



COUNTRY PROFILE: REPUBLIC OF ZAMBIA

Country Background

Geography: The Republic of Zambia, is a landlocked country in Southern Africa, surrounded by 8 countries: the Democratic Republic of Congo to the north; Tanzania to the north-east; Malawi to the east; Mozambique; Zimbabwe; Botswana; and Namibia to the south; and Angola to the west. The administrative and economic capital city is Lusaka (pop. 1.8 million), located in the south-central part of the country. The population is concentrated mainly around Lusaka, south-eastern, the Copperbelt to the northwest and the main highway to the south-west all the way to Livingstone. The main border towns and border length are (Kasumbaleza) DRC 2,332 km, (Chipata) Malawi 847 km, (Chirundu) Zimbabwe 797 km, (Kazungula) Namibia 244 km and (Nakonde) Tanzania 353 km.

Governance and Political context: Zambia has maintained peace and political stability as public institutions continue to mature. In the 2011 poll, the Patriotic Front (PF) defeated the Movement for Multiparty Democracy (MMD) which was in power for twenty years. The defeated party peacefully accepted the result. The 2015 edition of the Mo Ibrahim Index of African Governance (IIAG) reveals that governance in Zambia had improved between 2000 and 2014, although it stagnated in the past two years. Zambia was rated 6th out of 12 countries in southern Africa and 12th out of 54 countries on the continent on the governance index.

Recent Economic Developments

Macroeconomic Developments/trends: For more than a decade (2000-2010) the country attained macroeconomic stability and achieved impressive real growth averaging 7.7% per annum and lifting Zambia above the threshold of lower Middle Income Countries. Since the peak of copper prices in 2011 and the recent rising fiscal deficits, the economy has slowed down. Zambia currently faces some of its worst economic headwinds with copper prices at their lowest since 2003, a significant energy crisis resulting in 10-14 hours of load shedding a day, and a fiscal deficit of more than 8% in 2015. Growth will largely be subdued by the energy crisis. The 2015 agriculture season saw a decline in maize output by 21%, leading to a slowdown in growth in the sector. Mining in 2015 maintained the same output level as in 2014 at 710,000 tons. The Government's growth estimate for 2015 is 3-4%, with a projected increase to 3.5-4.5% in 2016. Zambia ranked 97 of 189 in the 2016 Doing Business Report moving 6 places down due to decline in trading across borders.

Monetary Policy and Financial Sector: The Bank of Zambia introduced a benchmark policy rate at 9% in April 2012 in order to improve transparency and anchor inflationary expectations. The strong economic headwinds led to deteriorating confidence in the Zambian economy throughout 2015 affecting the exchange rate. The Kwacha depreciated by 50% against the dollar in 2015, making imported goods more expensive. The higher cost of imports translated into higher local prices. Despite tightening the policy rate to 15.5% from its previous level of 12.5%, inflation rose to 21% from 7.9% in 2014. Inflation is expected to drop to single digit within the next 12 months.

Fiscal Policy: When the PF assumed office, its strategy was to increase public investments in transport and energy while putting more money in people's pockets. The government implemented a 45% pay increase for public workers in 2013 pushing the wage bill to over 61% of domestic tax revenues in 2014. Among other things, these changes entailed faster growth in expenditures while revenues failed to keep pace. The fiscal deficit declined by 6% of GDP between 2012 and 2014. The government acknowledges the need for fiscal consolidation. However, with continued expansionary fiscal policy the deficit is estimated to exceed 8% of GDP in 2015.

In 2013 the Government took steps to dismantle fuel subsidies that had crept in due to a prolonged absence of fuel price adjustment. The recent dramatic fall in international crude prices led to a downward adjustment in local retail prices that allowed subsidies to creep in again as the Kwacha depreciated. Fuel arrears stood at K 3.2 billion in 2015. In 2013, the Government further announced reforms to agricultural subsidies amounting to 2.0% of GDP in 2014. Although the subsidies were benefitting one million farmers they were not adequately targeted towards the most vulnerable. Furthermore, the cost of the Farmer Input Support Program and the excessive perennial purchases by the Food Reserve Agency leading to excessive expenditures on their annual budgets. Although a cost sharing arrangement with farmers was reintroduced it was insufficient and cost overruns remain a challenge.

External Sector: Zambia's external trade position remained strong until 2015. High copper prices helped maintain a surplus the trade balance and improved the current account while the flexible exchange rate policy helped the economy to adjust to external shocks. However, as copper prices declined during the past four years the trade balance moved into negative territory for the first time since 2003. The 2015 trade balance achieved a deficit of USD 70 million from a surplus of USD 1.6 billion in 2014. The current account, however remained in surplus with the USD 1.25 billion Eurobond issue in mid-2015.

At the end of 2015, gross international reserves attained 4.3 months of imports (target: 4 months) equivalent to USD 3.0 billion. The relatively strong reserve position has provided the authorities the necessary monetary space to allow currency values to mitigate significant changes in copper prices, while enabling interventions in the domestic foreign-exchange market to address excess volatility. Unencumbered reserves amount to USD 2.2 billion.

Socio-economic developments/trends: Despite improvements in economic performance, poverty remains high and widespread, with 60 per cent of the population still living below the poverty line while 42% lived in extreme poverty in 2010. Poverty prevalence is generally higher in the rural and remote areas, but poverty is concentrated in urban areas. Urban poverty incidence could rise in the future as urban population continue to grow while employment/self-employment opportunities are not created fast enough. In 2014, Zambia was ranked 139 out of the 188 countries on the Human Development Index (HDI) with a score of 0.586. The score has continuously increased since 2000. The HDI mean for sub-Saharan Africa is 0.518. Inequality has increased with the Gini-coefficient achieving 0.60 in 2006 to 0.65 in 2010. Much of the employment is in low productive informal activities (89 per cent in 2014). Zambia in many ways characterizes the present African challenge of complementing robust economic dynamics with equitable, inclusive prosperity for all.

Natural Resources Endowment: To ensure transparency in the management of its natural resources, notably its copper resources, the country joined the Extractive Industries Transparency Initiative in October 2012. The mining industry's contribution to government revenues has been low mainly due to attractive capital exemptions, initial low royalties and poor tax compliance. In recent years mining tax revenues have increased with royalty rates increasing from 6% to 9% in 2015, reductions in capital allowances to 25%, and increasing corporate taxes. The industry accounts for 9.5% of GDP, 75% of export earnings, while corporate tax and royalties exceed 10% of total revenues.

Regional Economic Integration: Zambia hosts the headquarters of the Common Market for Eastern and Southern Africa (COMESA) and remains active in the Southern Africa Development Community (SADC). It is a founder-member of both groups. Zambia has also affirmed its commitment to inter-regional trade with the East African Community (EAC) to form the COMESA-EAC-SADC-tripartite integrated trade market with a combined population of 600 million and a total Gross Domestic Product of USD 1 trillion. The Free Trade Area will come into force once 14 of the 26 countries ratify the agreement which is expected by mid-2016. Zambia remains committed to a liberal trade regime and efforts to deepen this process further have continued through regional and multilateral arrangements. This is important in promoting export-led growth and economic diversification.

Current Bank Business Plan (CSP)

Strategic pillars for intervention: The Zambia Country Strategy 2011-2015 came to an end in December 2015. The main pillars supported were: Pillar 1 - diversification through infrastructure development and Pillar 2 - economic and financial governance. A CSP completion report has been drafted and is currently undergoing internal review processes. The report is expected to be presented to the Board in April together with the suggested Pillars for the next CSP 2016-2020. The direction of the next CSP is already taking shape. Based on our analysis the new Strategy will have a stronger focus on private sector development given its importance for creating jobs for hundreds of thousands of Zambians while improving their well-being and quality of life. Infrastructure rehabilitation and expansion will continue as the other pillar as it is vital to economic and social development. Furthermore large gaps in infrastructure development will remain in the decades to come. The Strategy's overall objectives are to make growth more inclusive while building a robust and sustainable (greener) basis for long term growth. The Strategy is designed to assist Zambia sustain economic growth while diversifying the economy and strengthening country competitiveness. The two proposed strategic pillars are: i) support to infrastructure development to enhance productivity and trade competitiveness, and ii) support private sector development (incl. rural enterprises and agriculture value chains) and its regulatory environment to diversify the economy. The Bank's operations have been adjusted to address issues related to women and youth, while project locations have targeted areas with high poverty rates. The Bank's presence in the Western, Northern and Luapula provinces attests to its determination to ensure inclusive development across regions.

Current ADF cycle allocation: The Bank's Zambia Country Strategy 2011-2015 spanned two ADF cycles – ADF-12 and 13. Under ADF-12, the performance-based allocation (PBA) for the three years was slightly over UA 101 million (USD 141 million). Zambia was reclassified as a blend country as of 1st January 2014 which opened up considerable access to ADB resources. The Government initially opted for a quick transition to ADB-only, but prevailing economic headwinds do suggest that the transition will take longer. The reclassification reduced the ADF-13 allocation for Zambia to UA 21 million (USD 29 million).

Major results update: The ADF-12/13 country allocations have mainly been used on energy, transport and agriculture projects leveraged with additional external and internal funds. The main projects are: Itezhi Tezhi hydropower project, Kazungula Bridge, Livestock Infrastructure Support Programme, Skill Project and Rehabilitation of Mpulungu Port. Additional funds were also provided to the Nakonde-Chinsali Road, Nacala Corridor Road Project, Cashew Infrastructure Development Program, Lusaka Sanitation Program, and Kariba Dam Rehabilitation from the multinational and ADB windows.

Bank Portfolio and Lending Programme (IOP)

Projects Portfolio and Performance: The Zambia Portfolio currently has 19 ongoing and approved operations (16 national and 3 multinational projects – Annex II) with a total value of UA 633 million (USD 886 million) as of December 2015 compared to UA 230 million (USD 322 million) in 2011. About 33% of projects' funding is from ADF resources, while ADB resources account for more than 50%. 16% comes from NTF and other resources (e.g. Trust funds and Africa Working Together Fund). Leveraging from external sources such as JICA, GEF and others have added more than UA 280 million (USD 392 million) in addition to the above. At end of December 2015, the average age of the portfolio was 2.6 years, while the average disbursement ratio was 67%, excluding approved operations awaiting disbursement. The average disbursement ratio stands at 16%. The portfolio is distributed across six sectors namely, transport (47%), agriculture (14%), energy (14%), water supply and sanitation (8%), social (7%), finance (6%) and environment (4%). The most recent CPPR assessed the overall performance of the portfolio as satisfactory, with implementation objectives and development outcomes of 2.8 and 2.6 respectively, on a scale of 0 to 3. Loans rated satisfactory improved from 35% beginning of 2015 to 48% in December 2015.

Loans requiring serious attention also fell from 40% in January to 30% in December. However, this was below Bank's target of a maximum of 29%.

Major challenges in the portfolio: Knowledge of the Bank's procurement rules and procedures and their application remain a challenge. Despite modest progress made in this area, there is still inadequate procurement planning, processing and understanding of the Bank's disbursement requirements. The Authorities project monitoring and evaluation systems remain weak, presenting a challenge in assessing the achievements of project objectives, and the contribution to national development objectives. Project start-up delays on the part of Government has been a major portfolio challenge, in spite of efforts from the Bank in following up on loans approved but not signed. Government's bureaucratic process of clearing loan agreements through the Attorney General, Cabinet and Parliament has lengthened the time from approval to signature and effectiveness for first disbursement. Three loan agreements (Cashew Infrastructure Development Project, Skills and Entrepreneurship Project and Lusaka Sanitation Project are still awaiting Cabinet approval). The Country Office has undertaken several discussions with the relevant authorities regarding these projects. In spite of assurances, Cabinet has not yet approved the projects. In order to address some of the capacity constraints, the Bank carries out Project Launch workshops that are conducted for every approved project. These launches include training in procurement, disbursement and financial management procedures aimed specifically at the Executing Agencies. In 2015 the Bank conducted Fiduciary Clinics for all implementing agencies in the Zambia portfolio as a part of the capacity building program.

Lending IOP/Non-Lending: A total of five operations were approved in 2015 amounting to UA 271 million (USD 379 million), compared with four operations approved in 2014 amounting to UA 84 million (USD 118 million). The 2016-18 IOP (Annex I) has identified various national and multinational operations. However, due to the expiry of the CSP 2011-2015 and the delay in finalizing the new CSP it is only realistic that new projects would be submitted to the Board after September 2016. Non-lending activity programmes including the Zambia Manufacturing Study were submitted for final clearance. The study was conducted in collaboration with the Zambia Association of Manufacturers. A Zambia Private Sector Profile has also been prepared and submitted for final clearance. A study on Domestic Resource Mobilization was completed but is awaiting the preparation of a Policy Brief. The Development Effectiveness Review for Zambia was published in 2014 outlining key achievements during the past decade. Looking ahead a transport master plan (currently ongoing), cost of service study on electrification (re-tender), an analysis of the prospects for developing farm blocks and a study on trade (DRC-Zambia) are being considered.

Donor Coordination

Key development partners and areas of intervention: The Bank is an active participant of the Cooperating Partners Group (CPG) - which includes the World Bank, the EU, DFID, Germany, Ireland, Sweden, Finland, and Norway - as well as close to 17 thematic and working groups. ZMFO chaired the CPG in 2012. Along with the chairmanship, ZMFO has also assumed the Troika Lead of the Water & Sanitation Working Group and the Agriculture Working Group during 2012 and the Transport Sector Working Group during 2014. Since mid-2014, ZMFO is chairing the Monitoring and Statistics Working Group. As part of efforts to enhance collaboration and leverage additional resources, the Bank continues to work closely with other development partners on the projects in the portfolio. These partners include Finland for the Small Scale Irrigation Project; the Zambian and Botswana Governments and JICA for the Kazungula Bridge Project; the EU for the Nacala Corridor Road Project; collaboration with EIB, DBSA and AFD for the Itzhi-Tezhi Hydro Power Generation and Transmission Line Project; and EU, World Bank and SIDA for the Kariba Dam Project.

Contributions/Role of FO in Donor Coordination: The main milestones of ZMFO within the Aid Coordination framework were the approval of various co-financed projects (Kazungula Bridge Project with JICA; Nacala Corridor Project with EU, AFD and EIB; Kariba Dam Rehabilitation with World Bank, EU and SIDA), the assumption of Chair of the CPG, the Chair of the Agriculture and Water & Sanitation sectors' groups. In addition ZMFO played a prominent role in the following collaboration initiatives: signing of CAADP Compact; joint Management of the SIP Project (Finland); implementation of the NRWSSP (Denmark GTZ); design of the Pilot Program on Climate Resilience (WB, UNDP, IFC); and design of SSTEP Project (Netherlands, JICA, Denmark). The Bank remains active in the transport, water and sanitation, agriculture, private sector, energy, and macroeconomics working groups and the CPG.

Best practices in implementing Paris Declaration Principles and Busan High-Level 4 recommendations: Strengthening of the dialogue mechanisms that guide development cooperation ensures that donors do not micromanage the development cooperation process. At the same time they are encouraged to provide capacity building in areas such as change management to avoid policy paralysis. As much as possible conditions for disbursements should be maintained to a minimal level in order to ensure effective implementation of project/programs. Furthermore, donors should do more in assisting the GRZ in building capacity to implement, monitor and evaluate projects.

Country and the African Development Bank

Membership: Zambia joined in 1971,

Shareholding: 79,978,000 shares,

Overall capital subscription: 759,945,000 (in UA, callable capital, December 31, 2014),

Governor Representing Country: Hon. Alexander CHIKWANDA (Minister of Finance and Planning),

Executive Director Representing Country: Ms. Petronella MWANGALA (also Malawi, Botswana and Mauritius),

African Development Bank Regional Director: Mr. Kennedy MBEKEANI (OIC),

Resident Representative: Mr. Damoni KITABIRE,

Country Economist: Mr. Peter Engbo RASMUSSEN,

Country Program Officer: Mr. Philip BOAHEN.

Annex I – Zambia indicative IOP 2016 – 2018 (UA Millions)

Dept	Project Name	Sector Name	Year	Amount UA million	AfGT Funds
OWAS	INTEGRATED SMALL TOWNS WATER AND SANITATION PROJECT	Water supply and Sanitation	2016	70.0	20.0
OSAN	FARM BLOCKS IRRIGATION PROJECT	Agriculture	2016	30.0	20.0
OSAN	AQUACULTURE INFRASTRUCTURE DEVELOPMENT PROJECT	Agriculture	2016	20.0	10.0
OITC	NORTH-SOUTH CORRIDOR (SERENJE TO MPIKA)	Road Transport / Highways	2016	150.0	
2016 Total				270.0	50.0
OITC2	MULTINATIONAL: NACALA CORRIDOR PHASE V	Road Transport / Highways	2017	30.0	
OWAS2	LUSAKA BULK WATER SUPPLY PROJECT	Water supply and Sanitation	2017	70.0	
OSAN3	PARKS PROMOTING COMMERCIAL GAME RANCHING	Agriculture	2017	25.0	
2017 Total				125.0	
ONEC	BATOKA GORGE ELECTRIC POWER GENERATION - ZAMBIA	Hydro Generation	2018	50.0	
OITC	KASUMBELESA DRY PORT	Road Transport / Highways	2018	30.0	
OWAS	ZAMBIA WATER RESOURCES INFRASTRUCTURE DEVELOPMENT PROGRAM	Water supply and Sanitation	2018	40.0	50.0
OITC	MULTINATIONAL: TRANSPORT SECTOR SUPPORT	Road Transport / Highways	2017	50.0	30.0
2018 Total				170.0	80.0
Total IOP for 2016-2018				565.0	130.0

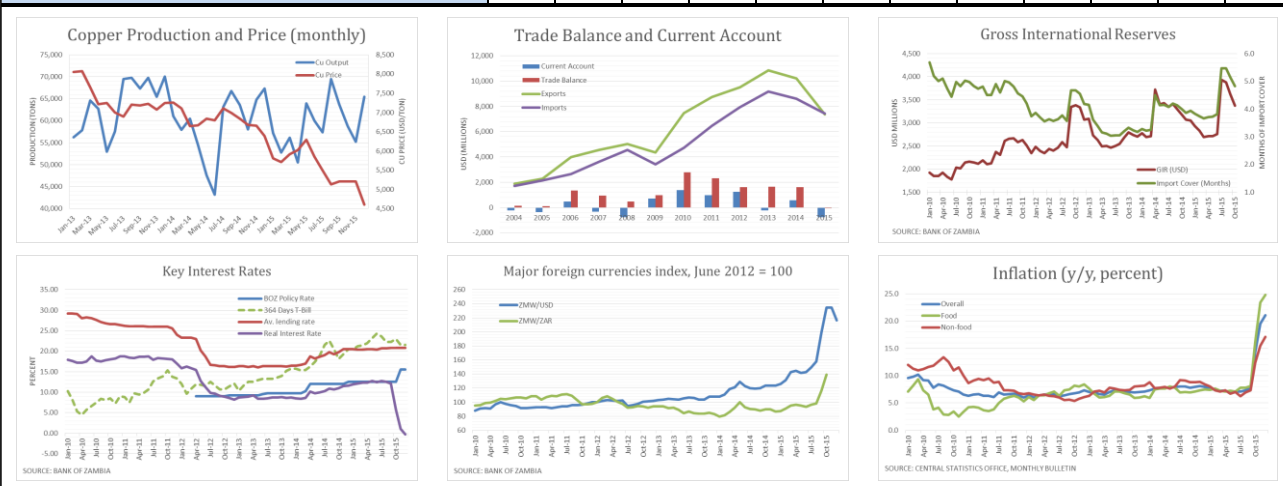
The IOP updated as of January 2016. The reclassification of Zambia to Blend Status has given Zambia access to the ADB lending window. This has increased the head room considerably. The move to Blend has reduced the ADF-13 allocation to about UA 21 million during 2014-16.

Annex II - Zambia Portfolio as of end December, 2015

Division	Long Name	Fin. Project	Status	Window	Company Name	Approval Date	Commit Date	Info Force	Eff. 1st Dis	Compl Date	Netloan	Disb. Ratio	
Agriculture	OSAN1	GAFSP-AGRICULTURE PRODUCTIVITY AND MARKET ENHANCEMENT	P-ZM-AA0-015	OnGo	[OTHERS]	GAFSP Trust Fund	26-Mar-14	10-Jun-14	10-Jun-14	20-Oct-14	30-Jun-20	22,717,152	5.58
	OSAN1	CASHEW INFRASTRUCTURE DEVELOPMENT PROJECT (CIDP)	P-ZM-AA0-024	APVD	[ADB]	African Development Ban	4-Nov-15				31-Dec-21	32,849,353	0.00
	OSAN1	LIVESTOCK INFRASTRUCTURE SUPPORT PROJECT (LISP)	P-ZM-AAE-001	OnGo	[ADF]	African Development Fun	19-Jun-13	8-Aug-13	30-Dec-13	25-Mar-14	31-Dec-18	12,000,000	9.84
	OSAN3	LAKE TANGANYIKA DEVELOPMENT SUPPORT PROJ	P-ZM-AA0-021	APVD	[ADB]	African Development Ban	18-Dec-14	10-Aug-15	4-Nov-15	5-Nov-15	30-Jun-20	16,415,187	0.00
	OSAN3	LAKE TANGANYIKA DEVELOPMENT SUPPORT PROJ	P-ZM-AA0-021	APVD	[OTHERS]	Global Environmental Fa	18-Dec-14	10-Aug-15	10-Aug-15		30-Jun-20	5,109,899	0.00
Environment	OSAN3	STRENGTHENING CLIMATE RESILIENCE IN THE KAFUE BASIN	P-ZM-CZ0-001	OnGo	[OTHERS]	Strategic Climate Fund	18-Oct-13	18-Dec-13	18-Dec-13	21-Jul-14	30-Jun-19	12,774,748	0.00
	OSAN3	STRENGTHENING CLIMATE RESILIENCE IN THE KAFUE BASIN	P-ZM-CZ0-001	OnGo	[OTHERS]	Strategic Climate Fund	18-Oct-13	18-Dec-13	18-Dec-13	21-Jul-14	30-Jun-19	14,964,705	12.12
Finance	OFSD1	MADISON FINANCE COMPANY LTD (MFINANCE)	P-ZM-HAB-001	APVD	[ADB]	African Development Ban	2-Mar-15				3-Oct-18	2,189,957	0.00
	OFSD1	AFRICA SME PROGRAM LOC - CETZAM FINANCIAL SERVICES PLC ZA	P-ZM-HB0-001	OnGo	[ADB]	African Development Ban	21-Oct-13	4-Sep-14	4-Sep-14	1-Oct-14	27-Mar-20	1,094,978	100.00
Power	OPSD4	LINE OF CREDIT TO FRB SUBSIDIARY, FIRST NATIONAL BANK OF ZAI	P-ZM-HAB-021	OnGo	[ADB]	African Development Ban	12-Dec-12	26-Mar-15	2-Jun-15	2-Jun-15	21-May-22	32,096,008	100.00
	ONEC2	KARIIBA DAM REHABILITATION	P-Z1-FA0-075	OnGo	[ADF]	African Development Fun	15-Dec-14	20-Feb-15	7-Sep-15	16-Nov-15	30-Jun-26	25,200,000	0.00
Social	ONEC2	POWER TRANSMISSION PROJECT	P-ZM-FA0-003	OnGo	[ADF]	African Development Fun	13-Jun-12	19-Dec-12	24-Sep-13	10-Feb-15	31-Dec-18	30,000,000	60.80
	ONEC2	POWER TRANSMISSION PROJECT	P-ZM-FA0-003	OnGo	[NTF]	Nigerian Trust Fund	13-Jun-12	19-Dec-12	26-Jun-15	26-Jun-15	31-Dec-18	6,400,000	32.62
Social	OPSD3	ITEZHI-TEZHI HYDROPOWER PROJECT	P-ZM-FAB-001	OnGo	[ADB]	African Development Ban	13-Jun-12	14-Apr-14	14-Apr-14	11-May-15	31-Dec-18	25,549,497	30.10
	OSHD1	SKILLS DEVELOPMENT AND ENTREPRENEURSHIP PROJECT - SUPPOR	P-ZM-IE0-002	APVD	[ADB]	African Development Ban	14-Oct-15				31-Dec-20	21,899,569	0.00
Transport	OSHD2	SUPPORT FOR SCIENCE AND TECHNOLOGY EDUCATION PROJECT (SS	P-ZM-IA0-005	OnGo	[ADF]	African Development Fun	20-Nov-13	2-Jun-14	7-Jan-15	7-Jan-15	31-Dec-19	22,220,000	10.67
	OITC2	BOTSWANA/ZAMBIA-KAZUNGULA BRIDGE PROJECT	P-Z1-DB0-031	OnGo	[ADF]	African Development Fun	7-Dec-11	10-Feb-12	3-Sep-12	16-Nov-12	31-Dec-19	51,000,000	1.36
Water Sup/Sant	OITC2	MULTI-NACALA CORRIDOR PROJECT-PHASE II (ZAMBIA)	P-Z1-DB0-063	OnGo	[ADF]	African Development Fun	27-Sep-10	20-Jan-11	10-Jun-11	24-Oct-11	1-Dec-16	69,369,000	42.03
	OITC2	CHINSALI - NAKONDE ROAD REHABILITATION PROJECT (NORTH-SO	P-ZM-DB0-001	APVD	[ADB]	African Development Ban	10-Jul-15				31-Dec-20	140,887,225	0.00
Water Sup/Sant	OITC2	CHINSALI - NAKONDE ROAD REHABILITATION PROJECT (NORTH-SO	P-ZM-DB0-001	APVD	[OTHERS]	AfricaGrowing TogetherFu	10-Jul-15				31-Dec-20	36,499,281	0.00
	AWTF	MULTI-PURPOSE SMALL DAMS	P-ZM-EAZ-002	OnGo	[OTHERS]	AfricaWater Facility Fund	4-Sep-12	28-May-13	28-Aug-13	31-Jan-14	28-May-16	740,019	30.00
OWAS2	OWAS2	LUSAKA SANITATION PROGRAM	P-ZM-E00-010	APVD	[ADB]	African Development Ban	24-Jun-15				31-May-20	36,499,281	0.00
	OWAS2	TRANSFORMING RURAL LIVELIHOODS IN WESTERN ZAMBIA - NATI	P-ZM-E00-028	OnGo	[ADB]	African Development Ban	10-Sep-14	12-Jun-15	10-Sep-15	27-Oct-15	31-Dec-19	11,314,777	0.00
OWAS2	OWAS2	TRANSFORMING RURAL LIVELIHOODS IN WESTERN ZAMBIA - NATI	P-ZM-E00-028	OnGo	[OTHERS]	Rural Water Supply & San	10-Sep-14	7-Jan-15	7-Jan-15	10-Sep-15	31-Dec-19	2,726,388	0.00
	632,517,024												

Annex III – Macro Economic Indicators

Country Profile Macroeconomic Indicators Zambia												
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
National Accounts												
GNI per capita, Atlas method (current USD)	480	580	740	930	1,220	1,320	1,380	1,470	1,730	1,810	...	...
GDP (current USD, billions)	6.2	8.3	12.8	14.1	17.9	15.3	20.3	23.7	24.9	26.8	26.6	25.2
GDP (constant 2010 LCU, billions)	59.7	64.0	69.1	74.9	80.7	88.1	97.2	104.6	111.2	117.8	125.4	129.8
Real GDP growth rate (annual %)	7.0	7.2	7.9	8.4	7.8	9.2	10.3	6.3	6.7	6.7	6.0	3.5
Gross capital formation (% of GDP)	24.9	23.7	22.1	22.0	20.9	21.0	22.6	25.0	24.7	27.1	...	...
Gross Domestic Savings (% of GDP)	22.7	21.6	30.5	23.7	19.0	23.9	34.4	34.0	27.9	29.2	...	...
General government final consumption expenditure (% of GDP)	17.2	18.5	18.6	17.9	17.4	18.0	16.2	17.0	16.3	18.9	...	...
Household final consumption expenditure (% of GDP)	60.1	59.9	50.9	58.4	63.6	58.1	49.4	49.0	55.8	51.9	...	...
Price and Money												
Inflation (CPI, annual %)	18.0	18.3	9.0	10.7	12.4	13.4	8.5	6.4	7.3	7.1	7.9	21.2
Real Effective Exchange Rate Index (2005 = 100)	169	100	115	108	104	108	108	105	101	96	96	120
Money and quasi money (M2) as % of GDP	...	...	...	...	...	21.4	23.1	23.4	20.6	20.4	19.9	22.9
Money and quasi money growth (annual %)	...	...	...	...	...	7.9	28.6	19.9	30.0	11.8	11.3	33.8
Sector Value Added												
Agriculture, value added (% of GDP)	23.4	22.8	21.6	20.8	21.0	21.6	20.4	19.5	19.6	17.7	...	...
Industry, value added (% of GDP)	28.0	29.2	31.9	33.1	33.8	34.2	36.0	37.4	38.1	37.3	...	...
Manufacturing, value added (% of GDP)	11.9	11.6	11.1	10.2	10.0	9.7	8.9	8.4	8.5	8.2	...	...
Services, value added (% of GDP)	48.6	48.0	46.5	46.1	45.2	44.2	43.6	43.0	42.4	45.1	...	...
Electric power consumption (kWh per capita)	708	716	743	686	608	587	610	599	...	...	...	...
Government Finance												
Central government, total revenue and grants (% of GDP)	23.8	23.3	43.6	23.0	22.3	18.9	15.1	21.7	21.6	...	...	...
Central government, total expenditure and net lending (% of GDP)	26.6	26.0	25.4	23.2	24.6	21.5	19.7	26.1	25.8	...	...	...
Central government, Fiscal Balance (% of GDP)	-2.8	-2.7	18.3	-0.2	-2.2	-2.6	-4.7	-4.4	-4.2	-6.5	-6.0	...
External Sector												
Exports of goods and services (% of GDP)	37.2	34.0	35.6	37.2	31.5	31.9	39.7	39.7	42.1	41.4	40.9	37.0
Imports of goods and services (% of GDP)	34.7	30.9	24.7	31.6	30.1	26.6	27.6	31.8	37.1	39.3	37.8	39.9
Terms of Trade Growth (2000 = 100)	115.0	129.1	197.0	195.2	175.2	159.3	192.7	198.0	184.6	177.1	...	...
Current Account Balance (USD, millions)	-232	-363	476	-321	-768	714	1,377	958	1,248	-218	581	-768
Current Account Balance (% of GDP)	-3.7	-4.4	3.7	-2.3	-4.3	4.6	6.8	4.0	5.0	-0.8	2.1	-3.5
Gross international reserves in months of imports	...	...	...	...	3.2	4.1	3.3	3.0	3.3	3.1	4.2	4.3
Gross international reserves (current USD, billions)	...	...	...	...	1.1	1.9	2.1	2.3	3.0	2.7	3.1	3.0
Debt and Financial Flows												
Debt Service (% of exports)	22.2	11.2	3.5	2.6	3.2	3.7	1.9	2.2	2.2	2.8	...	...
External Debt Stocks (% of GNI)	149.6	70.9	20.5	22.8	18.7	25.3	23.4	23.0	24.1	23.6	...	53
Net Total Financial Flows (USD, millions)	...	1,897	2,735	-533	-803	713	1,228	304	...	...	...	...
Net ODA received (% of GNI)	22.4	17.9	15.4	10.1	8.4	10.2	6.2	5.7	4.7	4.9	...	...
Net Foreign Direct Investment (USD, billions)	0.39	0.36	0.62	1.32	0.94	0.69	1.73	1.11	1.73	2.10	...	...



Source: World Development Indicators, African Economic Outlook, Central Statistics Office (Zambia)