threaten these objectives, most notably the heavy dependence on mining revenues, which leaves the budget vulnerable to commodity price fluctuations, underscoring the urgent need to diversify exports. Although Zambia had restructured 92% of its external debt by September 2025, debt service obligations remain considerable, and the resumption of **Eurobond** and bilateral payments has heightened foreign exchange demand.

## Kwacha rallies on rising copper demand

The kwacha climbed to its strongest level since early 2024 in October, driven by a surge in global copper demand and renewed confidence that Zambia can convert its mineral wealth into tangible economic gains. From trading at 25 per **United States (US)** dollar last year, the kwacha has been strengthening and it traded at about 22.76 per US dollar on 10 October.

Structural demand growth from power-grid upgrades, renewable energy deployment and a rapid expansion of electric vehicles and associated charging infrastructure have buoyed copper prices. These secular drivers are increasingly important as the world electrifies, creating a structural [lift](#) in metal demand beyond the usual commodity cycles.

Zambia's response has been to ramp up production and attract large-scale mine investment. After weather-related disruptions and drought weakened output, mines have recovered, with official and market tallies showing Zambia [produced](#) roughly 820,000 tonnes of copper in 2024 and early 2025. The government and major miners are projecting further gains in the near term.

The government has publicly set a long-term target of raising annual copper production to about three million tonnes by around 2030/2031, a multi-year plan that would transform Zambia into one of the world's leading copper suppliers. Achieving that scale would require sustained investment, faster commissioning of new projects, improved power availability, and better logistics. However, market participants say the twin forces of higher prices and secured capital make the plan plausible if execution continues.

The economic and political implications are immediate for investors and lenders as growing and reliable copper exports mean higher foreign-exchange receipts that can stabilise the kwacha, improve sovereign balance sheets, and reduce the need for emergency policy measures. For Zambians, a sustained mining boom can translate into jobs, higher tax revenue and better public services; though much depends on how mining rents are taxed, how revenue is managed, and whether the benefits are spread beyond copper belts.

Despite rising production creating better prospects at a time when the market is bullish, risks remain. Copper's rally depends in part on continued global demand and limited supply shocks elsewhere; miners must overcome technical, environmental and power-security hurdles; and translating export windfalls into sustained, inclusive growth requires sound fiscal management.

Nevertheless, the rally is also a boost for President **Hakainde Hichilema's** (2021-present) government ahead of the general election next year as the copper-led recovery [provides](#) a persuasive economic narrative for his campaign. Rising output, stronger fiscal positions and visible investment projects give the administration tangible achievements to point to - from infrastructure projects to promises of a larger, more diversified economy - even as opponents press on governance and distributional concerns.

### Planner

Oct 2025 (**Zambia**) Zambia and **Brazil** to hold a business and investment symposium

13 Nov 2025 **Lusaka (Zambia) Bank of Zambia** (central bank) **Monetary Policy Committee (MPC)** meeting

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

### Chronology

23 Oct 2025 **Lusaka (Zambia)** *Lusaka Times*. Opposition party **Patriotic Front (PF)** member **Brian Mundubile** declares his candidacy for Zambia's 2026 elections;

20 Oct 2025 **Lusaka (Zambia)** *Lusaka Times*. Opposition party **Patriotic Front's (PF)** acting president, **Given Lubinda** warns members of President **Hakainde Hichilema's** constitutional reform committee that they could be personally liable for public funds used in what he calls an unlawful process;

20 Oct 2025 **Lusaka (Zambia)** *Mining Weekly*. **United Kingdom (UK)**-headquartered **Arc Minerals** informs its shareholders that the joint venture (JV) agreement between its subsidiary **Unico Minerals** and a subsidiary of **Anglo American**, regarding mining tenements in Zambia, has been terminated by mutual agreement;

19 Oct 2025 **Lusaka (Zambia)** *Zambia Monitor*. Mines and minerals development ministry introduces new regulations requiring mining companies to allocate at least 20% of their procurement budgets to local suppliers for core goods and services, effective 1 January 2026;

19 Oct 2025 **Lusaka (Zambia)** *Zambia Monitor*. Zambia and **Malawi** move to operationalise a presidential agreement that will see the export of 200,000 metric tonnes of maize to Malawi, in a landmark step toward strengthening regional cooperation on food security and drought resilience;

18 Oct 2025 **Lusaka (Zambia)** *Zambia Monitor*. President **Hakainde Hichilema** commissions a urea plant and an 85-megawatt (MW) power generation plant for **United Capital Fertilizer**, describing the development as a landmark achievement in Zambia's journey toward industrialisation and agricultural self-sufficiency;

18 Oct 2025 **Lusaka (Zambia)** *Diggers*. The **International Monetary Fund's (IMF)** latest **World Economic Outlook** forecasts a GDP growth of 5.8% for Zambia in 2025, before registering 6.4% growth in 2026;

18 Oct 2025 **Lusaka (Zambia)** *Lusaka Times*. President **Hakainde Hichilema** commissions Zambia's first pharmaceutical manufacturing plant, developed in partnership with **India's Akums Drugs** to boost local medicine production and health security;

14 Oct 2025 **Lusaka (Zambia)** *Lusaka Times*. Zambia and **China** reaffirm their partnership in water and sanitation development, with water development minister **Collins Nzovu** announcing deeper cooperation to improve national water infrastructure;

13 Oct 2025 **Nakonde (Zambia)** *Zambia Monitor*. Prominent constitutional lawyer, **John Sangwa**, officially steps away from legal practice to pursue a political path, weeks after announcing his readiness to contest the 2026 presidential election;

13 Oct 2025 **Lusaka (Zambia)** *Lusaka Times*. Vice president **Mutale Nalumango** issues a stern warning to underperforming ruling party members of parliament (MPs), saying they risk losing approval ahead of the 2026 general elections;

11 Oct 2025 **Lusaka (Zambia)** *The Citizen*. President **Hakainde Hichilema** urges the **African Development Bank (AfDB)** to accelerate reforms that make capital inflows more accessible and affordable for African countries, noting that high borrowing risks and capital costs have hindered development;

11 Oct 2025 **Lusaka (Zambia)** *afdb*. **African Development Bank (AfDB)** president **Sidi Ould Tah** meets with President **Hakainde Hichilema** on the sidelines of the third **African Development Fund (ADF-17)** technical replenishment meeting in Lusaka, where the two leaders reaffirmed their commitment to work together to improve the lives of Zambians;

9 Oct 2025 **Lusaka (Zambia)** *Diggers*. **Socialist Party (SP)** leader Dr **Fred M'membe** announces that the **United Front**, an alliance comprising SP, **Patriotic Front (PF)**, **Tonse**,

**United National Independence Party (UNIP), United Kwacha Alliance (UKA)** and other parties, will have a presidential candidate in two weeks;

9 Oct 2025 **Lusaka (Zambia) Diggers**. Mines and minerals development minister, **Paul Kabuswe** says the **Minerals Commission**, which the government has set up, will utilise technology to curb leakages and smuggling in the mining sector;

8 Oct 2025 **Lusaka (Zambia) Diggers**. **World Bank Group** senior mining specialist for energy and extractives, **Charles Douglas Hamilton** says if Zambia is to meet its three million metric tonnes target of copper production, the country should release its geological data;

8 Oct 2025 **Lusaka (Zambia) FT**. President **Hakainde Hichilema** says cuts to international aid were long overdue and offers African countries an opportunity to “*take care of our own affairs*”;

7 Oct 2025 **Lusaka (Zambia) Zambia Monitor**. Zambia and the **Global Fund** sign new grants worth \$362m for the 2024–2026 period, underscoring both the country’s commitment and the importance of sustained international cooperation in advancing public health;

4 Oct 2025 **Lusaka (Zambia) Lusaka Times**. Non-profit **Green Cosmos Zambia (GRECO)** CEO **Martin Mulenga** urges Zambians living in flood-prone areas to relocate before the 2025/2026 rainy season due to risks of flash floods, disease outbreaks, and infrastructure damage;

3 Oct 2025 **Lusaka (Zambia) Diggers**. President **Hakainde Hichilema** appoints a 25-member technical committee tasked with conducting wide-ranging public consultations and drafting amendments to the Constitution of the country;

2 Oct 2025 **Lusaka (Zambia) Lusaka Times**., Opposition **Forum for Democracy and Development (FDD)** president **Chifumu Banda** calls for inclusive national leadership ahead of the 2026 general elections;

1 Oct 2025 **Lusaka (Zambia) Lusaka Times**. The **Economic Association of Zambia (EAZ)** says the country’s projected 6.4% economic growth rate for 2026 is achievable if government spending follows the budget and wasteful expenditure is avoided;

1 Oct 2025 **Lusaka (Zambia) Diggers**. **PricewaterhouseCoopers** senior country partner, **Andrew Chibuye**, says Zambia will only see an improvement in its credit rating when debt restructuring with 20% of other commercial creditors has substantially progressed;

1 Oct 2025 **Lusaka (Zambia) Diggers**. **United States-headquartered KOBOLD Metals** CEO Dr **Kurt House** says he is confident that the **Ming’omba** mine, once constructed, will be Zambia’s largest copper mine by a large margin;

30 Sep 2025 **Lusaka (Zambia) Lusaka Times**. Government, with the **World Bank’s** support, launches the \$30m **Zambia Refugee and Host Communities Project (ZRHCP)** to strengthen refugee integration and improve livelihoods;

30 Sep 2025 **Lusaka (Zambia) Diggers**. Zambia, **Tanzania** and **China** sign the \$1.4 billion **TAZARA** revitalisation agreement, which includes the purchase of 34 new locomotives, 16 passenger coaches and 760 wagons;

30 Sep 2025 **Lusaka (Zambia) Diggers**. The **Bank of Zambia** (central bank) announces that it will issue currency regulations by the end of 2025 to reinforce the use of the **Kwacha** in domestic transactions;

- 29 Sep 2025 **Lusaka (Zambia) Diggers.** **Mopani Copper Mines Plc** CEO, **Charles Sakanya**, says the company is pressing ahead with a \$1.9 billion expansion project, including a new \$400m investment aimed at boosting copper cathode production to 226,000 tonnes by 2028;
- 28 Sep 2025 **Lusaka (Zambia) Zambia Monitor.** The **World Bank** is expanding support for the second phase of Zambia's **Transforming Landscapes for Resilience and Development (TRALARD II)** project, offering \$137m in investments;
- 28 Sep 2025 **Lusaka (Zambia) Zambia Monitor.** Finance minister, **Situmbeko Musokotwane**, announces that Zambia has raised \$150.2m through the issuance of green bonds following the development of the forest carbon regulations and green bond guidelines;
- 26 Sep 2025 **Lusaka (Zambia) Diggers.** **ZamStats** announces that the country's economy grew by 5.2% in the second quarter of 2025, compared to 1.9% in the second quarter of 2024;
- 25 Sep 2025 **Lusaka (Zambia) Bloomberg.** **African Export-Import Bank (Afreximbank)** is reportedly pursuing arbitration against Zambia in a dispute over debt relief;
- 24 Sep 2025 **Lusaka (Zambia) Lusaka Times.** A **Chinese Communist Party (CCP)** delegation arrives in Zambia for a reciprocal exchange visit with the ruling **United Party for National Development (UPND)**, aiming to deepen party and government cooperation;
- 19 Sep 2025 **Lusaka (Zambia) Zambia Monitor.** Zambia and **Botswana** begin preparations for the commissioning of the **Kazungula Bridge Authority (KBA)** to pave the way for the establishment of the new governing structures;
- 15 Sep 2025 **Lusaka (Zambia) Lusaka Times.** **Bank of Zambia** (central bank) governor **Denny Kalyalya** calls for deeper financial inclusion, noting that while progress has been made, most Zambians remain excluded from fully benefiting, as 90% of deposit accounts hold less than K50,000 (\$2,100);
- 14 Aug 2025 **Lusaka (Zambia) Diggers.** The **Zimbabwean** government scraps transit duties on petroleum products with immediate effect, as Zambia and Zimbabwe agree to remove barriers that affect trade;
- 11 Sep 2025 **Lusaka (Zambia) Lusaka Times.** Commerce, trade, and industry minister **Chipoka Mulenga** says the manufacturing sector now contributes 9% of GDP, the highest level since 1990, attributing the increase to government-led economic recovery initiatives and investment momentum;
- 10 Sep 2025 **Lusaka (Zambia) Lusaka Times.** **Civil Servants and Allied Workers Union of Zambia (CSAWUZ)** threatens to strike if the government does not resolve persistent salary delays, which have left employees struggling with rent, school fees and heavy borrowing.

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