

## AFRICA RISK CONSULTING

### Zambia Monthly Briefing February 2026

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#### Zambia Summary 26 February 2026

*Zambia prepares to negotiate a fresh programme with the International Monetary Fund (IMF) following the completion of its Extended Credit Facility (ECF), marking a new chapter in the country's economic reform agenda just months before crucial general elections in August. The Bank of Zambia (BoZ) (central bank) cuts its key Monetary Policy Rate (MPR) by 75 basis points to 13.5% as inflation falls within its 6% - 8% target band for the first time since 2017. Zambia seeks to reach a settlement with the Egypt-based African Export-Import Bank (Afreximbank) on outstanding loan terms even as parts of that dispute remain under formal arbitration.*

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#### Zambia eyes new IMF deal as August elections loom

Zambia is preparing to negotiate a fresh programme with the **International Monetary Fund (IMF)** following the completion of its **Extended Credit Facility (ECF)**, marking a new chapter in the country's economic reform agenda just months before crucial general elections in August. In January, the IMF [approved](#) the sixth and final review of Zambia's ECF arrangement, unlocking the last tranche of approximately \$190m. The disbursement brought total financing under the programme to about \$1.7 billion since its approval in August 2022. The facility was introduced after Zambia became Africa's first pandemic-era sovereign defaulter in 2020, as the country struggled under mounting external debt and shrinking fiscal space.

The ECF programme focused on restoring macroeconomic stability, strengthening public financial management and steering Zambia through a complex debt restructuring process under the **G20 Common Framework**. Over the course of the programme, the government implemented fiscal consolidation measures, improved revenue collection and introduced reforms aimed at increasing transparency in public spending. Inflationary pressures eased compared to crisis levels, the kwacha showed periods of relative stability, and confidence gradually returned to the country's economic outlook.

With the ECF now concluded, the government has opted against pursuing a short extension and instead [intends](#) to negotiate a full successor programme with the IMF after the August elections. Zambia [hopes](#) the new IMF deal will consolidate the gains made under the previous programme while addressing remaining structural weaknesses. Finance officials also argue that a new arrangement, rather than a brief rollover, would provide a stronger and longer-term anchor for economic policy. An IMF team is expected in **Lusaka** from 25 February to 4 March for preliminary talks.

Although significant progress has been made in narrowing fiscal deficits and rebuilding credibility, Zambia remains vulnerable to external shocks, commodity price fluctuations, and climate-related risks. A successor programme would help reinforce fiscal discipline, support prudent monetary policy, and continue rebuilding foreign exchange reserves.

While Zambia has made important strides in restructuring bilateral and private external debt, the process remains delicate. Continued IMF engagement would serve as a policy support, reassuring creditors and markets that Zambia will adhere to reform commitments and avoid a relapse into unsustainable borrowing. The government also hopes a new IMF programme will help unlock additional concessional financing and boost investor confidence.

The timing of the new IMF negotiations is politically significant as President **Hakainde Hichilema** (2021-present) is [seeking](#) re-election in August, and economic performance will be central to the campaign debate. For the incumbent administration, completing the ECF and securing a new IMF framework could bolster its reform credentials as it allows the government to present itself as having restored credibility after the 2020 default and positioned Zambia on a more sustainable path.

However, critics argue the government choice of seeking a new programme instead of extension was a deliberate move to avoid IMF scrutiny as elections often generate pressure for increased public spending on wages, subsidies, and social programmes. By postponing finalisation of the new IMF deal until after the elections, Zambia may gain policy flexibility during the campaign season while ensuring that any new programme begins with a fresh political mandate.

### Central bank eases policy rate as inflation finally hits target band

The **Bank of Zambia (BoZ)** (central bank) [cut](#) its key Monetary Policy Rate (MPR) by 75 basis points to 13.5% on 11 February, a landmark shift in monetary policy, signalling a growing confidence in the country's inflation outlook and broader macroeconomic stability. The decision followed a sustained deceleration in consumer price growth, culminating in inflation dipping into the central bank's target range of 6% to 8% for the first time in almost a decade, a development with significant implications for Zambia's economic trajectory and its political landscape ahead of the August general elections.

In January, Zambia's annual inflation rate eased sharply to 9.4%, a substantial drop from over 11% at the end of 2025, driven by a bumper maize harvest, food price stability, and an appreciating kwacha. By February, inflation had further [declined](#) to around 7.5%, bringing it squarely within the BoZ's target band, an outcome market analysts had forecast, but that [came](#) sooner than expected. This is the first time inflation has settled within the bank's objective range since 2017, underscoring a marked turnaround from the double-digit price pressures that dominated much of the past several years.

The central bank's decision to ease monetary policy, following a tightening cycle in 2024 and parts of 2025, reflects this evolving inflation dynamic. A key factor underpinning Zambia's improved inflation outlook has been the relative strength of the kwacha. After years of volatility and sharp depreciation during the peak of the debt crisis and global commodity swings, the kwacha has stabilised and, in some periods, appreciated against major currencies, supported largely by robust foreign-exchange inflows from the mining sector, particularly copper exports.

The kwacha continues to gain strength against major convertible currencies, [reaching](#) K18.4 against the **United States (US)** dollar at close of business on 6 February from as low as K28 to a US dollar in early 2025. Alongside gains in price stability and exchange rate resilience, Zambia's overall growth story has been improving with the finance ministry [forecasting](#) GDP growth at over 5% in 2025. The ministry expects growth to accelerate further in 2026 to 6.4%, supported by the mining and agricultural sectors, improved electricity generation, and expanded private sector activity.

### Zambia pushes for Afreximbank deal, disputes African credit risk perceptions

Zambia is [seeking](#) to reach a settlement with the **Egypt-based African Export-Import Bank (Afreximbank)** on outstanding loan terms even as parts of that dispute remain under formal arbitration. Since its 2020 default, Zambia has been locked in an intense multiyear effort to reorganise external obligations with a range of creditors, from official bilateral lenders to private bondholders. Under the G20 Common Framework, Zambia [won](#) relief on roughly \$6.3 billion of official loan stock, including moves with **China**-linked institutions, but not all creditor

groups have signed on to Zambia's preferred terms, leaving some exposures unresolved and politically sensitive.

At the centre of one such unresolved case is Afreximbank. Reporting in early 2025 indicated that the bank had initiated arbitration proceedings against Zambia in a disagreement over debt relief treatment, underlining the complexity of renegotiating treaty-based loans outside of conventional commercial frameworks.

Despite that backdrop, Zambia has signalled optimism about finding common ground. Officials believe that there is both a legal and economic basis for agreeing restructuring terms that satisfy Afreximbank's mandate while preventing punitive outcomes that could harm Zambia's economic recovery.

The Afreximbank episode also sits against a larger dispute between the lender and global credit agencies. In early 2026, Afreximbank formally [cut](#) ties with the US-based international ratings agency **Fitch** amid disagreements over how its sovereign loan exposures should be classified, particularly those involving **Ghana, South Sudan**, and Zambia. Afreximbank rejected Fitch's treatment of these exposures as non-performing, arguing that its founding treaty and risk management framework render such classifications inappropriate.

This disagreement sits in a broader debate about how credit risk is measured in Africa. Traditional rating models, standardised to developed markets, often penalise regional lenders and sovereigns for restructuring requests. Fitch's prior downgrades of both Afreximbank and various African sovereigns have fuelled criticism among African policymakers and economists about the role of Western agencies in shaping market perceptions. Such sentiment recently surfaced when Zambia said that African debt risk perceptions [are](#) "overblown", arguing that external narratives often exaggerate the fragility of African economies and underplay progress on reforms and debt resolution, contributing to higher borrowing costs and dampened investor interest.

Currently there is a wider political pushback across the continent against the so-called 'perception premium', the extra cost that African borrowers pay simply because markets and ratings frameworks view them as inherently riskier. Advocates argue that these premiums inflate borrowing costs and skew global capital flows, disadvantaging African states.

## Planner

25 Feb - 4 Mar **Lusaka (Zambia) International Monetary Fund (IMF) staff visit**

May 2026 **Lusaka (Zambia) Bank of Zambia (central bank) Monetary Policy Committee (MPC) Decision**

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

## Chronology

25 Feb 2026 **Lusaka (Zambia) Lusaka Times. ZamStats** acting statistician general **Sheila Mudenda** reports that Zambia recorded a trade surplus of over 4 billion Kwacha (\$216m) in January, driven by increased exports, particularly refined copper, and stable prices for non-food items, while annual inflation fell to 7.5% from 9.4% the previous month;

25 Feb 2026 **Lusaka (Zambia) Bloomberg.** A senior treasury official says Zambia plans to use higher-than-anticipated mining revenues to initiate a stabilisation fund within this year, with the fund aiming to mitigate economic fluctuations and enhance fiscal stability;

20 Feb 2026 **Lusaka (Zambia) Zambia Monitor.** State-owned mining company **ZCCM Investments Holdings Plc** will soon begin constructing access roads at the **Kikonge mine** site

in the **Mufumbwe District**, a move the government says is critical to its plan to formalise artisanal and small-scale mining;

19 Feb 2026 **Lusaka (Zambia)** *Lusaka Times*. President **Hakainde Hichilema** relieves health minister **Elijah Muchima** and small and medium enterprise minister **Elias Mubanga** of their duties with immediate effect;

18 Feb 2026 **Lusaka (Zambia)** *Zambia Monitor*. President **Hakainde Hichilema** says Zambia is seeking to deepen economic cooperation with the **United Arab Emirates (UAE)** following high-level discussions held in Lusaka with a delegation from the UAE led by minister of state for foreign trade **Thani bin Ahmed Al Zeyoudi**;

17 Feb 2026 **Lusaka (Zambia)** *Zambia Monitor*. Government's second bond auction of the year sees a sharp rise in demand for long-term securities, with bids climbing more than threefold to a record K21.33 billion (\$1.06 billion), compared to nearly K10 billion (\$500m) recorded in January;

17 Feb 2026 **Lusaka (Zambia)** *Bloomberg*. State mining company **ZCCM Investments Holdings Plc** is developing plans to start trading commodities to capture more value from building competition over the country's mineral wealth;

14 Feb 2026 **Lusaka (Zambia)** *Reuters*. The **Minerals Regulation Commission** announces that underground operations at **Mopani Copper Mines' Mfulira** mine could resume, after new safety measures were implemented;

14 Feb 2026 **Lusaka (Zambia)** *Zambia Monitor*. Canada's **First Quantum Minerals (FQM)** and electric utility company **Anzana Electric Group** have announced a strategic collaboration to develop new hydropower generation projects in northern Zambia;

12 Feb 2026 **Lusaka (Zambia)** *Lusaka Times*. **Bank of Zambia** (central bank) data show the kwacha rose 4.1% in the last quarter of 2025 on improved forex supply;

12 Feb 2026 **Lusaka (Zambia)** *Diggers*. Finance and national planning official ministry **Mulele Mulele** says the ministry targets inflation of 6-8% by June 2026;

10 Feb 2026 **Lusaka (Zambia)** *Zambia Monitor*. The **Zambia Environmental Management Agency (ZEMA)** issues an amended order directing **China's Sino Metals Leach Zambia Limited** to commence clean-up, remediation and restoration works after a pollution incident involving the company;

10 Feb 2026 **Lusaka (Zambia)** *Lusaka Times*. Zambia's ranking on **Transparency International's Corruption Perceptions Index** falls from 39 to 37, raising concerns about governance and accountability ahead of the election period;

9 Feb 2026 **Lusaka (Zambia)** *Lusaka Times*. Government defends a K700 (\$37) public sector salary increase amid ongoing cost pressures;

9 Feb 2026 **Lusaka (Zambia)** *Lusaka Times*. Vice president **Mutale Nalumango** says the 2026 **Zambia-China Spring Festival Temple Fair** will strengthen people-to-people ties, trade, investment and business linkages, reinforcing the countries' comprehensive strategic partnership;

7 Feb 2026 **Nakonde (Zambia)** *Diggers*. The kwacha continues to gain strength against major convertible currencies, reaching K18.4 against the **United States** dollar as at close of business on 6 February from as low as K28 to the dollar early last year;

5 Feb 2026 **Lusaka (Zambia)** *Lusaka Times*. President **Hakainde Hichilema** meets with **Ghana's President John Mahama** to learn from Ghana's gold sector reforms, discussing mining, agriculture and economic cooperation, with plans to sign several memoranda of understanding;

4 Feb 2026 **Lusaka (Zambia)** *Lusaka Times*. Zambia and **Ghana** are set to implement a visa-free travel agreement to boost trade, investment, and people-to-people ties, coinciding with **Ghanaian** president **John Mahama**'s three-day state visit to Lusaka;

3 Feb 2026 **Lusaka (Zambia)** *Lusaka Times*. **Road Development Agency** says construction of the **World Bank**-funded \$9m **Kavalamanja Road** in **Luangwa District** will begin soon, with contractors aiming to complete the project by December 2026, ahead of the official November 2027 deadline;

2 Feb 2026 **Lusaka (Zambia)** *Lusaka Times*. The **European Union** commits \$130m to the **Lobito Corridor** project, aimed at improving transport and logistics infrastructure to facilitate mineral exports from Zambia, **Angola** and the **DRC** to international markets;

29 Jan 2026 **Lusaka (Zambia)** *Lusaka Times*. The government is working to finalise the burial of former president **Edgar Lungu** before the 13 August 2026 general elections;

26 Jan 2026 **Lusaka (Zambia)** *Lusaka Times*. Government continues to negotiate a draft Zambia–**United States (US)** health deal, linking between \$1 billion and \$1.5 billion in US health assistance to preferential access for US companies in the country's mining sector;

19 Jan 2026 **Lusaka (Zambia)** *Lusaka Times*. Police officers raided the residence of opposition party **Patriotic Front (PF)** presidential candidate **Makebi Zulu** to investigate if he was hosting an unlawful assembly;

15 Jan 2026 **Lusaka (Zambia)** *Lusaka Times*. Opposition **Forum for Democracy and Development (FDD)** candidate **Bright Nundwe** wins the **Chawama** by-election, defeating ruling **United Party for National Development (UPND)** candidate **Morgan Muunda**;

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