

IOA — 2019 — ACBR



AFRICA COUNTRY BENCHMARK REPORT

Zambia Profile



A child quenches a thirst bestowed by the hot Zambian sun from a communal tap that has become common as social services expand in rural areas. More must be done as the mineral-rich country seeks economic equality.





Image courtesy of Bread for the World



ZAMBIA

#18

ZAMBIA



OVERVIEW ANALYSIS

Although government is showing awareness of the need to diversify the economy away from dependency on raw mineral exports and efforts are underway to achieve that, the country's economic fortunes still depend on fluctuations in global commodity prices. Copper generates 70% of Zambia's export revenue, and the value of Zambia's national currency, the kwacha, depends on the commodity. Poverty remains pervasive. Life expectancy is low at 52.7 years, due to both poverty and a high national HIV prevalence of 12.4%. Corruption and incipient autocracy have become troubling problems once again under the administration of President Edgar Lungu. Nevertheless, Zambia's overall score in ACBR 2019 rose by 2 points, leading to a 2 position rise in country placement, to 18th place.

KEY OPPORTUNITIES

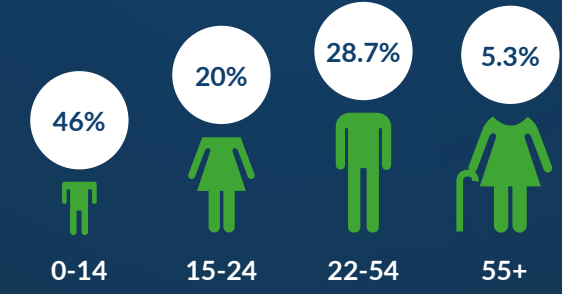
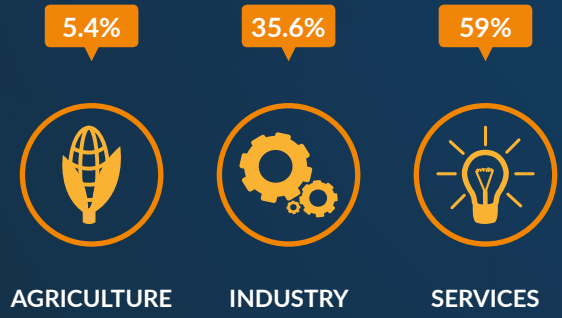
- When mineral prices are high, the mining sector thrives, which raises the national economy
- The banking sector runs well, and financial services are highly rated
- The agricultural and tourism sectors have potential for growth

KEY CONCERNS

- Fluctuating world commodity prices compromise the mining industry
- HIV/AIDS is a public health crisis that has adversely affected society and business
- An erratic electricity supply is a strain on doing business

COUNTRY HIGHLIGHTS

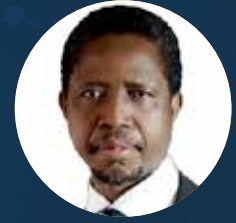
PREDOMINANT RELIGION Christianity	PREDOMINANT LANGUAGE Bemba	POPULATION WITHOUT ELECTRICITY 72.8% (#40) ▼ ⁷	LITERACY RATE 63.4% (#34) =	PRIMARY ELECTRICITY SOURCE Hydroelectric
IMPORT/EXPORT Petroleum/ Copper	EXTERNAL DEBT US\$ 10.79 billion (#16) =	ACTIVE CONFLICT No	LAND SIZE 752,618 km ² (#17)	INTERNET PENETRATION 25.5% (#22) ▼ ²



Term:
25/01/2015 - present
5 years (2 term limit)

Political Party:
Patriotic Front

Recent Electoral Information:
11/08/2016
1 860 877 Votes
50.4%
Voter turnout: 56.45%



President
Edgar Lungu

CONTRIBUTIONS TO GDP BY SECTOR

POPULATION AGE BREAKDOWN

NATIONAL GOVERNANCE

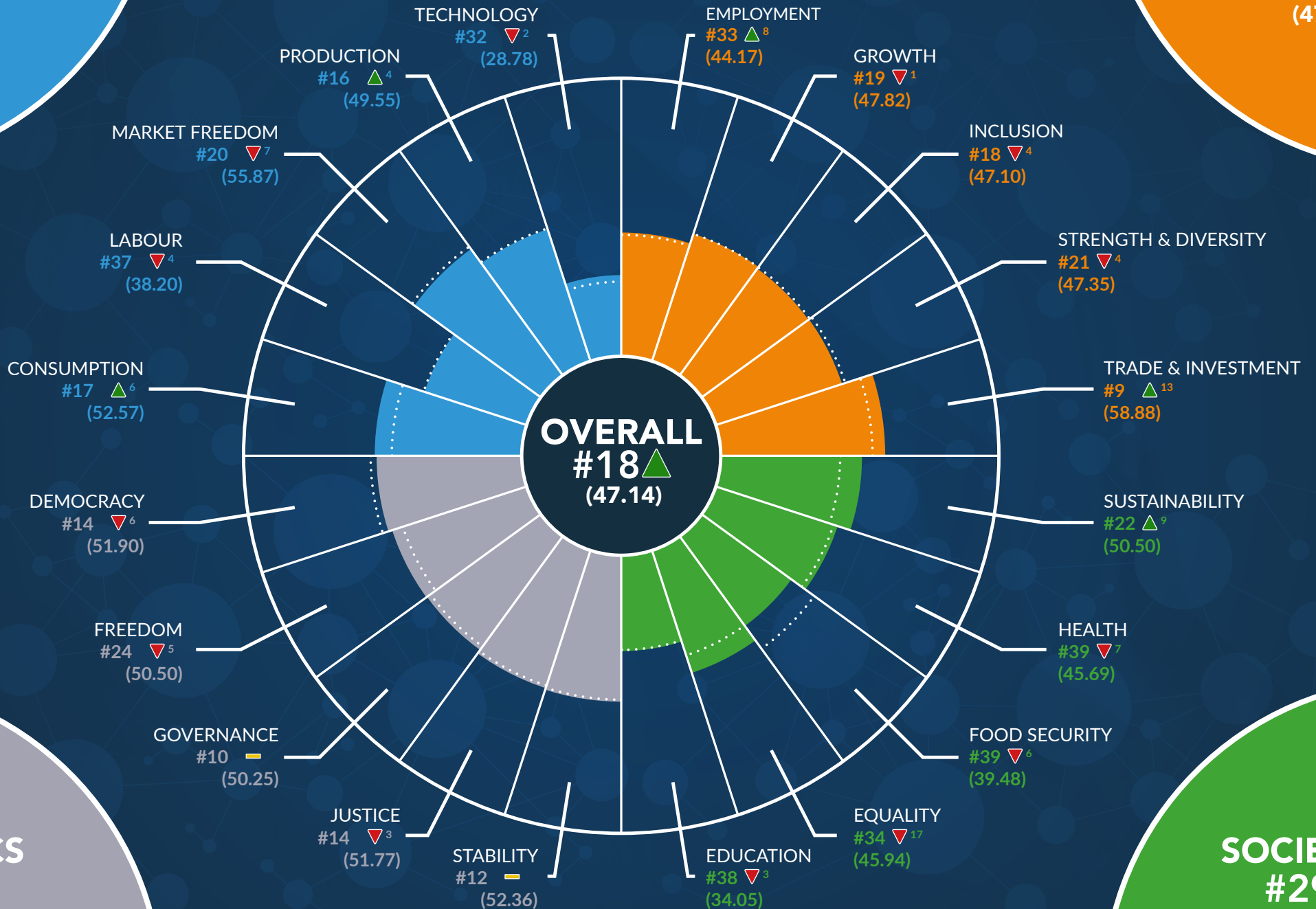
BUSINESS

#22
(44.99)

ZAMBIA PERFORMANCE OVERVIEW

ECONOMICS

#19
(47.69)



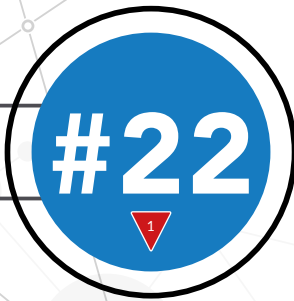
▲ Increase from 2017

▼ Decrease from 2017

■ No change

..... 2017 Score

ZAMBIA BUSINESS ANALYSIS



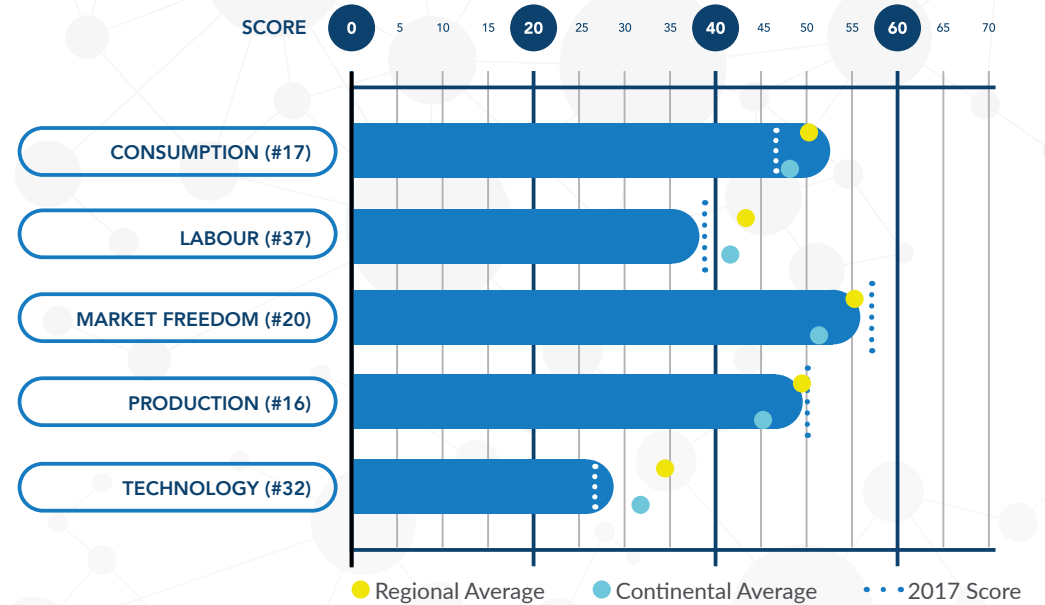
BUSINESS OVERVIEW

Having a relatively good transportation infrastructure helps Zambia compensate for their landlocked status. However, the 9,400 km of paved roads largely benefit the mining sector and support businesses, such as transport firms that move ore. Zambia moves their ore to the oceans for export by the 3,126 km of rail line that runs to the borders with South Africa and Namibia. Whereas foreign buyers of Zambian exports are interested in minerals – such as China who purchases more than a quarter of exports, all in the form of minerals – inter-African trade with neighbours is more diverse. The Democratic Republic of Congo is Zambia's 2nd-largest purchaser of exports. Agricultural products, like cotton and various foodstuffs, are shipped cross-border. Cut flowers and potted plants

are air freighted out of Lusaka's airport to European customers. While Zambian tourism has yet to grow, the country has a non-mining export industry in cut flowers that is doing well. All businesses suffer from an erratic electricity supply.

Zambia dropped one position in the Business quadrant to 22nd place. Performance in individual segments is mostly down, recording a seven-position fall in Market Freedom, a four-position decline in Labour and a drop by two ranks in Technology. However, a rise by six positions in Consumption was recorded as mines retooled for anticipated greater production, and Production climbed four positions.

BUSINESS SCORES & RANKINGS



BUSINESS DATA COMMENTARY

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
87.41%	77.78%	#1

The highest of all quadrants, Zambia currently scores a perfect 100% for business data availability, thus ranking 1st continentally along with 9 other countries. This compares favourably with both the regional average for Southern Africa, presently at 87.41%, as well as the continental average of 77.78%. Despite government intentions to stimulate value-added industry, tangible gains are currently impeded by erratic policymaking and institutional deficits, thereby requiring improved implementation.

BUSINESS STATISTICS

% POPULATION IN URBAN CENTRES 43.5% (#27)	LABOUR FORCE IN MILLIONS 6.9 million (#22)	INDUSTRIAL PRODUCTION GROWTH 5.1% (#16)	PRIME LENDING RATE 15.5% (#30)
% ADULTS WITH A BANK ACCOUNT 45.86% (#13)	ANNUAL AIR PASSENGERS 0.15 million (#30)	MOBILE SUBSCRIPTIONS 72.43 per 100 (#32)	NATIONAL 3G COVERAGE 53% (#30)

ZAMBIA ECONOMIC ANALYSIS



ECONOMIC OVERVIEW

Privatisation of the mining industry in 2002 led to an extractives industry boom. Copper alloys account for 61% of exports. A decade of high GDP growth ended in 2015 when world copper prices dropped and a drought lasting into 2016 decimated agriculture. An inflation rate of 22.9% resulted, led by higher food prices. Good rains combined with improved government economic policies reduced the inflation rate to 6.6% in 2017 when GDP growth reached 3.4%. GDP growth in 2018 was sustained at 3.7%.

Years of corruption and concentration of wealth in the hands of an elite has found that nearly half of the country's wealth is in the hands of the most affluent 10% of the population. The lowest 10% of income

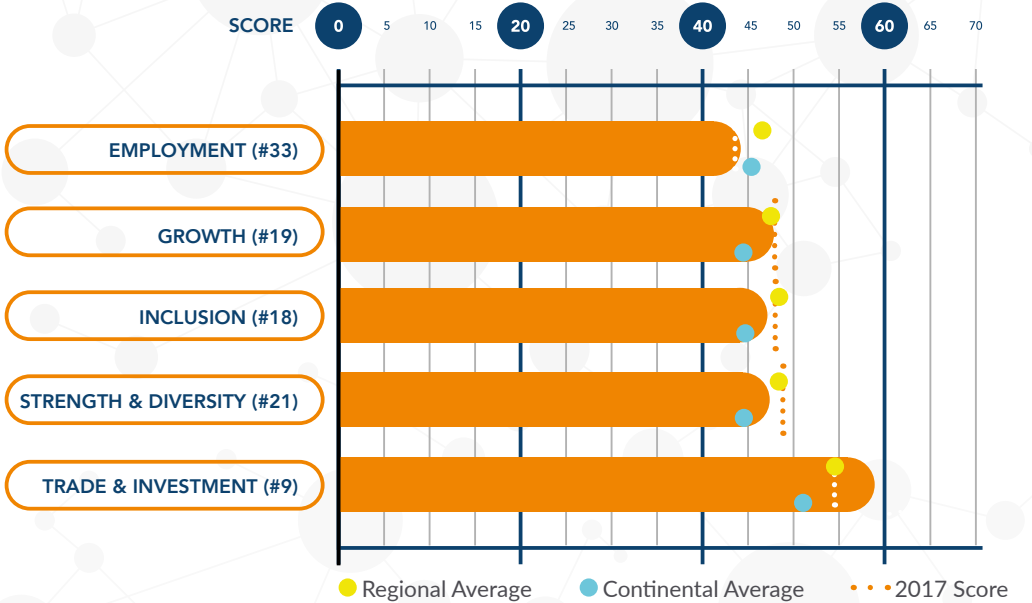
earners possess 1.5% of national wealth. The country's public sector workforce is larger than required, burdening the government budget, fostering corruption and draining the economy, as the IMF has pointed out. Economic diversification efforts have been focused on agriculture. Raw sugar and tobacco are now also major export products.

A descent by one position in the Economics quadrant sent Zambia down to 19th place. The decline was precipitated by lower scores in the Growth, Inclusion and Strength & Diversity segments. However, the segment of Trade & Investment gained 13 positions, and the Employment segment climbed eight ranks.

ECONOMIC DATA COMMENTARY

<p>Zambia data availability 99.15%</p>	<p>REGIONAL AVERAGE 87.18%</p>	<p>AFRICAN AVERAGE 77.78%</p>	<p>CONTINENTAL RANK #7</p>
	<p>Following closely on the previous quadrant, Zambia scores a near perfect 99.15% for economic data availability, thus ranking 7th continentally alongside 3 other countries. This contrasts favourably with the respective regional and continental averages of 87.18% and 77.78%. Currently seeking internal diversification in conjunction with increased FDI, the Central Statistics Office of Zambia has partnered with the African Development Bank to closely monitor key macroeconomic indicators.</p>		

ECONOMIC SCORES & RANKINGS



ECONOMIC STATISTICS

<p>GDP PER CAPITA</p> <p>US\$ 4,000 (#21)</p>	<p>UNEMPLOYMENT RATE</p> <p>7.8% (#32)</p>	<p>TRADE BLOC MEMBERSHIP</p> <p>AFTZ, COMESA, SADC</p>	<p>INFLATION RATE</p> <p>6.8% (#33)</p>
<p>GDP AT PPP</p> <p>US\$ 68.9 billion (#16)</p>	<p>CURRENCY AND GOLD RESERVES</p> <p>US\$ 2.43 billion (#17)</p>	<p>FDI NET INFLOWS</p> <p>US\$ 866 million (#15)</p>	<p>BUDGET SURPLUS (+) OR DEFICIT (-)</p> <p>-8.4% (#46)</p>

ZAMBIA POLITICAL ANALYSIS



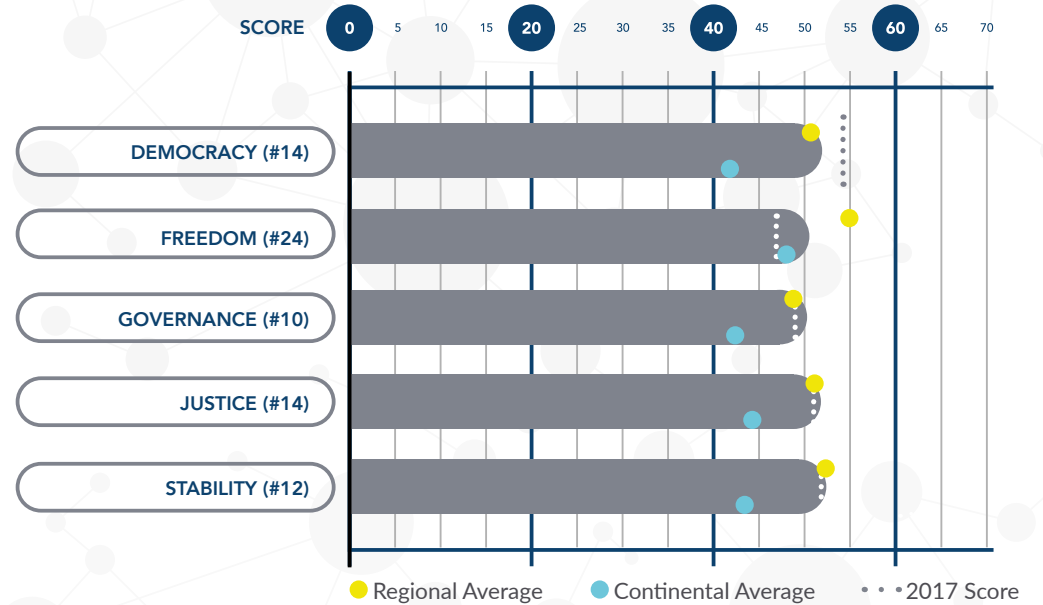
POLITICAL OVERVIEW

In recent years, Zambia has been one of Sub-Saharan Africa's most-stable countries. Multiparty democracy has brought free and fair elections. However, the honesty and political maturity of current President Lungu has been called into question by his words and actions. Lungu was elected in a special election in 2015 held after the sudden death of President Michael Sata. Lungu's re-election in 2016 was characterised by police violence against activists, government's ban on candidate campaigning in some areas and intimidation of journalists, which continues to this day. The opposition candidate lost by a narrow margin due to government vote rigging, of which there was evidence. After the election, government closed some independent media houses. In 2017,

a suspicious fire at Lusaka's main market provided government with an excuse to crack down further on civil liberties and political critics.

Since the end of the Cold War, Zambia has been on friendly terms with the East and West. China was given lucrative mining deals after building a railway to Tanzania for mineral exports, much of which now goes to China. Chinese-owned mines have been the source of Zambia's most-persistent human rights abuses recently. In the Politics quadrant, Zambia's position improved by one position to 13th place. An overall score rise of 3 points occurred despite mixed scores on individual Politics segments. Governance stability is perhaps the country's primary political attribute.

POLITICAL SCORES & RANKINGS



POLITICAL DATA COMMENTARY

<p>Zambia data availability 99.29%</p>	REGIONAL AVERAGE 88.82%	AFRICAN AVERAGE 82.86%	CONTINENTAL RANK #8
	Another near perfect score, Zambia registers a high 99.29% for political data availability, thus ranking 8 th continentally along with 3 other countries. Once again, this far exceeds the respective regional and continental averages of 88.82% and 82.86%. Despite boasting one of the most stable regimes on the continent, there have been various indications of shrinking democracy following the 2017 arrest of Hakainde Hichilema, thus signalling a need for the safeguarding and expansion of political transparency.		

POLITICAL STATISTICS

NUMBER OF POLITICAL PARTIES <p>5 (#45)</p>	MILITARY EXP AS % OF GDP <p>1.3% (#25)</p>	REFUGEE INFLOW <p>42,735 (#14)</p>	NUMBER OF RIGHTS <p>50 (#28)</p>
DATE OF INDEPENDENCE <p>24/10/1964</p>	NET OFFICIAL DEVELOPMENT ASSISTANCE <p>US\$ 963 million (#18)</p>	WOMEN IN PARLIAMENT <p>18% (#29)</p>	CAPITAL PUNISHMENT <p>Special Cases</p>

ZAMBIA SOCIETAL ANALYSIS



SOCIETAL OVERVIEW

Zambians face two major social challenges: HIV/AIDS and overpopulation. Because 61% of Zambians live in poverty, raising living standards will help lessen both of these maladies. Zambia has the world's 5th-highest birth rate because impoverished families, particularly subsistence farmers, believe that having many children ensure their survival. Because of inadequate healthcare, Zambia's infant mortality rate is the 16th-highest in the world. The HIV/AIDS crisis finds 1.1 million Zambians infected, the world's 9th-largest population of HIV-positive people. AIDS-related deaths of 16,000 people annually contribute to Zambians' low life expectancy of 52.7 years.

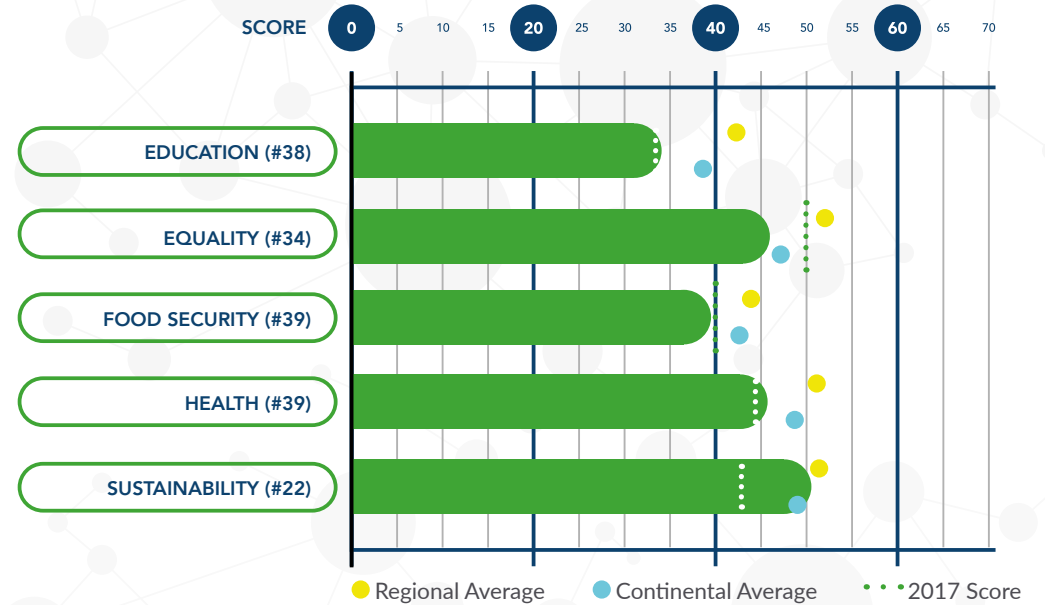
Zambia's reputation for political stability is based on the peaceful co-existence of

73 different ethnic groups. Social services are inadequate. Spending on education of a low 1.1% of GDP sees less than two-thirds of Zambians (63.4%) being able to read and write. Child labour is also abnormally high. Over one million Zambian children (41%) have to work in violation of the constitution that declares education is a right for all children. These factors are reflected in Zambia's four-rank decline in the Society quadrant to 25th place. Because of considerable economic inequality, Zambia's largest decline in ranking among Society segments is by 17 positions in Equality. A drop of seven places was documented in Health, a six-placement drop was seen in Food Security and a three-position drop occurred in Education. Sustainability saw Zambia rise by nine places.

SOCIETAL DATA COMMENTARY

<p>Zambia data availability 89.8%</p>	<p>REGIONAL AVERAGE 84.54%</p>	<p>AFRICAN AVERAGE 75.28%</p>	<p>CONTINENTAL RANK #21</p>
	<p>The lowest of all quadrants, Zambia currently scores 89.90% for societal data availability, thus ranking 21st continentally. Despite being the lowest score, this nonetheless exceeds the respective regional and continental average of 84.54% and 75.28%, thereby reinforcing existing transparency. At present, Zambia is confronted with a host of key development challenges, foremost among which are poverty and inequality, thus requiring a combination of enhanced societal coverage and strategic implementation.</p>		

SOCIETAL SCORES & RANKINGS



SOCIETAL STATISTICS

<p>POPULATION SIZE AND GROWTH RATE</p> <p>15,972,000 at 2.93% p.a (#21) (#9)</p>	<p>LIFE EXPECTANCY</p> <p>52.7 years (#49)</p>	<p>HIV PREVALENCE</p> <p>12.4% (#7)</p>	<p>SEXUALITY TOLERANCE</p> <p>Illegal</p>
<p>ACCESS TO DRINKING WATER</p> <p>65.4% (#36)</p>	<p>HEALTH EXPENDITURE (% OF GDP)</p> <p>5.35% (#29)</p>	<p>PRIMARY EDUCATION EXPENDITURE (% OF GDP)</p> <p>N/A (#N/A)</p>	<p>SOCIAL MEDIA PENETRATION</p> <p>9% (#29)</p>

CONTACT

IN ON AFRICA

PHONE: + (27) 11 027 4027

EMAIL: info@inonafrika.com

WEB: www.inonafrika.com

ADDRESS: 146 Beyers Naude Drive, Franklin Roosevelt Park, Johannesburg, 2195

 [@inonafrika](https://twitter.com/inonafrika)  [In On Africa](https://www.facebook.com/inonafrika)  [In On Africa](https://www.linkedin.com/company/inonafrika)

This IOA publication is released to the public with the understanding that it is not intended to provide implicit legal, accounting, investment or other professional advice. The information, research and opinions provided are collated and formulated by In On Africa (IOA) from its associates' understanding and knowledge of issues dealt with, as well as from a variety of open sources. Whilst IOA believes that the information and opinions contained herein are reliable, it does not make any warranties, express or implied, and assumes no liability for reliance on or use of the information or opinions contained herein. Furthermore, IOA indemnifies itself from unforeseen errors due to certain sources being gathered from third parties.

© IN ON AFRICA (PTY) LTD 2019