

FPC Country Profile: Zambia

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Cooperating Partners

Zambia is a member of MEFMI. Its BOP Technical Committee (BOPTC) includes Central Bank (BOZ), Zambia Development Agency (ZDA) and Central Statistical Office (CSO). BOPTC works with the Ministry of Commerce, Trade and Industry, Stock Exchange, Ministry of Tourism and Natural Resources, and strategic businesses. Government, Seco, COMESA and UNCTAD funded the latest exercises. Zambia participates in the IMF General Data Dissemination System and Coordinated Direct Investment Survey.

Background

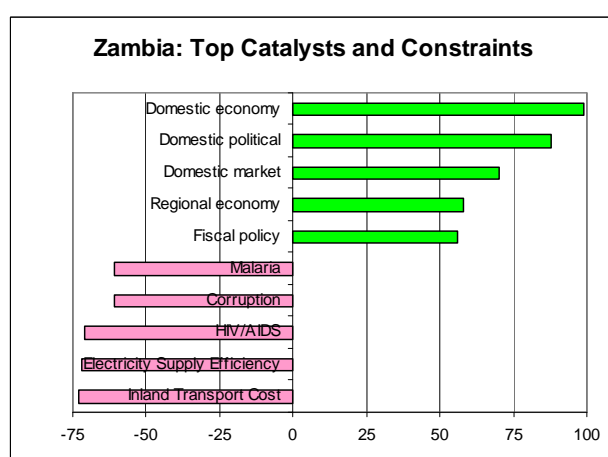
Zambia compiles data in line with IMF BPM5, with breakdown by instrument, source country, sector and region. It tracks investor perception and corporate responsibility.

Foreign Investment Indicators

Instrument	Stock 2006	Changes during 2007		Stock 2007
		Transactions	Other	
Liabilities (US\$ m)	6,303	1,795	277	8,375
FDI	6,025	1,324	255	7,604
Portfolio	53	55	2	99
Other	225	428	20	672
Indices				
Liabilities to GDP	59%	16%	-	73%
FDI to GDP	56%	11%	-	66%
FDI Performance Index (2005-7) ¹	-	2.7	-	-

Source: BOPTC (liabilities); IMF WEO (GDP); UNCTAD FDI Stat (World FDI)

FDI was the most important means of finance, with high inflows relative to GDP (2.7). The concentration in mining (70% FDI stock) influenced regional allocation (Copperbelt, North West), and source (Australia (22%), Canada (11%), India (10%), Switzerland (10%)). UK and South Africa (8%) invested mainly in finance and industry in Lusaka. Most sectors enjoyed high returns on equity (20-67%). Other investment grew mostly in mining (62%), from UK, Switzerland, Canada and China (82%). FDI and portfolio were hit by the global crisis.



CSR-related spending, dominated by the mining sector, increased 680%, and targeted environment, health and safety. Policy priorities related to promoting diversification away from mining, and improving infrastructure and utilities.

¹ FDI Performance Index = (National/World FDI Inflows) / (National/World GDP). >1 denotes high performance.

CBP Support and Achievements

Cycle (Survey)	Support and Achievements
Cycle 1 Apr 01 – Oct 03	<ul style="list-style-type: none"> Demand Assessment Mission (Apr 01) reviewed institutional arrangements and methods. Opening Awareness and Training (OAT) launched and transferred skills (Dec 01). Two Follow Up Missions (FUM – Jun 02, Nov 02) addressed sampling, awareness, data management, and software. FUM3 (Jun 03) and intensive long distance support assisted in finalising data and analysis. Closing Dissemination (CDW – Oct 03) reported results and assessed progress Achievements included enhanced BOPTC, register, methodology, software transfer, dissemination of data (2000-1), analysis and newsletter article
Cycle 2 Mar 08 – Jun 09	<ul style="list-style-type: none"> COMESA and UNCTAD contributed to the OAT with DFI and MEFMI (Mar 08). The CBP conducted a FUM (Jun 08), participated in CDW (Jun 09), and provided intensive long distance support on fieldwork, software, and analysis Achievements included resumption of the survey, enhanced methodology, BPM5 compliant data (2006-7), an analytical report and newsletter article
Cycle 3 Apr 10 – Ongoing	<ul style="list-style-type: none"> BOPTC launched in June 2010. CBP support (long distance) included reviewing the Memorandum of Understanding (MOU) and methodology Achievements to date include a formal MOU between BOZ, CSO and ZDA, and methodology to meet IMF BPM6, UNCTAD FATS, and Doing Business

Country Progress and Intended Results (Scale of 1-5)

Logical Framework Performance Indicators		Base (Apr 07)	Current (Sept 09)	Target (Sept 09)	Progress
LTR	High level of management	2.3	3.2	3.7	66%
MTR 2.1	Meeting GDDS	3.0	3.6	4.0	60%
MTR 2.2	Policy Action Plan	1.0	1.0	2.5	0%
MTR 2.3	Legal and institutional framework	2.9	3.5	4.0	55%
MTR 3.1	Increased awareness of achievements	2.6	3.4	4.0	57%
STR 3.1	Enhanced knowledge and skills	2.0	4.0	4.0	100%

Zambia set itself high targets but rejoined the CBP very late which limited its overall progress (66%). However, it progressed rapidly, attaining high capacity in meeting GDDS, institutional framework, increased awareness, and skills. Priorities include analysis and policy action plan.

Further Reading

Country Reports and Summaries²

- (2009) Cycle 2 Report: *Foreign Private Investment and Investor Perceptions in Zambia*
- (2009) Cycle 2 Summary: “Zambia: FPC 58% Higher than Estimates”, SFD #39 pp13-14
- (2004) Cycle 1 Report: *Foreign Assets and Liabilities and Investor Perception in Zambia*
- (2003) Cycle 1 Summary: “Zambia Results Reveal Large PSED”, SFD #17 p14

Other

- 25 Degrees in Africa (2009) “Zambia's business rating rises through the ranks”, Sept³
- Zambia Daily Mail (2009) “Take advantage of new copper prices – Fundanga”⁴
- Zamnet (2010) “BoZ, CSO, ZDA sign MoU”, 15 Jan⁵

² Downloads from: www.development-finance.org/en/services/research-a-analysis/publications-and-technical-briefings/private-capital-publications/country-analysis-and-policy.html

³ 25 Degrees in Africa: http://www.25degrees.net/index.php?option=com_zine&view=article&id=724:zambias-business-rating-rises-through-the-ranks&Itemid=81

⁴ Zambia Daily Mail: www.daily-mail.co.zm/media/news/viewnews.cgi?category=3&id=1244193744

⁵ Zamnet <http://www.zamnet.zm/newsys/news/viewnews.cgi?category=3&id=1263545386>