

REPUBLIC OF ZAMBIA

## Macroeconomic Performance and Public Finance Statistics

All projections provided in this document are working assumptions currently used by the Ministry of Finance and its financial advisor for the purpose of computing the Debt Sustainability Analysis. These are subject to revision, in the context of the upcoming engagement with the IMF

## Disclaimer

- THIS DOCUMENT (THE "RESPONSES") HAS BEEN PREPARED BY THE MINISTRY OF FINANCE OF THE REPUBLIC OF ZAMBIA (THE "REPUBLIC") WITH THE ASSISTANCE OF ITS FINANCIAL ADVISOR LAZARD FRÈRES SAS AND LEGAL ADVISOR WHITE & CASE LLP (TOGETHER, THE "ADVISORS") IN RESPONSE TO QUESTIONS RECEIVED BY THE REPUBLIC FROM INVESTORS (EACH A "RECIPIENT"), SOLELY AS A BASIS FOR PRELIMINARY DISCUSSIONS OF THE FEASIBILITY OF CERTAIN POTENTIAL TRANSACTIONS MENTIONED THEREIN (THE "PURPOSE"). WHILE THE REPUBLIC HAS USED ALL REASONABLE EFFORTS TO ENSURE THAT THE FACTUAL INFORMATION CONTAINED HEREIN IS CORRECT, ACCURATE AND COMPLETE IN ALL MATERIAL RESPECTS AT THE DATE OF PUBLICATION, NEITHER THE REPUBLIC, NOR ANY OF THE ADVISORS, NOR ANY OF THEIR RESPECTIVE RELATED OR AFFILIATED BODIES, OR ENTITIES, NOR THEIR OR THEIR AFFILIATES' RESPECTIVE STAKEHOLDERS, DIRECTORS, PARTNERS, OFFICERS, EMPLOYEES, ADVISERS OR OTHER REPRESENTATIVES, IF ANY (THE "ZAMBIA PARTIES"), MAKE ANY WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, CONCERNING THE RELEVANCE, ACCURACY OR COMPLETENESS OF EITHER THE INFORMATION OR THE ANALYSES OF INFORMATION CONTAINED HEREIN OR ANY OTHER WRITTEN, ORAL OR OTHER INFORMATION MADE AVAILABLE TO ANY RECIPIENT IN CONNECTION THEREWITH INCLUDING, WITHOUT LIMITATION, ANY HISTORICAL FINANCIAL INFORMATION, THE ESTIMATES AND PROJECTIONS, AND ANY OTHER FINANCIAL INFORMATION, AND NOTHING CONTAINED IN THESE RESPONSES IS, OR MAY BE RELIED UPON AS, A PROMISE OR REPRESENTATION, WHETHER AS TO THE PAST OR THE FUTURE. EXCEPT INsofar AS LIABILITY UNDER ANY LAW CANNOT BE EXCLUDED, THE ZAMBIA PARTIES SHALL HAVE NO RESPONSIBILITY ARISING IN RESPECT OF THE INFORMATION CONTAINED IN THESE RESPONSES OR IN ANY OTHER WAY FOR ERRORS OR OMISSIONS (INCLUDING RESPONSIBILITY TO ANY PERSON BY REASON OF NEGLIGENCE).
- THESE RESPONSES DO NOT PURPORT TO BE ALL-INCLUSIVE OR TO CONTAIN ALL THE INFORMATION THAT A RECIPIENT MAY REQUIRE IN ITS ASSESSMENT OF THE PURPOSE. FURTHER, THESE RESPONSES HAVE NOT BEEN PREPARED WITH REGARD TO THE INVESTMENT OBJECTIVES, FINANCIAL SITUATION AND PARTICULAR NEEDS OF THE RECIPIENT. NO RECIPIENT IS THUS ENTITLED TO RELY ON THESE RESPONSES FOR ANY PURPOSE WHATSOEVER AND ANY RECIPIENT SHOULD CONDUCT THEIR OWN INDEPENDENT REVIEW AND ANALYSIS OF THE INFORMATION CONTAINED IN OR REFERRED TO IN THESE RESPONSES AND CONSULT THEIR OWN INDEPENDENT ADVISERS AS TO LEGAL, TAX AND ACCOUNTING ISSUES WHEN ASSESSING THE PURPOSE. THE INFORMATION IN THIS PRESENTATION REFLECTS CONDITIONS, INCLUDING ECONOMIC, MONETARY AND MARKET PREVAILING AS OF SEPTEMBER 2020, ALL OF WHICH ARE SUBJECT TO CHANGE.
- THESE RESPONSES MAY CONTAIN CERTAIN FORWARD-LOOKING STATEMENTS, ESTIMATES, TARGETS AND PROJECTIONS PREPARED ON THE BASIS OF INFORMATION PROVIDED BY THE REPUBLIC. SUCH STATEMENTS, ESTIMATES AND PROJECTIONS INVOLVE SIGNIFICANT SUBJECTIVE ELEMENTS OF JUDGMENT AND ANALYSIS WHICH MAY OR MAY NOT PROVE TO BE CORRECT. THERE MAY BE DIFFERENCES BETWEEN FORECAST AND ACTUAL RESULTS BECAUSE EVENTS AND CIRCUMSTANCES FREQUENTLY DO NOT OCCUR AS FORECAST AND THESE DIFFERENCES MAY BE MATERIAL. THERE CAN BE NO ASSURANCE THAT ANY OF THE ESTIMATES, TARGETS OR PROJECTIONS WILL BE MET. ACCORDINGLY, NONE OF THE ZAMBIA PARTIES SHALL BE LIABLE FOR ANY DIRECT, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE SUFFERED BY ANY PERSON AS A RESULT OF RELYING ON ANY STATEMENT IN OR OMISSION FROM THESE RESPONSES AND ANY SUCH LIABILITY IS EXPRESSLY DISCLAIMED.
- THE RESPONSES HAVE BEEN PREPARED EXCLUSIVELY FOR INFORMATION PURPOSES. NEITHER THESE RESPONSES NOR ANY INFORMATION CONTAINED THEREIN DOES OR WILL FORM PART OF ANY LEGAL AGREEMENT THAT MAY RESULT FROM THE REVIEW, INVESTIGATION AND ANALYSIS OF THESE RESPONSES BY A RECIPIENT AND/OR THE RECIPIENT'S REPRESENTATIVES. NEITHER THESE RESPONSES NOR THE INFORMATION CONTAINED HEREIN CONSTITUTES ANY FORM OF COMMITMENT, RECOMMENDATION OR OFFER (EITHER EXPRESSLY OR IMPLIEDLY) ON THE PART OF ANY ZAMBIA PARTIES WITH RESPECT TO THE PURPOSE. THE REPUBLIC RESERVES ANY RIGHTS IT MAY HAVE IN CONNECTION WITH ANY OF ITS DEBT OBLIGATIONS AND NOTHING CONTAINED IN THESE RESPONSES SHALL BE CONSTRUED AS A WAIVER OR AMENDMENT OF SUCH RIGHTS.

## GDP Statistics and Exchange Rate

	Unit	Historical									Estimate	Projection		
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Growth rate projections</b>														
<b>Real GDP growth rate projections</b>	% YoY	5.6%	7.6%	5.1%	4.7%	2.9%	3.8%	3.5%	4.0%	1.4%	(4.2%)	1.8%	3.4%	3.6%
<i>Primary sector</i>	% YoY	3.3%	2.0%	0.2%	(0.9%)	(3.3%)	5.8%	5.8%	(5.4%)	(0.5%)	5.6%	0.2%	8.2%	4.3%
<i>Secondary sector</i>	% YoY	7.0%	2.7%	2.0%	7.7%	10.5%	4.7%	6.7%	3.8%	(2.3%)	(12.1%)	1.2%	2.9%	3.9%
<i>Tertiary sector</i>	% YoY	6.0%	11.7%	7.9%	5.6%	2.2%	2.8%	1.7%	7.3%	3.5%	(3.8%)	2.6%	2.3%	3.3%
<b>Nominal GDP</b>	ZMW/bn	114.0	131.3	151.3	167.1	183.4	216.1	246.3	282.4	297.6	325.0	366.8	413.7	466.9
<b>GDP Deflator<sup>(1)</sup></b>	% YoY	11.1%	7.0%	9.7%	5.4%	6.7%	13.6%	10.1%	10.2%	3.9%	14.0%	10.8%	9.1%	8.9%
<b>Exchange rate projections</b>														
<b>ZMW/USD Exchange rate (avg)<sup>(1)</sup></b>	ZMW/USD	4.9	5.1	5.4	6.2	8.6	10.2	9.5	10.4	12.9	18.6	21.0	22.0	23.0

Source: Ministry of Finance of Zambia, Bank of Zambia

Note: <sup>(1)</sup> For Deflator and FX, Bank of Zambia does not communicate any official projections. Figures displayed above are working hypotheses.

## Fiscal Performance

	Unit	Historical									Estimate	Projection		
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Fiscal performance</b>														
<b>Government revenues and grants</b>	ZMWbn	20.2	23.0	26.8	30.6	34.5	39.5	43.0	53.5	61.3	59.9	68.0	78.0	92.4
<b>Direct taxes</b>	ZMWbn	14.9	16.0	15.7	16.3	18.1	20.1	22.6	26.9	31.7	31.7	36.5	-	-
<i>Income taxes</i>	ZMWbn	11.5	11.7	11.6	11.5	12.9	14.9	16.4	20.2	23.8	24.1	27.1	-	-
<i>Custom and excise duties</i>	ZMWbn	3.4	4.2	4.2	4.8	5.2	5.1	6.1	6.6	7.5	7.5	9.1	-	-
<i>Export duties</i>	ZMWbn	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.3	0.2	0.2	-	-
<i>Insurance premium</i>	ZMWbn	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-	-
<b>Indirect taxes</b>	ZMWbn	4.0	4.7	7.4	9.5	8.4	8.0	13.9	17.4	16.7	14.6	16.9	-	-
<b>Non-tax revenues</b> (including mineral royalty)	ZMWbn	0.6	1.7	1.4	4.5	7.6	10.9	6.1	8.6	12.1	12.1	12.6	-	-
<b>Grants</b>	ZMWbn	0.7	0.6	2.3	0.3	0.4	0.5	0.4	0.6	0.8	1.5	2.0	-	-
<b>Government expenditures</b>	ZMWbn	21.3	24.0	33.4	34.8	44.0	44.3	47.4	60.1	68.8	77.2	73.5	78.2	90.4
<b>Wages</b>	ZMWbn	7.4	9.4	11.9	15.8	16.1	18.8	20.0	21.9	23.0	26.0	28.5	-	-
<b>Social Benefits</b>	ZMWbn	1.0	0.8	0.7	0.7	0.8	0.5	0.7	1.8	0.2	3.2	3.4	-	-
<b>Purchase of Goods and Services</b>	ZMWbn	6.4	6.1	6.3	7.1	5.4	6.0	4.8	5.3	4.9	10.9	10.5	-	-
<b>Transfers and subsidies</b> (including FISP)	ZMWbn	2.6	2.7	5.6	5.0	8.9	10.9	9.6	8.0	12.1	17.1	13.6	-	-
<b>Capital expenditures</b>	ZMWbn	3.9	5.0	8.9	6.2	12.8	8.1	12.7	23.1	28.3	20.0	17.5	-	-
<i>incl. Foreign financed</i>	ZMWbn	0.1	0.0	2.5	0.0	5.2	3.7	7.7	17.5	25.2	16.5	13.6	-	-
<i>incl. Domestic financed</i>	ZMWbn	3.8	5.0	6.4	6.2	7.5	4.4	5.0	5.7	3.2	3.5	3.8	-	-
<b>Primary balance</b>	ZMWbn	(1.1)	(1.0)	(6.6)	(4.2)	(9.5)	(4.8)	(4.4)	(6.6)	(7.5)	(17.3)	(5.5)	(0.2)	2.0
<i>as a share of GDP</i>	%	(0.9%)	(1.0%)	(4.3%)	(3.0%)	(5.2%)	(2.3%)	(1.9%)	(2.4%)	(2.5%)	(5.3%)	(1.5%)	(0.0%)	0.4%

## Balance of Payments and Central Bank Reserves

	Unit	Historical										Estimate	Projection		
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Detailed balance of payment</b>															
<b>Current Account Balance</b>	USDm	1,394	956	1,139	(232)	581	(571)	(684)	(435)	(341)	145	1,673	-	-	-
<b>Trade Balance</b>	USDm	2,456	1,872	1,251	590	832	(385)	(249)	351	(210)	222	2,279	-	-	-
<b>Exports</b>	USDm	8,054	9,419	10,511	11,601	11,071	8,223	7,420	9,080	9,983	8,258	8,297	9,102	9,236	9,401
<i>o/w tourism receipts</i>	USDm	492	555	518	552	642	660	683	653	742	819	421	645	691	705
<i>o/w other services</i>	USDm	(275)	(258)	71	(528)	(366)	(215)	(212)	(249)	(288)	(268)	(273)	(316)	(326)	(346)
<i>Memo: Copper price</i>	USD/Mt <sup>(5)</sup>	-	-	-	-	-	-	-	-	6,454	6,510	6,022	6,604	6,603	6,618
<i>Memo: Copper production</i>	Mt <sup>(5)</sup>	-	-	-	-	-	-	-	-	857,848	797,518	919,311	928,504	937,789	947,167
<b>Imports</b>	USDm	5,598	7,547	9,259	11,012	10,239	8,609	7,669	8,730	10,193	8,036	6,018	-	-	-
<b>Investment income<sup>(1)</sup></b>	USDm	(1,363)	(1,157)	(432)	(1,149)	(552)	(412)	(647)	(1,145)	(407)	(400)	(907)	-	-	-
<b>Current transfers<sup>(2)</sup></b>	USDm	301	241	319	327	301	227	212	359	276	323	301	288	316	309
<b>Capital Account</b>	USDm	150	151	223	278	202	81	55	58	66	97	79	77	78	90
<b>Financial Account</b>	USDm	1,564	1,063	1,166	314	512	(25)	(348)	(364)	100	240	1,339	-	-	-
<b>Foreign Direct Investment</b>	USDm	1,729	1,109	1,732	2,100	1,489	1,305	663	1,108	408	548	349	673	634	591
<b>Central Bank reserves – changes (+/- is a decrease / increase)<sup>(3)</sup></b>	USDm	-	(157)	(722)	360	(394)	136	601	310	512	119	114	-	-	-
<b>Central Bank Reserves</b>															
<b>Gross International Reserves<sup>(4)</sup></b>	USDm	2,190	2,347	3,069	2,709	3,103	2,967	2,366	2,056	1,544	1,425	1,311	-	-	-

Source: Bank of Zambia

Notes: <sup>(1)</sup> Primary income balance; <sup>(2)</sup> Secondary income balance; <sup>(3)</sup> In authorities' BoP methodology, the variation in gross international reserves is reflected in the financial account balance through the items "change in reserve assets" and "other investment". For clarity purpose, here is only displayed the aggregated change in gross international reserves; <sup>(4)</sup> Central Bank's gross international reserves as at end-December of the year, except for 2010 (end January 2011) and 2020 (as at end-August 2020); <sup>(5)</sup> Mt stands for Metric tonne

## Public Sector Debt Statistics (Stock)

### Summary of Zambia's Public and Publicly Guaranteed Debt, as at End-2019

Debt and Creditor's Type	Debt Stock (USDbn)	Debt Stock (in % of total Public Sector debt)
<b>A1. Central Government FX Direct Debt</b>	<b>11.7</b>	<b>56.0%</b>
Multilateral / Plurilateral	2.7	13.1%
Bilateral	3.5	16.6%
Commercial – Eurobonds	3.0	14.4%
Commercial – Excl. Eurobonds	2.5	11.9%
<b>A2. SOEs and Pension Fund FX Debt</b>	<b>3.0</b>	<b>14.3%</b>
Guaranteed	2.4	11.5%
<i>Debt</i>	1.6	7.5%
<i>Payment Arrears</i>	0.8	4.0%
Non Guaranteed	0.6	2.8%
<i>Debt</i>	0.3	1.4%
<i>Payment Arrears</i>	0.3	1.4%
<b>A. Total FX PPG Debt (A1+A2)</b>	<b>14.7</b>	<b>70.3%</b>
<b>B1. Central Government LC Direct Debt</b>	<b>6.0</b>	<b>29.0%</b>
<i>Domestic securities</i>	4.3	20.7%
<i>Payment Arrears</i>	1.7	8.3%
<b>B2. SOEs and Pension Fund LC Debt</b>	<b>0.1</b>	<b>0.7%</b>
<b>B. Total LC Public Sector Debt (B1+B2)</b>	<b>6.2</b>	<b>29.7%</b>
<b>Total Public Sector Debt (A+B)</b>	<b>20.8</b>	<b>100.0%</b>

Source: Ministry of Finance of Zambia

## Public Sector Debt Statistics (Debt Service Based on Outstanding as of End-2019)

		2020	2021	2022	2023
<b>A. FX Public Sector Debt Service (1+2+3)</b>	<b>USDm</b>	<b>1,495.7</b>	<b>1,522.0</b>	<b>2,256.9</b>	<b>1,299.0</b>
<i>o/w interests on FX Public Sector Debt</i>		556.3	560.5	547.4	462.4
<b>1. CG direct FX debt</b>	<b>USDm</b>	<b>1,265.1</b>	<b>1,296.8</b>	<b>2,009.2</b>	<b>998.5</b>
<b>Multilateral/ Plurilateral</b>	<b>USDm</b>	241.3	250.6	246.3	86.5
<b>Bilateral</b>	<b>USDm</b>	266.0	318.2	354.7	379.0
<i>Bilateral Non-Paris Club</i>	<i>USDm</i>	249.2	286.9	323.9	348.9
<i>Bilateral Paris-Club</i>	<i>USDm</i>	16.8	31.3	30.8	30.0
<b>Commercial (excl. Eurobonds)</b>	<b>USDm</b>	520.3	490.5	420.8	335.9
<b>Eurobonds</b>	<b>USDm</b>	237.4	237.4	987.4	197.1
<b>2. SOEs guaranteed FX debt</b>	<b>USDm</b>	<b>115.7</b>	<b>155.7</b>	<b>184.7</b>	<b>267.7</b>
<b>Multilateral/ Plurilateral</b>	<b>USDm</b>	2.0	2.0	3.3	3.1
<b>Bilateral</b>	<b>USDm</b>	35.5	81.5	105.7	191.3
<b>Commercial</b>	<b>USDm</b>	78.2	72.1	75.8	73.3
<b>3. SOEs non-guaranteed FX debt</b>	<b>USDm</b>	<b>114.9</b>	<b>69.5</b>	<b>63.0</b>	<b>32.8</b>
<b>Multi/ Plurilateral</b>	<b>USDm</b>	0.8	0.8	0.7	0.4
<b>Bilateral</b>	<b>USDm</b>	35.1	34.4	32.1	29.9
<b>Commercial</b>	<b>USDm</b>	79.0	34.4	30.1	2.5
<b>B. Local Currency Market Debt</b>	<b>ZMWm</b>	<b>37,177.0</b>	<b>14,039.6</b>	<b>11,674.7</b>	<b>6,756.0</b>
<b>CG direct LC Market debt</b>	<b>ZMWm</b>	<b>37,177.0</b>	<b>14,039.6</b>	<b>11,674.7</b>	<b>6,756.0</b>
<b>T-Bills</b>	<b>ZMWm</b>	<b>20,863.3</b>	-	-	-
<b>T-Bonds</b>	<b>ZMWm</b>	<b>16,313.7</b>	<b>14,039.6</b>	<b>11,674.7</b>	<b>6,756.0</b>