

## AFRICA RISK CONSULTING

### Zambia Monthly Briefing January 2026

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#### Zambia Summary 16 January 2026

*Opposition political parties remain largely fragmented due to internal disputes within the Tonse Alliance coalition, as highlighted by the decision to expel the former Patriotic Front (PF) in early January, giving the ruling United Party for National Development (UPND) a significant advantage ahead of the August general election. Zambia opts to not seek a one-year extension of its International Monetary Fund (IMF) Extended Credit Facility (ECF) programme, deciding instead to pursue a full successor arrangement. The kwacha enjoys notable appreciation throughout 2025 and into early 2026, after years of volatility and depreciation due to increased export earnings and external financing inflows.*

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#### Opposition remains fragmented ahead of August vote

As Zambia gears up for the 2026 general elections, scheduled for 13 August, the country's opposition landscape presents a stark contrast to the relatively unified posture of the ruling **United Party for National Development (UPND)**. Instead of consolidating around a shared platform to challenge President **Hakainde Hichilema's** (2021-present) administration, the opposition has been beset by fractures, expulsions, and competing ambitions that threaten its electoral prospects.

At the centre of these problems is the once-promising **Tonse Alliance**, a coalition initially designed to unite multiple parties to confront the UPND at the polls. The alliance's formation was heralded as a strategic consolidation of opposition strength, bringing together parties including the former ruling **Patriotic Front (PF)**, the **Forum for Democracy and Development (FDD)**, and other smaller groupings. However, what was meant to be a unifying platform has instead become a [battleground](#) of mutual suspicion, ego clashes, and competing leadership claims.

In a striking demonstration of the breakdown, the Tonse Alliance [expelled](#) the PF at the start of 2026, citing prolonged internal disputes and ongoing legal battles involving the former ruling party. The alliance's leadership argued that PF's involvement was undermining collective strategy, but PF leaders have contested the move, calling its expulsion illegitimate.

The rifts go deeper than personality clashes. In October 2025, the opposition **National Congress Party (NCP)** formally [withdrew](#) from the alliance, accusing other partners of prioritising personal ambitions and sidelining smaller parties in decision-making processes. NCP leader **Peter Chanda** lamented that the coalition had strayed from its founding principles of collective responsibility, a sentiment other parties echoed, frustrated by what they described as a lack of respect and consultation.

These disputes are compounded by bitter leadership battles within PF itself. Factions aligned around different figures, including acting PF president **Given Lubinda** and aspiring PF presidential candidate **Brian Mundubile**, have publicly [sparred](#) over control of party structures, leading to expulsions and internal disciplinary actions that further erode organisational capacity.

The fragmentation has spilled over into broader opposition efforts to forge cooperation, with **Socialist Party** leader Dr **Fred M'membe** publicly [acknowledging](#) that the coalition had

“disintegrated”, describing negotiations as gridlocked and trust among party leaders nearly non-existent.

Recent electoral dynamics further underscore these problems. The **Chawama** by-election, held on 15 January to fill the **National Assembly** seat vacated by the PF's **Tasila Lungu**, offers a picture of how opposition fragmentation is playing out on the ground, with nine candidates [contesting](#) in the vote. However, FDD's candidate **Bright Nundwe** [won](#) the poll after the UPND's lacklustre campaign in what is seen as an opposition stronghold.

For the ruling party, a fragmented opposition is a strategic advantage, as with multiple opposition candidates, the UPND can focus its campaign on promoting continuity with the confidence that rivals are unable to consolidate support.

### Zambia chooses new IMF programme over extension

The finance ministry confirmed on 8 January that government has opted not to seek a one-year extension of its **International Monetary Fund (IMF) Extended Credit Facility (ECF)** programme, [deciding](#) instead to pursue a full successor arrangement with the IMF once its current arrangement expires at the end of January.

The move marks a significant pivot in the country's engagement with the IMF and signals Zambia's intention to craft a more comprehensive economic programme for the medium-term rather than temporarily prolonging reliance on the existing facility.

The ECF programme, first approved in 2022, was designed to help Zambia restore macroeconomic stability and debt sustainability after the country became Africa's first pandemic-era sovereign defaulter in 2020. Under the arrangement, Zambia undertook a series of fiscal consolidation measures, structural reforms, and debt restructuring commitments aimed at stabilising public finances, strengthening governance, and creating fiscal space for essential services.

In December, government signalled interest in extending the ECF for another year, potentially unlocking approximately \$145m in additional financing and ensuring continued IMF monitoring and fiscal discipline but has since [opted](#) to let the current programme expire and pursue a new one. Finance minister **Situmbeko Musokotwane** emphasised that the decision should not be interpreted as disengagement from the IMF or a retreat from policy reforms, noting it rather reflects the completion of the current programme and a transition toward negotiating a full successor arrangement aligned with Zambia's evolving economic priorities, including growth and medium-term development goals.

Opting for a full programme, rather than a short extension, offers several potential advantages and it gives Zambia greater scope to design a comprehensive strategy that extends beyond the immediate objectives of debt stabilisation. Fresh negotiations with the IMF could potentially reset conditionalities and targets considering the latest economic data and forecasts, as Zambia has shown progress in meeting performance criteria under the ECF and reached staff-level agreements on recent programme reviews. A successor programme could build on these foundations and unlock fresh financial support and technical assistance.

A well-structured long-term programme could also help reassure external partners and investors about Zambia's commitment to sustained reforms, potentially attracting further concessional financing and private investment.

Despite these benefits, experts and analysts warn that walking away from a transitional extension carries significant risks, particularly at a time of heightened economic vulnerability. Lusaka-based think tank, the **Centre for Trade and Policy Development (CTPD)**, has [warned](#) that Zambia's decision to shut out the ECF extension could undermine investor confidence and

erode recent macroeconomic gains. According to CTPD's lead public finance researcher, **Robert Mwale**, the government is not exiting the programme from a position of fiscal strength, making the timing particularly precarious.

Mwale pointed to data showing fiscal slippage, with government expenditure rising and the fiscal deficit widening even under IMF discipline, trends that could worsen without the programme's policy anchors in place. He cautioned that losing the structured oversight of the ECF could lead to increased domestic borrowing, crowding out the private sector and putting upward pressure on interest rates. This dynamic, Mwale argues, could slow private-sector credit growth and jeopardise debt sustainability gains achieved in 2025, when public debt fell significantly as a percentage of GDP. It should be noted that IMF negotiations can take several months or up to a year.

Critics also note that in an election year, the absence of IMF conditionality may weaken fiscal discipline and make budget spending more susceptible to political influence, potentially reversing hard-won reforms. As Zambia moves into negotiations with the IMF on a new programme, government will need to navigate these complex trade-offs and whether it can sustain the confidence of investors, development partners, and its own citizens during this critical transition.

### **Kwacha continues to gain strength**

Throughout 2025 and into early 2026, the kwacha has enjoyed a notable period of appreciation after years of volatility and depreciation. While Zambia has long struggled with exchange rate pressures due to external shocks, reliance on imports, and subdued foreign exchange supply, recent developments have seen the kwacha strengthen significantly against major currencies like the **United States** dollar. The kwacha [traded](#) around approximately K20.02 to the US dollar by early January 2026, with some market quotes dipping close to K19.80, reflecting a firm upward trajectory compared to when the kwacha was trading at K27 per US dollar in early 2025.

Several factors underlie the kwacha's recent appreciation. Authorities and economists [point](#) to a combination of higher foreign exchange inflows from export earnings, particularly in the mining sector, improved compliance with foreign exchange regulations, and supportive macroeconomic policies. Zambia's role as a major copper producer means that strong global copper prices have boosted export revenues, increasing the supply of foreign currency into the market, making more US dollars available for conversion into kwacha.

Additionally, policy measures aimed at strengthening the currency have played a role. These include tighter coordination between fiscal and monetary authorities and measures to enhance foreign exchange liquidity. Market participants have also [cited](#) expectations around continued support from multilateral partners, such as the IMF, which improves overall investor sentiment and spurs capital inflows.

Another driver has been seasonal corporate behaviour, where firms convert US dollar earnings into local currency to settle tax and statutory obligations, temporarily increasing dollar supply and bolstering the kwacha. The **Bank of Zambia's** (central bank) 27 December [directive](#) for all domestic transactions to be conducted in kwacha is also expected to reduce demand for the US Dollar and thereby stabilise the exchange rate.

A strengthening currency is expected to bring tangible implications for inflation and domestic prices, with some evidence that exchange rate gains are beginning to translate into domestic price adjustments, though the process is uneven across sectors. Commerce, trade and industry minister, **Chipoka Mulenga** has [called](#) on businesses to review their pricing structures due to the continued appreciation of the kwacha.

## Planner

9-12 Feb 2026 **Cape Town (South Africa)** Mining Indaba 2026

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

## Chronology

15 Jan 2026 **Lusaka (Zambia)** *Zambia Monitor*. Attorney general **Mulilo Kabesha** mounts a robust defence of **Bill No. 7 of 2025**, insisting that the petition challenging its legality was “*misguided*” and legally impossible to sustain because the bill has already become part of Constitution;

15 Jan 2026 **Lusaka (Zambia)** *Diggers*. **Bank of Zambia (BoZ)** (central bank) says effective 1 April 2026, old banknotes will cease to be legal tender and will no longer be valid for transactions or accepted for exchange with the new series;

14 Jan 2026 **Lusaka (Zambia)** *Zambia Monitor*. **First National Bank (FNB) Zambia** has signed a \$50m financing facility with the **Dutch** entrepreneurial development bank, **FMO**, in a move seen to position Zambia’s financial sector at the forefront of climate action, sustainable investment, and inclusive economic growth;

14 Jan 2026 **Lusaka (Zambia)** *Zambia Monitor*. **Mineworkers Union of Zambia (MUZ)** urges miners to prioritise workers’ personal safety to avoid mine accidents following a mine accident at **Mopani Copper Mine (MCM)** that claimed the lives of two contract miners;

13 Jan 2026 **Lusaka (Zambia)** *Diggers*. Finance and national planning minister, **Situmbeko Musokotwane**, says the government will not deviate from the 2026 budget despite it being an election year;

12 Jan 2026 **Lusaka (Zambia)** *Lusaka Times*. Opposition **Tonse Alliance** is facing growing organisational strain as leadership changes expose weak structures, unclear coordination, and internal rivalries, raising doubts about cohesion and readiness for the August general elections;

11 Jan 2026 **Lusaka (Zambia)** *Diggers*. Defence minister **Ambrose Lufuma** says the government has engaged its **Congolese** counterparts to resolve the issues of unwarranted harassment of **Zambian** truck drivers in the **Democratic Republic of Congo (DRC)**;

7 Jan 2026 **Lusaka (Zambia)** *Lusaka Times*. Finance and national planning minister **Situmbeko Musokotwane** says the economy has shown renewed stability in inflation and the exchange rate, though high living costs continue to strain households;

6 Jan 2026 **Lusaka (Zambia)** *Lusaka Times*. Finance minister **Situmbeko Musokotwane** explains that allowing limited payment of mining taxes (15%) in **Chinese** renminbi is a cost-saving debt-management measure, not a shift away from the kwacha, which remains the country’s primary legal tender;

6 Jan 2026 **Lusaka (Zambia)** *Zambia Monitor*. Foreign affairs and international cooperation minister, **Mulambo Haimbe** hold bilateral meetings with Sheikh **Abdullah bin Zayed Al Nahyan**, deputy prime minister and foreign affairs minister of the **United Arab Emirates (UAE)**, and **Sheikh Shakhboot bin Nahyan Al Nahyan**, UAE minister of state for foreign affairs;

3 Jan 2026 **Lusaka (Zambia)** *Zambia Monitor*. **Zambia Conference of Catholic Bishops (ZCCB)** expresses solidarity with Lusaka Archbishop **Alick Banda**, describing his summoning

by the **Drug Enforcement Commission (DEC)** as an attempt to silence the Catholic Church's voice on national governance;

1 Jan 2026 **Lusaka (Zambia) Diggers**. Government releases the country's 2024 **Tax Expenditure Report**, marking the second consecutive year in which it has provided a comprehensive account of revenues forgone through tax incentives, exemptions, reliefs and preferential tax treatments;

30 Dec 2025 **Nakonde (Zambia) Diggers**. **Zambezi River Authority (ZRA)** discloses that **Lake Kariba** has begun to record marginal increases in water levels following recent rainfall on the lake and its immediate catchment area, raising the prospect of increased power generation;

27 Dec 2025 **Lusaka (Zambia) Diggers**. **Bank of Zambia** (central bank) issues currency directives, reinforcing the legal requirement that all domestic transactions be settled in kwacha;

26 Dec 2025 **Lusaka (Zambia) Diggers**. Cabinet approves the piloting of bulk importation of petrol in a move aimed at lowering average costs per unit, improving access to better financial terms and ultimately reducing petrol pump prices;

25 Dec 2025 **Lusaka (Zambia) Diggers**. **Zambia Statistics Agency (ZamStats)** reports annual inflation rate for December increased by 0.3% to 11.2% from 10.9% recorded in November;

25 Dec 2025 **Lusaka (Zambia) Diggers**. **Zambia Statistics Agency (ZamStats)** acting statistician general **Sheila Mudenda** announces the economy grew by 3.6% in the third quarter of 2025 from 2.7% in the third quarter of 2024;

18 Dec 2025 **Lusaka (Zambia) Lusaka Times**. President **Hakainde Hichilema** signs the controversial **Constitution Amendment Bill No. 7** into law, declaring that any debate around the bill is over;

17 Dec 2025 **Lusaka (Zambia) Lusaka Times**. **Southern African Development Community (SADC)** elects President **Hakainde Hichilema** as incoming chairperson of the regional bloc, pending confirmation;

17 Dec 2025 **London (United Kingdom) Semafor**. The **United Kingdom** launches a new **Africa** strategy focused on long-term partnerships, shifting from traditional aid to investment, trade, climate action, and African-led priorities;

15 Dec 2025 **Lusaka (Zambia) Diggers**. **Zambia Sugar PLC** says it intends to expand production from the current 400,000 metric tonnes of sugar to 500,000 metric tonnes as it is currently implementing projects valued at \$132m;

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