CAPSTONE 23-4

AFRICA FIELD STUDIES TRIP BOOK

COUNTRIES

Zambia

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CAPSTONE 23-4
AFRICA FIELD STUDIES TRIP BOOK

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STATEMENT OF

GENERAL MICHAEL E. LANGLEY, UNITED STATES MARINE CORPS

COMMANDER, UNITED STATES AFRICA COMMAND

BEFORE THE

SENATE ARMED SERVICES COMMITTEE

16 MARCH 2023

AFRICAN SECURITY IN A GLOBAL CONTEXT

INTRODUCTION

Chairman Reed, Ranking Member Wicker, distinguished Committee members, Africa's impact on the world is greater now than at any point in recent history, so United States Africa Command (USAFRICOM) sees our mission through a global lens. The vast potential of African peoples to lead the way in worldwide growth is up against a rising tide of existential challenges. Threats from within the continent are transforming into threats to America's interests and allies. Terrorism, poverty, food and water insecurity, protracted conflict, climate change, and mass human migration disproportionately shatter African lives. Solutions to these colossal problems must be a shared burden, with African nations at the helm of concerted international efforts and a U.S. whole of nation contribution that produces sustainable outcomes. Since 2008, USAFRICOM has been proud to defend American interests and lead the U.S. Department of Defense's inclusive approach to helping African peoples achieve positive outcomes for all.

Crises in Africa set the stage for violent extremist organizations (VEOs) to grow, and for America's strategic competitors to bid for international allies. As the home of some of al-Qaeda's and ISIS's largest and most active branches, Africa is now the epicenter of international terrorism. Russia is expanding its African operations, including via the Kremlin-supported private military company Wagner; destabilization, democratic backsliding, and human rights abuses follow in their wake. Russia's full-scale invasion of Ukraine impaired Africa's food supply, compounding the lingering challenges of the COVID-19 pandemic. Meanwhile, the People's Republic of China's (PRC's) economic and military presence poses challenges for both African nations and American interests.

Climate change-related shocks drove a surge in African natural disasters last year, killing and displacing millions though protracted droughts, mass flooding, disease outbreaks and tropical storms. All of these crises combine with protracted regional conflicts to impede progress toward a stable continent and a prosperous planet where democracy, human rights, and the rule of law flourish.

The world needs a stable African continent of sovereign nations pulling together toward the universal goals of peace and prosperity. Africa's six maritime chokepoints carry a third of the world's shipping. Economic growth on the continent has accelerated in recent decades, and Africa is increasingly an engine of the global economy. This engine is partly fueled by vast deposits of rare earth minerals – critical ingredients of the world's transition to clean, sustainable energy – and by the human capital of a swelling population that will account for a quarter of humankind by 2050. Sub-Saharan Africa is the UN's largest regional voting bloc, and three of our African partners currently sit on the UN Security Council: Gabon, Ghana, and Mozambique. Africa's national voices increasingly harmonize in organizations like the African Union, regional economic communities, and multinational security forces that welcome American support. Africa is a continent of opportunity.

The service members and civilians of USAFRICOM are dedicated to helping our African counterparts seize that opportunity. USAFRICOM promotes security and prosperity in collaboration with the U.S. Departments of State (DoS) and Justice (DoJ), the U.S. Agency for International Development (USAID), U.S. Coast Guard, Department of Homeland Security (DHS), U.S. Fish and Wildlife Service and others. By aligning our defense efforts with diplomacy and development, USAFRICOM teams with African and international partners to campaign across the spectrum of diplomacy, development, and defense. By convening those partners in major multilateral exercises like AFRICAN LION, FLINTLOCK, and the ACCORD and EXPRESS series, USAFRICOM tests and shares institution-building best practices – including implementing the 2017 Women, Peace, and Security Act and advocating for strict adherence to the law of armed conflict. By working daily with U.S. embassies and units throughout the Joint Force, USAFRICOM stands ready to deliver life-saving rapid response to flashpoints in remote and unpredictable parts of the world.

America's tools for defense in Africa include military education, intelligence sharing, maritime and cyber domain awareness, medical training, DoS's foreign military sales, and – when warranted and authorized – lethal force to protect American lives and support partner-led counterterrorism missions. This toolkit of security cooperation and operational authorities helps African partners to fight 21st century terrorists and criminals, providing clear alternatives to unfavorable and opaque deals with Russia or the PRC. Whole of nation investments in Africa are opportunities for America to demonstrate global leadership while reinforcing the international rules-based system across all domains of commerce and defense. USAFRICOM is continually innovating fresh ideas with our partners and fielding new solutions for a peaceful and prosperous Africa – an outcome that will underpin America's long-term security.

Underinvestment in African security raises the risk of an unexpected crisis that would abruptly strip U.S. resources away from our top national security challenge of strategic competition. It has happened before. In the late 20th century, al-Qaeda grew unchecked in Africa culminating in the 1998 bombings of our embassies in Kenya and Tanzania. More recently, the Benghazi, Libya attack in 2012, the Tongo Tongo, Niger attack in 2017, and the Manda Bay, Kenya attack in 2020 claimed American lives. These tragedies drew U.S. defense capital away from enduring strategic objectives. USAFRICOM's mission is to mitigate the risk of such tragedies while guarding NATO's southern flank and protecting the brave Americans who defend our great Nation.

TERRORISM IN AFRICA

The most immediate threat to both American lives and our partners in Africa is terrorism. Al-Qaeda and ISIS sprouted in the Middle East but quickly transplanted onto the African continent where they flourished. Terrorist attacks in the Sahel region accounted for over a third of the world's terrorism deaths in 2021, up from just one percent in 2007. Today, Africa's VEOs vary in their tactics, resources, and specific goals, but all aspire to target American interests and African governments. These VEOs are dynamic networks that hide in vast under-governed spaces and bustling population centers, creating immense challenges for surveillance and disruption. Their attacks leave countless civilians dead, maimed, and destitute while undermining governance and already struggling economies, which in turn contributes to mass migration into Europe. As VEOs grow, the risk of terrorist plots against U.S. citizens, embassies, and ultimately the Homeland are likely to rise.

USAFRICOM is on the job to counter VEOs in Africa.

Last May, President Biden directed USAFRICOM to move a small force back into Somalia to help its people fight al-Qaeda's biggest and richest franchise, al-Shabaab. Al-

Shabaab dominates swathes of territory that feed their coffers, replenish their ranks, and provide springboards to attack neighboring countries. Without relentless suppression and ultimate pacification, al-Shabaab will seek to attack U.S. embassies and eventually the Homeland itself. Somalia's government under President Hassan Sheikh Mohamud is waging a heroic war against al-Shabaab in collaboration with an array of local and foreign supporters, including the United Kingdom, Türkiye, the United Nations, the European Union, and the African Union Transition Mission in Somalia (ATMIS). ATMIS is mandated to gradually draw down until its final exit at the end of 2024.

USAFRICOM plays a supporting role in the fight against al-Shabaab, but our contributions are unique and irreplaceable. Last year, we conducted 15 collective self-defense airstrikes against al-Shabaab, saving the lives of Somali soldiers engaged in combat with our mutual enemy. These airstrikes played a critical role in supporting Somali partners undertaking offensive operations. We also conducted a precision airstrike that resulted in the death of a high value al-Shabaab terrorist, demonstrating our commitment to acting decisively to degrade al-Shabaab’s threat to U.S. persons in the region and beyond.. Alongside our DoS colleagues, we are providing financial, materiel, training, logistical and medical support to Somalia's counterterrorism forces. This support includes training and equipping Somali special operations via the Danab Advanced Infantry Brigade, which spearheads missions alongside other Somali and ATMIS forces to clear al-Shabaab strongholds. Enabled by USAFRICOM, a Somali-led offensive has slowed al-Shabaab's offensive momentum. Al-Shabaab has responded with a wave of reprisal attacks against Somali combatants and civilians alike, and Somalia's progress against the group is fragile.

To preserve their battlefield progress and degrade al-Shabaab on an enduring basis, Somalia needs U.S. governance and development support more than ever.

The need for USAFRICOM in West Africa is also acute. Associates of al-Qaeda's second-largest and fastest-growing branch in Africa—Jama'at Nusrat al-Islam wal-Muslimin (JNIM)—kidnapped an American citizen in Burkina Faso last year. Her safe release was thanks to our African partners and a U.S. whole of government effort, but JNIM continues to hold another American kidnapped in 2016 and increasingly threatens Americans in West Africa. They are wreaking havoc with our regional partners as their reach outgrows rural havens in Mali and Burkina Faso and now projects into the Gulf of Guinea littoral states. JNIM has dramatically increased attacks on civilians and security forces alike and expanded territory under its influence. The outcome has been thousands of dead and millions of displaced West Africans along with acute political strain that fostered military takeovers of democratic governments in Mali and Burkina Faso. Wagner mercenaries have been quick to turn this turmoil into opportunity. Wagner's draconian operations with its partner in Mali both add to the human cost of terrorism and create more openings for terrorist groups. USAFRICOM is assisting our West African partners to limit JNIM's activity and prevent JNIM's expansion. We are ever vigilant in monitoring for plots against Americans or the Homeland. As JNIM grows, the likelihood of such plots emerging also grows.

ISIS's seven branches on the African Continent also aspire to attack American interests and partners. From the Mediterranean Sea to Mozambique Channel, ISIS cells heed the call of Middle East-based leaders to kill Africans, destroy Africans' infrastructure, and spread violent jihadist ideology. This ideology feeds off government instability and human rights violations, but our partnership has enabled incremental progress against ISIS. Governments in North Africa and their professional militaries have succeeded in limiting ISIS expansion and crippling the recruitment and outflow of ISIS foreign fighters; U.S. security cooperation has been key to those efforts, and we must maintain these critical partnerships to prevent ISIS and other VEOs from reemerging. In east, west, and southern Africa, a combination of multinational counter-VEO operations and ISIS's competition with rival VEOs is stymying their growth. At President Biden's direction, in January USAFRICOM took down global ISIS finance leader Bilal al-Sudani, which has already yielded new intelligence insights into ISIS's global operations and its plans and intentions in Africa. The credit for successes against ISIS goes to the local peoples, but USAFRICOM has been a crucial partner in this progress by providing training, funding, and intelligence.

However, ISIS cells throughout Africa are finding ways to adapt and reconstitute. ISIS continues to kill and displace thousands in West Africa, Mozambique, and the Great Lakes region. Former ISIS franchise Boko Haram is wreaking similar damage in Nigeria and the Lake Chad Basin. In concert with national, multilateral, multiregional, and UN forces, USAFRICOM is America's eyes and ears to provide warning and options to disrupt ISIS developments before they threaten the Homeland or U.S. citizens.

STRATEGIC COMPETITION IN AFRICA: RUSSIA

As a producer of food, fossil fuels, and military hardware, Russia has the opportunity to join with the international community in helping African nations overcome terrorism and poverty.

Instead, the Kremlin tramples African interests by leveraging Wagner, a U.S.-designated transitional criminal organization, to aggravate weak governance and feed instability. The Kremlin's motives are power and profit. Recent coups d'etat have triggered U.S. restrictions that hinder USAFRICOM engagement, forcing those military regimes to double-down on their dependence on Wagner. Although well intended, U.S. coup restrictions can inadvertently incentivize the most at-risk African countries to dig themselves deeper into the mire of militancy and corruption.

The Kremlin disregards African interests by withholding fuel and food to create political leverage, under-delivers on military hardware and security commitments, and exploits existing friction points to spread Russia's influence. Wagner exploits political fractures in Libya, where Russia seeks to threaten NATO's southern flank. Wagner benefits from Libya's fragmentation, and its interference in parts of Libya risks hindering efforts to form the unified national government and security forces that the Libyan people want and deserve. Wagner lacks accountability to the rule of law and norms of ethics and human rights, making them a deceptively attractive option for some regimes. Wagner's short-term promises can be enticing, but the long-term outcome for African clients are nations mired in corruption and crime that stunt economic growth. Wagner's financial price tag is exorbitant. The full Wagner bill is even worse: the failure of government institutions, the withdrawal of stalwart security allies, the extraction of mineral wealth, and long-term resource concessions and debt that chips away at Africans' future.

In addition to Wagner's damage, Russia's February 2022 invasion of Ukraine sent African food markets into a crisis. Food prices skyrocketed as grain and fertilizer shipments from Eastern Europe dropped. Without doubt, Africans are victims of the Kremlin's ongoing aggression in Ukraine.

STRATEGIC COMPETITION IN AFRICA: PRC

In contrast to Russia's overwhelmingly harmful influence in Africa, the PRC's deep and diverse investment on the continent is a mixed bag. All sovereign nations are free to evaluate and choose their security and trade partners, and the PRC sees the same promise in Africa's future that the whole world recognizes. The PRC has prioritized Africa for years –and that will not change anytime soon. In January, the PRC's new Foreign Minister used his first overseas trip to visit several African countries – just like every PRC Foreign Minister has done annually for the past three decades. Last year, the People's Liberation Army Navy (PLAN) made its inaugural port call at the PRC's first overseas base: Doraleh, Djibouti. Also in Djibouti, the PRC is planning to construct a permanent spaceport. The PRC seeks to establish additional military and space facilities in multiple African countries, notably on the West Coast. This could sustain PLAN combatants in the Atlantic and secure unimpeded circumnavigation of the continent.

USAFRICOM works with U.S. Indo-Pacific Command (INDOPACOM) to discern the long term outcomes of PRC activities in Africa, which are intensive despite temporary decreases in financial lending and military engagement due to COVID-19. In itself, Chinese basing in Djibouti – or any future basing project – poses a marginal threat to U.S. interests on the continent. In the event of armed conflict, however, the PRC may leverage its expanded military footprint to project power against the United States, our allies, or global commerce. They already leverage their economic power in Africa to influence UN policy and protect their access to natural resources like minerals and fisheries. At least a third of the world's ships engaged in illegal, unreported, and unregulated (IUU) fishing – a problem that disproportionately harms African communities – are Chinese. Too often, Chinese companies harm African environments and peoples through irresponsible mining and harvesting operations that ignore sustainability and shun local stakeholders and job seekers.

USAFRICOM does not offer any nation an "us-or-them" ultimatum. The PRC is on the continent to stay, and they fill a role in Africa's modernization. USAFRICOM does not seek to block the benefits that the PRC can bring to the continent's nations. Yet all nations must take a clear-eyed approach to dealing with the PRC. African nations must be equipped to enforce laws that protect their fisheries and mineral resources, ensuring the benefits of these national assets accrue first and foremost to their own peoples and economies. The long term outcomes of PRC activity in Africa will be an uneven mix of much-needed infrastructure, equipment, and trade alongside depleted natural resources, polluted ecosystems, corruption and deficient military hardware.

HUMANITARIAN AND ENVIRONMENTAL CRISES IN AFRICA

Climate change-related crises and conflicts rank alongside Russia's war of choice in Ukraine as top catalysts of suffering for millions of Africans. Africa contributes a small fraction of the total greenhouse emissions, but changes in global temperature, combined with highly erratic precipitation, disproportionately hurt the continent. Climatic changes are accelerating the weather processes that create environmental disasters in Africa - partly by raising ocean temperatures. These rising temperatures are pressuring Africa's coastal fisheries, a crucial food source that is already pressured by overfishing. Rainfall patterns are also shifting. Last year, East Africa's current drought – its worst in 40 years – destroyed crops and livestock, displacing millions. Central and West Africa, by contrast, suffered deadly flooding that displaced millions more. The Lake Chad region saw its most intense rainfall in three decades. Flooding in southern Africa was largely due to a series of tropical storms from the Indian Ocean early last year, and we're seeing that trend continue this year. Desertification is constraining water and food resources in many parts of the continent, exacerbating interethnic fighting and interstate friction.

Tragic in their own right, climate-related shocks in Africa also foster broader population vulnerabilities. The protracted drought in East Africa exacerbated suffering amid a two year civil war in Ethiopia. Climate-related shocks in places with weak infrastructure lead to deadly infectious disease outbreaks, like the cholera outbreak Malawi is currently battling in the aftermath of a devastating cyclone. VEOs like al-Shabaab and Boko Haram have become adept at exploiting the consequences of humanitarian crises to recruit new members and degrade the legitimacy of African governments. The costs of climate change in Africa are numerous, devastating, and often unpredictable, but one thing is predictable: the price tag – in both human suffering and in dollars – will only grow in coming years.

WHAT USAFRICOM NEEDS

The security challenges of Africa are complex and dynamic. Only a whole-of-government strategy can maximize USAFRICOM's effectiveness and efficiency in securing American advantage and promoting African development. Therefore, the requirements of our three whole-of-government tools – diplomacy, development, and defense – are intertwined and mutually supporting. One tool cannot succeed without the whole toolkit.

Diplomacy is the first tool. Fully staffed and resourced diplomatic missions in Africa would multiply USAFRICOM's opportunities. Therefore, USAFRICOM appreciates Congress's work to confirm ambassador nominees and increased staffing for embassies. This boosts our collective ability to implement development and counterterrorism programs under the U.S. Strategy to Prevent Conflict and Promote Stability. Congressional and Cabinet-level delegations to Africa go a long way to reassuring our partners of American commitment, as did the U.S.-Africa Leaders' Summit in December and two Cabinet member visits in January. USAFRICOM is a key node in protecting U.S. facilities in Africa, and out of the State Department's 31 designated high threat/high risk posts, 16 are under USAFRICOM's purview. Protecting our diplomatic engagements in conflict areas and preparing for short-notice military assisted departures of our diplomats is vital insurance for America's work on the continent. USAFRICOM lowers risk to American diplomatic missions by maintaining operational readiness to conduct hostage rescue, personnel recovery, and rapid response to large-scale emergencies. Yet the DoS-USAFRICOM tie runs far deeper. Our diplomats, defense attachés, and USAFRICOM military leaders work together daily to pursue a seamless policy on the continent.

Development is the second tool. Three of the five designated beneficiaries of the U.S. Strategy to Prevent Conflict and Promote Stability are in Africa – Libya, Mozambique, and Coastal West Africa – but all of Africa needs development assistance. In contrast to Russia and the PRC, nearly 95 percent of America's annual assistance to Africa is delivered through grants to both government and non-governmental organizations, not debt. Expanded funding flexibility would enable USAID to review, reorient, and respond to the ever-changing constellation of African needs. USAFRICOM appreciates the support from Congress to USAID through its $11 billion per year purse focused on Africa. However, this funding is hamstrung by targeted allocation. In FY21, over 95 percent of USAID's non-humanitarian assistance funding was directed towards a specific allocation. Years in advance, no one can foresee and allocate funding for fleeting windows of opportunity to provide aid where Africans are most in need. USAFRICOM and its partners must be able to act quickly and decisively in response to rapidly changing security concerns and constraints; a sluggish response is harmful to both victims and America's standing as Africa's external partner of choice. Adversaries like al-Qaeda and Wagner are fast and flexible in responding to opportunities, and USAID must have the agility to optimize its budget in ways that maximize America's decisive advantage. U.S. investments focused on stabilization, conflict prevention and peacebuilding, democracy, governance, economic growth and public health attack the roots of terrorism and tyranny more than bullets and air strikes ever will. Working together with DoS and USAID, we ensure America gets the credit for the U.S. tax dollars that flow to African needs. These dollars are a testament to the generosity of the American people and a critical piece of our informational competition with adversaries.

Defense is the third tool in our whole-of-nation approach. The first key to defense is security cooperation because this is how we win against VEOs and strategic competitors alike. USAFRICOM engages in direct military-to-military engagement and collaborates on U.S. support to UN peacekeeping operations. USAFRICOM drives partner capacity building via train and equip programs and working closely with the DoS International Military Education and Training program. USAFRICOM administers DoS programs like Excess Defense Articles, Foreign Military Sales, and Foreign Military Financing. USAFRICOM is the face of U.S. security cooperation in Africa. If we do not continue to strengthen our African security cooperation, our partners on the continent will be more likely to pivot towards Russia and the PRC to meet their defense needs.

The second key to defense is operational readiness, which USAFRICOM achieves by providing physical and informational spaces for African, international, and U.S. interagency partnerships to grow. USAFRICOM's headquarters is a hub of interconnectivity linking representatives from 13 U.S. government departments and liaison officers from 18 countries. That number is even larger on the continent, where USAFRICOM's activities through Joint Task Forces in Djibouti, Somalia, and Niger bring even more nations together. Protecting these deployed troops is a sacred duty. To succeed in this duty, USAFRICOM needs the resources to provide timely rescue response and defend against the full spectrum of threats, including the alarming proliferation of weaponized unmanned aircraft systems. Last year, this Command deployed or put forces on alert over 20 times, and with unrest on the rise in West Africa, the demand for crisis response will also trend upwards.

USAFRICOM works in concert with the U.S. State Department to facilitate direct training through Security Forces Assistance Brigades, the State Partnership Program (SPP) and health programs. All these efforts show high return for the investment in Africa and USAFRICOM stands ready to scale them up. This training works to modernize and professionalize African security forces that are desperately under-resourced. All USAFRICOM training for partner forces emphasizes respect for human rights, law of armed conflict, avoidance of civilian casualties, and civilian control of the military. Our commitment to African forces will span decades. The U.S. National Guard Bureau's SPP connects Americans and Africans in ways that create long-term ties of mutual benefit. Africa is fertile ground for SPP growth; we're seeing strong demand from both African partners and U.S. States. Sixteen partner nations currently pair with 14 State National Guards. Most recently, New Hampshire joined forces with Cabo Verde last year, and more partnership are in the works. These partnerships in Africa will yield long-term benefits in advancing our shared security and prosperity.

Institution-building is central to the USAFRICOM contribution to our partners' defense. Through various engagement channels we assist African security forces and defense ministries establish and strengthen processes for logistics, financial reporting, and communications. Not only does this capacity building help our partners secure their borders, coastlines and vulnerable populations, it also enables many to take on the role of regional security anchors, providing security assistance to other partners and peacekeeping operations on the continent. USAFRICOM invests in a growing cadre of states that leverage U.S. military training to, in turn, train fellow African partners, multiplying

USAFRICOM's efforts. USAFRICOM is doing this through multilateral exercises and USAFRICOM's Africa Distribution Network Forum, which enables the community of African and external partners to pool airlift logistics capabilities, creating financial efficiencies in supplying missions across a continent that is over three times the land mass of the continental United States.

This Command is not alone. Our international partners – including Brazil, the European Union, France, Germany, Japan, South Korea, and the United Nations – bolster African partner forces maritime awareness and enforcement capabilities. African sea lines of communication are the highway of world commerce, but illicit income from IUU fishing, piracy, arms smuggling, wildlife trafficking, and human trafficking bankroll VEOs and enable narcotics flows through Africa to Europe and the Americas.

Our partners in the Gulf of Guinea and the Horn of Africa need robust and interoperable maritime security infrastructure to protect their borders and marine resources. USAFRICOM engages and trains with coastal forces by leveraging two naval assets: the USS Hershel "Woody" Williams and the USNS Trenton. The U.S. Coast Guard (USCG) augments these vessels with temporary cutter deployments; the USCG Cutter Mohawk made numerous port calls and patrols last year, and this year USCG Cutter Spencer flew Old Glory off Africa's West Coast. Our naval and coast guard ships in the USAFRICOM AOR reinforce America's friendship with littoral countries, bolster food security, and deter crime, including PRC-linked IUU fishing.

USAFRICOM's challenges go beyond the African continent. Our headquarters staff stretches over two overseas locations: Kelley Barracks, Germany and RAF

Molesworth, United Kingdom. USAFRICOM's component commands base in multiple European countries and in two enduring Forward Operating Sites in Africa: Camp Lemonnier, Djibouti, and Ascension Island. The Command also operates out of twelve other Posture Locations throughout Africa. These locations have minimal permanent U.S. presence, and have low-cost facilities and limited supplies for these dedicated Americans to perform critical missions and quickly respond to emergencies. With the exception of Special Operations Command-Africa, USAFRICOM's components are dual-hatted, dividing their time and assets between USAFRICOM and United States European Command (USEUCOM). USEUCOM's role in Ukraine's defense draws from the same resource pool as USAFRICOM requirements.

To expand reach, USAFRICOM relies on developing deeper partnerships; National Guard involvement through the SPP; naval assets, including USCG deployments. Most of all, USAFRICOM needs to maintain funding and training for African partners that are poised to becoming regional security drivers in their own right. These partnerships have track records of producing consistent return on investment for America's security objectives in Africa.

CONCLUSION: THREATS AND OPPORTUNITIES

USAFRICOM's priority is maximizing America's global advantage. The dangers in Africa- terrorism, strategic competitors, climate change, political conflict, and infectious disease - threaten the international community as much as they threaten our partners on the continent. These threats merge into a symbiosis that generates outcomes of violence, resource scarcity, state fragility, and unrealized economic potential. The only way to counter this toxic alliance is through the collaboration of a team of partners: sovereign African nations, the international community, and U.S. government institutions. Africa remains a continent of opportunity. Its nations and peoples want freedom and democracy and a level economic playing field. These shared values underpin our ocean-crossing ties.

The ties between Africa and our nation date back to the Founding Fathers. After the Revolution, Morocco and Tunisia were among the first countries to sign treaties of friendship and trade with the United States, and today they are Major Non-NATO Allies and critical security partners for AFRICOM. Societies on both sides of the Atlantic continue to grapple with the painful past of a vast African slave trade. USAFRICOM seeks to secure a bright future by fostering positive outcomes for Africans and Americans alike. To keep terrorists out of the Homeland, we must fight them in Africa. To compete effectively with strategic adversaries, we must do it in Africa. To protect the flanks of our neighboring Geographic Combatant Commands, we must do it in Africa. To energize the world's struggle for human rights, individual liberty, the rule of law, democratic governance, and free commerce, we must do it in Africa. In this struggle, USAFRICOM and our partners are on the job.

ZAMBIA

Integrated Country Strategy

ZAMBIA

FOR PUBLIC RELEASE

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1. Chief of Mission Priorities

The third peaceful transfer of presidential power following the August 2021 election burnished Zambia's credentials as one of Africa's strongest multiparty democracies and put Zambia on a path to reverse a decade of democratic backsliding. Though the basic tenets of democracy are deeply rooted, Zambia must undertake structural reforms across multiple sectors to fulfill its potential for good governance, shared prosperity, and regional leadership. In an historic turnout fueled by women and youth, Zambians revived their commitment to these principles at the ballot box and have turned to the United States for renewed support.

U.S. interests in Zambia are focused on strengthening democratic institutions, promoting inclusive economic growth, improving social development systems, and supporting Zambia's contributions to regional stability. The August 2021 election of a reformist president is the most significant opportunity in decades for the United States to partner with a willing leader who shares these principles. Our high-level engagements since August 2021 testify to the potential for reviving the U.S.-Zambia partnership through new initiatives like Zambia's eligibility for a second Millennium Challenge Corporation Compact, participation in a U.S.-organized global campaign to combat COVID-19, and increased funding for foreign assistance and security cooperation programs. Our ICS goals, in line with the Joint Regional Strategy for Africa, reflect our determination to be Zambia's preferred partner as we pursue a common agenda making our people freer, safer, and more prosperous.

Our ICS goals – and the corresponding working group structure designed to coordinate the advocacy and assistance programs to achieve them – seek to (1) strengthen Zambia's democratic institutions so that the country can (2) promote inclusive economic growth and (3) improve quality of life through stronger health and educations systems, which will (4) help strengthen the security partnership to advance regional stability.

We seek to enable the government and its citizens to move from a system of political patronage to a governing environment that is responsive to the needs of its people. Zambia's participation in the 2021 Summit for Democracy creates new avenues of cooperation during the designated "Year of Action" until the next Summit to fight endemic corruption, support a free press, and protect fundamental freedoms for all.

Securing an IMF program would restructure Zambia's economy and impose the structural reforms necessary for inclusive economic growth. The government is constrained by a $15 billion debt burden and reduced fiscal resources resulting from over-reliance on debt financing and state-directed economic activity, as well as an unstable regulatory environment that inhibits private sector-led growth. Reliance on copper as the main export commodity means the Zambian economy is at the mercy of fluctuations in global market demand. Zambia must create the conditions for the private sector to thrive, which is why our goals and assistance programs support diversified sectors, especially in agriculture, energy, and tourism. In the process, we will promote commercial opportunities for U.S. businesses to spur private sector-led investment and provide U.S. companies with access to export markets.

Zambia's ability to achieve its potential depends on the health and education of its citizens. In support of that effort, Zambia receives assistance through the U.S. President's Emergency Plan for AIDS Relief (PEPFAR), totaling over $5.85 billion since 2004. With this assistance Zambia is on track to achieve epidemic control in 2023 – a remarkable achievement. The U.S. government is also committed to combatting COVID -19, malaria, and tuberculosis, and boosting maternal and child health.

Zambia's self-professed desire is to be a leading democratic voice in the region and to model a successful multi-ethnic, multi-party African nation. We support the country's initiative to increase contributions to regional peacekeeping as a modest net-security provider to Africa's peace and stability. Zambia, at the geographic center of eight countries of disparate stability, must also play a major role in hindering the flow of wildlife trafficking, halting goods at origin, and interdicting illicit trade at its borders.

The lack of sufficient Embassy office space remains a core internal weakness and constrains the mission from adequately staffing existing and new initiatives. In addition, the CDC office is in an offsite location, and there is not space at the chancery for colocation.

2. Mission Strategic Framework

Mission Goal 1: Support Zambian democratic institutions to promote stability and deter democratic backsliding in the SADC region.

- **Mission Objective 1.1:** Citizen participation in democratic processes advanced by more effective, accountable governance (USAID Country Development Cooperation Strategy [CDCS] Development Objective [DO] 1).
- **Mission Objective 1.2:** Enhanced opportunities for Zambia to demonstrate that democracy is the best form of government to protect human rights and revitalize economic growth.

Mission Goal 2: Promote trade and investment for sustainable, inclusive economic growth and shared prosperity.

- **Mission Objective 2.1:** Zambia creates a stronger investment climate and stimulates economic growth by strengthening its legal and regulatory enabling environment.
- **Mission Objective 2.2:** Rural poverty is reduced through enterprise-driven, inclusive economic growth. (CDCS DO2)

Mission Goal 3: Improve quality of life through stronger, more adaptive, and more resilient health and education systems.

- **Mission Objective 3.1:** Capacity of Zambia's government, citizens, and private sector increased to improve health outcomes and meet critical needs of vulnerable populations. (CDCS DO3)
- **Mission Objective 3.2:** Quality of education strengthened to improve learning outcomes. (CDCS DO4)

Mission Goal 4: Strengthen the U.S.-Zambian security partnership to advance regional peace and security.

- **Mission Objective 4.1:** Increase resources and opportunities for collaboration with Zambian security forces to prevent conflict and contribute to regional security.
- **Mission Objective 4.2:** Greater protection of citizens from transnational and domestic threats posed by pandemics, population displacement, and wildlife trafficking.

Management Objective 1: Mission Zambia enhances services by investing in staff, prioritizing work to align with mission objectives, and tightening internal controls.

Management Objective 2: Mission Zambia improves its facilities and infrastructure to meet evolving mission needs.

Management Objective 3: Mission Zambia increases safety of all Americans in country.

3. Mission Goals and Objectives

Mission Goal 1: Support Zambian democratic institutions to promote stability and deter democratic backsliding in the SADC region.

Description: Mission Goal 1 directly correlates to the Bureau of African Affairs Joint Regional Strategy (JRS) goal to "strengthen democracy, human rights, and good governance." It also matches the Interim National Security Strategy (INSS) priority to underwrite a stable international system through "strong democratic alliances, partnerships, multilateral institutions, and rules."

Objective 1.1: Citizen participation in democratic processes advanced by more effective, accountable governance.

- **Justification:** Improving the quality of governance is the core need for Zambia's economic and social development. Zambia needs continued support to strengthen democratic norms and processes while ensuring greater transparency in the use of public resources. Evidence from around the world shows a high correlation between the quality of a nation's governance and the degree of its economic development. Widespread corruption has robbed Zambia of critical resources, stifled private investment, and led the country to incur an increasingly high debt burden. The U.S. government will work with government, civil society organizations (CSOs) and the private sector to support the country's capacity to make informed development choices that more effectively generate and utilize domestic resources to finance its development needs, thus reducing reliance on external funding.
- **Linkages:** JRS Objective 3.1, JSP Objective 3.3
- **Risks:** Continued government treatment of public criticism by civil society and opposition political parties as threatening and illegitimate may reinforce its efforts to manipulate institutions to suppress it, thus reducing the democratic space; Financial instability resulting from economic stagnation, the growing national debt burden, and

the increasing cost of living could undermine citizen engagement and government response for reliable service delivery.

Objective 1.2: Enhanced opportunities for Zambia to demonstrate that democracy is the best form of government to protect human rights and revitalize economic growth.

- **Justification:** The 2021 election and inauguration of President Hichilema, after a decade of democratic backsliding under an increasingly repressive Beijing-aligned government, underscores Zambia's reputation as a democratic leader on the African continent. Zambia has become a case study of democratic resilience and renewal. By showcasing lessons from three decades of multiparty democracy, the positive effects of Zambia's democratic progress toward entrenching democratic traditions are poised to reverberate across the region. Through diplomacy and advocacy, the Mission will promote the United States as Zambia's partner of choice to help achieve the goals of national reconciliation and protecting fundamental freedoms.
- **Linkages:** JRS Objectives 3.2 & 3.3
- **Risks:** The new administration inherited a political and economic system riven by corruption, poor governance, and patronage politics that perpetuate social grievances.

Mission Goal 2: Promote trade and investment for sustainable, inclusive economic growth and shared prosperity.

Description: Mission Goal 2 directly supports the INSS goal of "expanding economic prosperity and opportunity" and joining with "likeminded allies and partners to revitalize democracy." This goal envisions increasing two-way trade and investment that enriches both countries in a sustainable, inclusive manner that not only protects the environment, but also strengthens democratic support for the market economy by giving ordinary Zambians the opportunity to grow and thrive through new jobs, better training, and increased export opportunities.

Objective 2.1: Zambia creates a stronger investment climate and stimulates economic growth by strengthening its legal and regulatory enabling environment.

- **Justification:** Zambia remains in an economic crisis following a decade of excessive debt accumulation and a steady decline in its investment climate. In late 2021, Zambia secured staff-level agreement on a funded IMF program that will guide the development of important macroeconomic and fiscal reforms. These reforms offer a unique and time-bound opportunity for the U.S. government to influence both the course and contour of economic reform, but a successful return to sustained economic growth and prosperity will require parallel efforts to improve the investment climate and attract foreign direct investment (FDI). Government policies are often either ineffective or counterproductive, and highly politicized. In addition, the increasing illegal and unsustainable illegal wildlife and timber trade results in loss of revenue for the Zambian government, reduced benefits for local communities, and the destruction of ecosystems critical for climate change mitigation and rural livelihoods. By committing to sustained stakeholder engagement, Zambia can leverage the expertise of the private sector to develop a more effective and stable legal and regulatory policy regime and promote a green economy.
- **Linkages:** JSR objectives 2.1, 2.2, 2.3
- **Risks:** Zambia will likely underperform its economic potential, denying average Zambians the benefits of robust trade and investment ties, eroding support for free markets, and giving rise to inefficient government interventions in the economy. Post can mitigate these concerns via sustained diplomatic engagement and commercial outreach to ensure that the Zambian government and people see the benefits of the free market for themselves.

Objective 2.2: Rural poverty is reduced through enterprise-driven, inclusive economic growth.

- **Justification:** Despite attaining a middle-income nation status in 2011, Zambia's downwards economic trajectory and fiscal mismanagement over the past decade have transitioned it from the breadbasket of the region to one of economic woe and inequality. Zambia's poverty rate nationwide is 58 percent but is worse in the rural areas where a staggering 83 percent of the population live in poverty. With much of Zambia's abundant natural resources found in rural areas, the impact of rural poverty leads to a vicious cycle of forest and wildlife degradation. Despite a rich endowment of natural resources, rampant deforestation and recurrent climate-induced droughts and floods are driving increasing poverty and food insecurity. In addition, inflation, poor basic service delivery, and restrictive trade policies continue to stagnate development. Mission efforts will focus on supporting the Zambian government to improve the business enabling environment, increase investment opportunities, and partner with the private sector. Through partnerships with the private sector, government and communities, the Mission will help catalyze win-win scenarios that result in the conservation and sustainable management of its natural resource base. Underpinning these efforts will be a focus on furthering Prosper Africa initiative's goals to increase two-way trade and investment between the U.S. and Zambia through targeted deal support and by supporting bilateral exchanges and relationship building.
- **Linkages**: JRS Objective 2.2 & 2.3
- **Risks:** Corruption and short-term political interests, as well as ideology, may continue to impede the adoption and effective implementation of critically important economic and institutional reforms, which can prevent establishment of the positive enabling environment needed to incentivize greater private investment and sustainable resource use in rural areas. Macroeconomic instability, resulting from the national debt crisis and over-reliance on copper exports, may undermine the investment environment and reduce opportunities for inclusive economic growth. Climate variability impacts –

including irregular rainfall patterns - with increases in frequency, intensity and /or geographic extent may undermine rural agricultural livelihoods.

Mission Goal 3: Improve quality of life through stronger, more adaptive, and more resilient health and education systems

Description: Mission Goal 3 directly correlates to the U.S. Department of State and U.S. Agency for International Development draft Joint Regional Strategy goal for the Bureau of African Affairs to strengthen the capacity of Sub-Saharan countries to absorb shocks, adapt to social, economic, and environmental changes, and sustain an enabling environment for systemic innovation to build the region's resilience needed to meet post-pandemic challenges and promote inclusive development. It also matches the Interim National Security Strategic Guidelines and CDC Global Health Strategy's emphasis on combating the continued threat posed by COVID-19 and other infectious diseases with pandemic potential while revitalizing and expanding global heath and health security initiatives.

Objective 3.1: Capacity of Zambia's government, citizens, and private sector increased to improve health outcomes and meet critical needs of vulnerable populations. (CDCS DO3)

- **Justification:** Improved capacity to sustain health and welfare outcomes is critical to enhancing Zambia's journey to self-reliance and to achieving greater quality of life for all Zambians. This objective will support Zambia's collective preparedness and capacity to detect, treat, and contain infectious diseases and biological threats. If the utilization of high-quality health, water, and sanitation services by Zambians is increased, and if the public and private sector's capacity to plan, finance, and implement solutions in these sectors and to protect vulnerable groups is strengthened, then Zambia will further advance health and welfare outcomes and sustain those results in the future without external assistance.

- **Linkages:** INSS Guidelines emphasize combating the continued threat posed by COVID-19 and other infectious diseases with pandemic potential, revitalizing and expanding global heath and health security initiatives, and building partnerships in Africa; CDC Global Health Strategy, Zambia's 7th National Development Plan; JRS 4.1.
- **Risks:** Excessive debt, low domestic revenue generation, and inflation continue to negatively affect Zambia's economy. Lack of a sufficiently large and diversified tax base, coupled with macroeconomic instability and competing budget priorities (including the need to finance substantial external debt) could result in reduced ability of the Zambian government to meet commitments for human and financial resources for health; water, sanitation and hygiene (WASH) and social services. Infectious diseases continue to be the leading causes of morbidity and mortality in Zambia.

Objective 3.2: Quality of education strengthened to improve learning outcomes.

- **Justification:** If children and young people have access to quality, equitable literacy instruction; the public education system is capable of and accountable for service delivery; and communities and the private sector invest and participate in education services, then Zambian children and young people will acquire the critical basic literacy skills that form the foundation for future learning, economic productivity, and self-reliance.
- **Linkages:** INSS Guidelines focus on ensuring high-quality and equitable education and opportunities for children and young people while addressing inequalities in educational access.
- **Risks:** Shifting Zambian government policies and ineffective implementation of the current curriculum may erode past progress and hinder the ability to achieve desired outcomes. Continued limitations on government revenues, combined with competing budget priorities -- including the need to finance substantial external debt -- may lead to a failure to augment the funding for primary education needed to sustain and advance literacy gains over time at a national scale.

Mission Goal 4: Strengthen the U.S.-Zambian Security Partnership to Advance Regional Peace and Security

Description: Mission Goal 4 relates directly to the State-USAID FY2022-2026 Joint Strategic Plan Goal 1 to renew U.S. leadership and mobilize coalitions to address the global challenges that have the greatest impact on Americans' security and well-being. More specifically, the Mission's activities under Goal 4 will help advance Objective 1.4 of the Joint Strategic Plan to lead allies and partners to address shared challenges and competitors; prevent, deter, and resolve conflicts; and promote international security.

Objective 4.1: Increase resources and opportunities for collaboration with Zambian security forces to prevent conflict and contribute to regional security.

- **Justification**: U.S.-Zambia military cooperation has increased significantly with recently expanded engagements. The recent 2021 election of President Hichilema promises even closer coordination and increased assistance as the new administration has expressed a desire to reorient security engagements toward Western partners. Sustained mission engagement and a Zambian government strategic decision to change their choice of cooperating partners spurred this new opportunity. Senior Zambia Defense Force (ZDF) officers and law enforcement personnel have taken part in and benefited from U.S.-sponsored professional leadership education and technical training opportunities. Zambia has a long history of UN peacekeeping operations (PKO). Zambia deployed its first Zambian Battalion (ZAMBATT I) in 2015 and since this time has continued to deploy a ZAMBATT every year. In 2015 Zambia hosted the U.S. Army Africa-sponsored exercise SOUTHERN ACCORD 2015, and Zambia is working to become a regional leader on security issues. Law enforcement institutions, however, continue to struggle with issues of independence and professionalism, challenges that are reflected in politically motivated human rights violations and slower than desired responses to U.S. law enforcement and security matters. In addition to new military-to-military engagements requested by the Zambian government, we will continue to use training, exchanges, exercises, and other programs to encourage Zambian military and law-enforcement leadership to look to the United States for guidance in shaping their own organizations, policies, and doctrines. We will also continue to encourage responsible leadership and cooperation on regional security issues and significant re-engagement in peacekeeping operations.

- **Linkages**: JRS Goal 1. Also, Sections 5 and 12 of Executive Order 13768: under international law, every state is obliged to accept the return of all nationals that another state seeks to expel, remove, or deport. It is imperative that countries identified by ICE as Uncooperative, or ARON, make significant efforts to (1) issue travel documents within the International Civil Aviation Organization (ICAO) standard of 30 days; (2) agree to accept the physical return of their nationals by commercial and charter flights, as appropriate; (3) agree to conduct interviews to confirm nationality, as appropriate; and (4) develop an enduring and consistent system through which ICE officials can work directly with consular officials in the United States to obtain travel documents expeditiously for nationals subject to orders of removal.
- **Risks:** Lack of political will and poor leadership among the staff, along with a lack of resources to train a legitimate military force; law enforcement institutions continue to struggle with issues of independence and professionalism.

Objective 4.2: Greater protection of citizens from transnational and domestic threats posed by pandemics, population displacement, and wildlife trafficking.

- **Justification**: Zambia continues to host significant numbers of refugees fleeing regional conflicts. According to the United Nations High Commissioner for Refugees (UNHCR), there are approximately 100,000 persons of concern in Zambia. The Zambian government began the process of locally integrating 25,000 Angolan and Rwandan former refugees in 2017, but the process slowly trickled to a halt. The government should re-start this process to ensure refugee populations appropriately assimilate in Zambia – particularly given the number of years that those individuals have remained stateless. While refugees actively and openly seek protections from the Zambian government under international law, the transnational and domestic threat of human trafficking is more difficult to identify. Zambia is currently on the TIP “Tier 2” watchlist, largely because of insufficient progress on challenges surrounding poor services for trafficking victims, slow prosecution of traffickers, poor data integrity on TIP flows through April 2021. Beginning immediately in August 2021, the Hichilema administration demonstrated a renewed commitment to combat trafficking. The U.S. government will partner with relevant Zambian government offices, UN organizations, and civil society stakeholders to protect victims of human trafficking and help prosecute traffickers. Zambia's wildlife and natural resources are vital economic drivers and threatened by international criminal syndicates involved in narcotic and human trafficking according to the Ministry of Defense.

- **Linkages:** JRS Goal 1; National Security Strategy priority action to work with partners to improve the ability of their security services to counter terrorism, human trafficking, illegal trade in arms and natural resources, and effectively control population movements. Zambia continues to serve as a haven from regional strife and conflict. We will continue to provide various forms of assistance to vulnerable populations including refugees and victims of human trafficking. More rigorous engagement with government officials and the benefits of a more cooperative administration should result in a marked improvement in Zambia's TIP status. Increased attention to issues that affect levels of wildlife trafficking should result in lower levels of poaching and trafficking in illegal game and resources.
- **Risks:** Government inaction resulting from a lack of popular support for these extrinsic issues could halt or slow the current progress being made on refugee, human trafficking and wildlife and resource trafficking. If economic pressures continue to threaten the standard of living for the average citizen, support could also pressure the new administration to focus scarce resources on more tangible benefits.

4. Management Objectives

Management Objective 1: Mission Zambia enhances services by investing in staff, prioritizing work to align with mission objectives, and tightening internal controls.

- **Justification:** The skills and experience among local citizens required to be successful in an embassy job are in relatively short supply in Zambia. Many applicants for locally employed staff positions overstate their qualifications or have little to no relevant experience. Training is essential to ensure local staff are adequately equipped for their roles. Travel restrictions during the COVID-19 pandemic have further impacted training of new and existing employees, including continuing education requirements for certain positions. Post intends to implement the new Locally Employed Staff Training Plan published by FSI as soon as possible. Enhanced management controls are required due to local societal norms and pressures.
- **Linkages:** JSR 4.3, NSM 3(1)(d), NSM 3(1)(f)
- **Risks:** If staff are unable to attend training or properly link their daily work with broader mission objectives, the embassy will be less effective at carrying out all other Mission and Management Objectives. Additionally, if internal management controls are not sufficient to meet the pressures of the local social environment, the U.S. government could face financial losses. To mitigate these risks, the management platform will invest in training for staff through a structured and transparent approach that will enhance employees' skills as well as their ability to connect their work with that of the larger mission, agency, and U.S. government objectives. Additionally, embassy leadership will ensure that appropriate management controls are in place and functioning correctly.

Management Objective 2: Mission Zambia improves its facilities and infrastructure to meet evolving mission needs.

- **Justification:** Post staffing levels continue to increase every year, driven largely by deeper engagement on health and development issues. Office space within the chancery is no longer sufficient. All CDC agency personnel now work in a separate, less secure compound. This reduces interagency collaboration and negatively impacts delivery of ICASS services. In the chancery, completed and planned reductions in the size of cubicle workspaces have strained morale. With a New Office Building, all agencies and personnel could be co-located on the existing embassy compound. Attaining adequate housing also remains a major challenge. The management team plans to support additional growth by coordinating with the State Department's Bureau of Overseas Buildings Operations (OBO) to provide additional safe and secure housing.
- **Linkages:** JSR 4.4
- **Risks:** If the embassy fails to obtain sufficient office and/or residential space that meets security, life, and safety standards, the staff will be unable to further deepen the bilateral relationship and may be unable to achieve other Mission and Management Objectives. To mitigate this risk, the embassy management team will work with OBO to identify opportunities to improve and increase the physical building infrastructure to better meet current and projected staffing levels.

Management Objective 3: Mission Zambia increases safety of all Americans in country.

- **Justification**: The safety and security of American citizens is of utmost importance, not only for accredited staff, but also for temporary duty visitors as well as locally resident American citizens. Engagement with the local government can be challenging, due to a lack of capacity, or other issues. Safety is also intrinsically linked to the topics of diversity, equity, inclusion, and access. Raising awareness of and resolving DEIA issues is a priority for post.
- **Linkages:** JSR 1.5, NSM 3(1)(c)
- **Risks:** Failure to adequately protect the safety, security, and dignity of American citizens in Zambia would hamper our ability to respond during a crisis and potentially cause embarrassment for the U.S. government. The embassy plans to mitigate this risk by engaging with local government counterparts on consular-related topics, re-doubling efforts to prepare embassy staff for emergencies, and pursuing DEIA policy objectives internally as well as externally**.**

Boundary representations are not necessarily authoritative.

BACKGROUND

Land and Climate

Zambia is a landlocked country located in south-central Africa. It is slightly smaller than Chile, or slightly larger than the U.S. state of Texas. Except for the capital city of Lusaka, the most populous cities are in a region known as the Copperbelt, which lies along the northern border where the Democratic Republic of the Congo nearly bisects Zambia. The plateau on which Zambia lies rises from 3,000 to 5,000 feet (900–1,500 meters) above sea level. Zambia's landscape consists largely of savanna, though there is some variation, such as the Muchinga Mountains in the northeast. Three large rivers, the Zambezi, Luangwa, and Kafue, flow through the country. The Zambezi forms the border with Zimbabwe and creates the famous Victoria Falls. At this massive waterfall, the Zambezi is roughly 5,600 feet (1,700 meters) wide, and its waters plunge into a chasm 355 feet (108 meters) deep. Because of the heavy mist and loud roar the waterfall creates, its local name is *Mosi-oa-Tunya* ("The Smoke That Thunders").

The country is home to lions, zebras, elephants, hippos, hundreds of bird species (including the African fish eagle, Zambia's national symbol), and other diverse wildlife. Vast areas of the country are designated as game parks for these animals. Hunting endangered big cats, such as lions and leopards, has been allowed since 2015.

The cool, dry season is from May to August; the hot, dry season runs from September to October or November; the warm, rainy season is from November to April. Average daily high temperatures in Lusaka are 79°F (26°C) in January, 73°F (23°C) in July, and 88°F (31°C) in October. However, climate varies widely by region: the northwest receives the longest and heaviest rainfall, central Zambia is usually cooler than the rest of the country, and the east is typically hotter and drier.

History

Early Peoples

Little is known about the early inhabitants of what is now Zambia, but artifacts—including spears, bows and arrows, and grindstones—dating back 20,000 years have been found in the region. In the first century AD, waves of Bantu peoples began migrating from the north, introducing their languages, culture, and institutions, including that of establishing chieftains, to the hunter-gatherers living in the area. The Bantu farmed the land and raised livestock, replacing most hunter-gather traditions.

In addition to iron, the Bantu were mining and working copper, which is plentiful in the region by the sixth century. Evidence suggests that copper was widely traded in the area by 1000, and trade with Africa's east coast was likely established by 1400. Small chieftainships were consolidated by the early 1800s into larger kingdoms with strong tribal identities, including the Chewa, Bemba, Lunda, and Lozi. These and other groups remain a part of Zambia's ethnic composition today.

British Colonization

Beginning in the 1700s, the Portuguese established trade in the region, which later included the trafficking of enslaved Africans. The 1800s, a time of great change, brought Western missionaries and explorers, among them the Scottish missionary David Livingstone, who also advocated to end the transatlantic slave trade. In the late 1800s, major European powers competed to take control of Africa, and Zambia became a part of the British Empire. In 1889, Britain granted a charter to the British South Africa Company (BSAC) to govern the area of what would later become known as Northern Rhodesia. Owned by wealthy British businessman Cecil Rhodes, the BSAC operated gold, coal, and copper mines throughout the area. To find workers, BSAC officials imposed taxes on the local population, forcing people to seek work at the mines in order to pay what they owed.

In 1924, governance of Northern Rhodesia returned to the British government, but the mining industry continued to dominate, with copper emerging as the colony's most important resource by the 1930s. Although mining spurred development, most profits benefitted the BSAC and the British government, not Northern Rhodesia or its people. Skilled mining jobs were reserved for white workers, whereas lower-skilled jobs, characterized by poor working conditions and low wages, were reserved for Black laborers. Such dynamics not only led to strikes and the formation of labor unions but also sowed a growing sense of national identity among Zambian miners from various tribes.

Independence and One-Party Rule

In 1953, Britain formed the Federation of Rhodesia and Nyasaland from Northern Rhodesia (now Zambia), Southern Rhodesia (now Zimbabwe), and Nyasaland (now Malawi). The union was unstable from the start. In 1956, copper prices crashed, throwing many people out of work and intensifying anger toward colonial administration. By the late 1950s, leaders such as Kenneth Kaunda began calling for independence, which was granted to Northern Rhodesia after the federation was dissolved in 1963.

Following elections in 1964, the newly independent country became known as Zambia, and Kaunda became its first president. The Zambian economy initially boomed thanks to the country's lucrative copper industry. Additionally, Kaunda's government developed the nation's communications, energy, and transportation infrastructure and invested in its education system and social services. However, Kaunda grew increasingly authoritarian, and Zambia's fortunes soon fell. In 1972, he declared his party, the ruling United National Independence Party, to be the only legal one, arguing that a one-party state was needed to keep the peace among the nation's various ethnic groups. Meanwhile, copper prices fell drastically in the mid-1970s, and Zambia's copper-dependent economy suffered as a result. Economic problems worsened through the 1980s, largely due to poor governance, low copper prices, and frequent drought.

A Young Democracy

Over the years, Kaunda's popularity among Zambians eroded. In 1990, after deadly food riots and an attempted coup, Kaunda agreed to allow multiparty elections, which took place in 1991 without violence or fraud. After 27 years in power, Kaunda's rule ended when he lost the presidency and peacefully handed over power to union leader Frederick Chiluba, who won in a landslide.

However, Zambia's economic and political woes persisted. Under international pressure, Chiluba worked to privatize state industries and encourage foreign investment, but such efforts were hindered by government corruption. Additionally, Zambia's young democracy was strained by the Chiluba government's detention of political opponents and a constitutional amendment blocking Kaunda from running for reelection. Nevertheless, when Chiluba tried to run for a third term by changing Zambia's two-term limit for presidents, he faced strong opposition and ultimately stepped down in 2001.

Zambia Today

In the 21st century, Zambia has become known for its relative peace and stability in a region of Africa that often struggles to attain both. The nation has avoided ethnic strife and maintained its multiparty democracy while experiencing successful transfers of power. When copper prices are high, as they were in the 2000s, Zambia experiences robust economic growth. Additionally, Zambia has seen a large amount of foreign investment, especially from China, which has financed numerous infrastructure projects.

However, Zambia's political and economic stability has been threatened in recent years. The nation has seen rising political violence that has marred recent elections. Also, the government has failed to diversify its copper-dependent economy, which remains tethered to the boom-and-bust cycles of the global commodities market. In 2015, a sharp decline in copper prices led to rising unemployment and discontent among Zambians, helping to fuel violence during 2016 elections. A debt crisis has added to Zambia's troubles. In 2020, Zambia's government defaulted on its foreign debt, which has soared in recent years due to the nation's ambitious infrastructure projects. These challenges have been exacerbated by perennial issues such as widespread poverty, endemic corruption, and recurring drought.

THE PEOPLE

Population

Zambia's annual population growth rate is one of the highest in the world. A minority of Zambians live in urban areas. Due in large part to HIV/AIDS, the nation has a young population—almost half of all Zambians are younger than age 15. Virtually all of the population is African, with a very small portion comprised mostly of people of European, Indian, and Chinese descent. The African population is divided into over 70 ethnic groups, the largest of which are the Bemba (21 percent), Tonga (14 percent), Chewa (7 percent), and Lozi (6 percent). Most ethnic groups interact peacefully. They refer to one another as "cousin tribes" and may jokingly tease each other, but differences do not lead to violence.

Language

English is the official language of government, business, and education. It is more common in urban areas than in rural villages. There are as many languages spoken in Zambia as there are ethnic groups. Most people speak multiple ethnic languages, including at least one of several dominant regional languages. These regional languages include Bemba in the Copperbelt; Luapula in the Northern and Central Provinces; Nyanja in the Lusaka and Eastern Provinces; Tonga in the Southern Province and Kabwe rural areas; Lozi in the Western Province and Livingstone urban areas; and Kaonde, Lunda, and Luvale in the North-Western Province.

Religion
Most Zambians are Christian, though many adherents mix indigenous beliefs with their practice of Christianity. According to estimates, about 75 percent of Zambians are Protestant, 20 percent are Catholic, and most of the remaining population is Muslim, Hindu, or Baha'i. A small portion of people practice indigenous beliefs exclusively, which usually includes ancestor veneration. A belief in witchcraft remains strong, especially in villages.

Most Christians attend weekly services, and churches play an important role in life events, such as weddings and funerals. Muslims live mostly in urban centers and near Zambia's eastern border. The majority of Indians living in Zambia are Muslim, although some Hindu Indians live in Lusaka.

General Attitudes
Most Zambians, especially those in rural areas, are patient and take life as it comes. In urban areas, where the pace of life is faster, people are somewhat more conscious of time. The elderly, chiefs, and persons of high status are generally shown great respect. People consider caring for the elderly a privilege rather than a burden.

In villages, it is considered selfish or wrong for individuals to seek to have more money or possessions than their neighbors. Bicycles, cows, radios, and televisions are signs of wealth. Society is community oriented; individuals are expected to share with family. If a person moves to the city to work, relatives who need financial support may follow. The strain can force the person back into poverty and back to the home village.

Personal Appearance
Zambians tend to value a clean and neat appearance in public. Most women take care to keep their family's clothes washed and ironed. People often save their best clothes for special occasions, such as holidays and church meetings. Much of the clothing for sale in Zambia is second-hand from the United States and Europe.

Western-style clothing is common throughout Zambia. Men wear trousers or shorts and a shirt in rural and urban areas. Women wear a blouse with a skirt or a dress. Most women also wear a colorful wraparound skirt (*chitenge*) as an apron-like covering to keep the skirt or dress clean. A mother may use a separate *chitenge* to carry a baby against her back. Girls and women weave their hair into tiny braids. While the process can take hours, it is considered an important way for women to look beautiful.

The most common shoes in rural areas are *pata pata* (flip-flops). Women may prefer closed-toe canvas shoes. Many people simply go barefoot. In cities, people have access to second-hand and inexpensive imported shoes, so there is a wide range of styles.

CUSTOMS AND COURTESIES

Greetings
Greetings vary according to the language and situation. For example, in the Bemba language, one might greet a peer with a respectful *Mwapoleni* (Welcome), but one would say *Mwapolenipo mukwai* (Welcome, very respectfully) to an elder. The *-po* suffix indicates added respect. Also in Bemba, a friend can ask *Muli shani?* (How are you?), but a subordinate will say *Bali shani* to a superior; the phrase has the same meaning, but conveys greater respect. In Lusaka, *Muli bwanji?* (How are you?) is a common Nyanja greeting; in the south, the preferred term is *Mwabonwa* (Welcome). When a person joins a group, it is polite for members of the group to offer the first greetings.

Adults respectfully address each other on formal occasions as "Mr.," "Mrs.," or "Miss" with their last names. All local languages have equivalent forms of these terms. During conversation, it is considered rude for a younger person to maintain eye contact with an elderly person. Instead, younger people look down as a way of showing that they are paying attention. If a man wishes to express romantic interest in a woman, he may lightly scratch her palm when they shake hands. This gesture can be considered playful, suggestive, or offensive (especially if the woman is married).

People in most areas greet by shaking hands; the left hand supports the right to show respect. Kneeling down before the elderly or social superiors is common. Greetings that incorporate clapping are also practiced, especially by ethnic groups in the Western, North-Western, and Luapula provinces. When shaking hands, close friends and family members may squeeze thumbs to indicate happiness at meeting. In most ethnic groups, married individuals avoid physical (and direct verbal) contact with their in-laws out of respect.

Women are commonly addressed by their oldest child's name. For example, if a woman named Beauty Kalungu has an oldest daughter named Precious, Beauty may be called *Ba na Precious* (Mother of Precious), and Beauty's husband may be called *Ba shi Precious* (Father of Precious).

Gestures
Zambians use handshakes widely as a gesture of thanks and friendship. Women commonly clap hands while conversing with others. Girls and women often kneel when addressing elders; men and boys curtsy slightly. Direct eye contact, embraces, and public displays of affection are avoided. Finger pointing is not acceptable. It is considered disrespectful to use the left hand to pass an object to someone. For example, if a person, intending to pay someone, is holding his or her money in the left hand, the person will transfer it to the right hand before giving it to the payee. People beckon children and friends by waving all fingers of the hand with the palm facing

down.

Visiting

Official and business matters call for being punctual to appointments, especially in urban areas. In rural areas or traditional situations, however, people tend to be flexible about time, so allowance is made for delays. In fact, most people visit unannounced. An important exception is a visit with the local chief, when scheduling is always taken seriously. Because it is an honor to the family to have a visitor in the home, an unannounced visitor at mealtime is expected to share the food with the hosts. It is discourteous for a visitor not to join the hosts in eating the meal, though such a guest might take only a bite or two before gracefully declining more food.

Gift-giving is important in Zambian society. Giving gifts is a form of sharing wealth and possessions and indicates sincere gratitude and friendship. When visiting relatives, Zambians take gifts, often bringing items that are not available in the area they are visiting. For example, when visiting from an urban area, Zambians may bring perfumes or wine, which are not widely available in rural settings. Before her wedding, a bride gives her future mother-in-law a *chitenge*, or colorful wraparound skirt, as a gesture of respect. When presenting and receiving a gift, one extends both hands.

Eating

In rural areas, food is usually plentiful during harvest season, but it may be scarce at other times of the year. Most people eat one main meal in the evening and various small snacks throughout the day. The urban wealthy may eat three meals a day. Common snacks include wild fruit, sugar cane, groundnuts (peanuts), or corn. Water is served with meals.

In most homes, families eat meals from communal dishes. If the family is large, there may be one dish for the men and boys and one for the women and girls. One plate is provided for rice, potatoes, or *nsima* (a thick porridge; also called *nshima*), and another for sauces made of meat or vegetables. Zambians wash their hands in a common bowl before and after eating. Washing is generally done in a specific order: guests (if present) wash first, then the father, boys, girls, and finally the mother.

Zambians eat with the fingers of the right hand, rarely the left. Utensils are used in some homes, mainly with rice (but rarely with potatoes or *nsima*). In some areas, especially in villages, men eat separately from women and children.

Nearly all meals begin with a prayer. Christians and Muslims give thanks to God, while those practicing indigenous beliefs usually thank their ancestors. The most important person—the father, a grandparent, or a guest, if present—calls on someone, usually a child, to say the prayer. Talking during a meal is considered rude. A Bemba saying, *Pakulya ni pa kushika*, says that mealtime should be as quiet as a burial.

LIFESTYLE

Family

Structure

Families are generally large, and most couples expect to have their first child within a year of marriage. Most women in rural areas are mothers by the time they are 18, and women bear, on average, five children—although it is likely that not all will live to maturity. Many families have taken in additional children orphaned by the HIV/AIDS epidemic.

While people live in nuclear families, they often live near their extended families, particularly in rural areas. In the extended family, a father's brothers are also considered "fathers" and a mother's sisters are considered "mothers." Cousins are treated as siblings. Other members of the same clan who are not actually blood relations may also be considered siblings. The extended family serves as an important social safety net. People can expect support from the extended family in times of need, with the understanding that they will reciprocate when in a position to help others in the family.

The extended family plays a less important role in urban areas than in rural areas, where people feel a stronger sense of community. In the past, extended families shared most things: they cultivated the same fields, shared their meals, and harvested their crops together. The realities of modern life have changed this arrangement, and emphasis is shifting toward the nuclear family, as fewer families work together for their livelihood and the younger generation places less emphasis on the extended family. This growing sense of individualism has weakened some aspects of the family network.

Parents and Children

Family life in rural areas usually centers on the farm, with parents and children working together to clear land and plant and harvest crops. Girls begin helping their mothers with household chores at an early age. Boys are taught skills such as protecting the family, working in the fields, fishing, hunting, and tending livestock. In urban areas, parents often work outside the home and children may have fewer responsibilities within the family. All children are expected to obey their parents without complaint and show proper respect to anyone who is older.

Children expect to support and care for their aging parents. The elderly generally live with one of their children when necessary. Many Zambians believe that failure to take care of the elderly brings bad luck to the family. This responsibility falls most heavily on the oldest child, but all siblings with an income are expected to contribute.

Gender Roles

In rural areas, there are rigid divisions between what is considered men's work and women's work. For example, it is considered shameful for a man to do household chores; a man working around the home may be said to be under the control of the *petticoat government*, meaning his wife makes the rules. In urban areas, responsibilities are not as closely associated with gender, and some men help with household chores.

The father is the traditional head of the family, but women in rural areas head an increasing number of households. Men must frequently migrate to cities in search of work. The HIV/AIDS epidemic has left women throughout Zambia widowed and has also forced the elderly or older children into the role of family head. A growing number of women give birth outside of wedlock and raise their children alone.

Women are responsible for the household, children, and garden. Men are traditionally responsible for supporting the family economically. However, today many women also work outside the home and contribute to the family's income. While men and women are guaranteed the same legal rights in Zambia, traditional customs sometimes prevent women from taking advantage of these rights. Women are expected to be subservient to men and even submit to abuse, particularly in rural areas. However, there is an active movement to create gender equality in all aspects of life. In urban areas, many women pursue education and careers before having families. Women hold leadership positions at all levels of Zambian society: in religious groups, in professional settings, as traditional leaders, in local government, and at the national level. Despite recent improvements to the status of women, the literacy rate for females is still significantly lower than that for men, and the average Zambian woman may find it difficult to enter the higher levels of employment.

Housing

Urban

In urban areas, the affluent live in cinder-block homes with corrugated iron or tiled roofs. For security, these homes may be surrounded by a brick wall topped with jagged glass, razor wire, or electrified wire. All urban homes cover glass windows with iron security bars. The average urbanite lives in a mud or cement structure in a crowded shantytown. Some of these shanties have electricity, but few have running water, so residents rely on a communal water tap or well.

A growing number of people build houses in the suburban areas, away from the city center. These houses are generally larger, and residents are often wealthy business people who work in the city. Even in areas with access to indoor plumbing, families collect water in drums or plastic containers for use on "dry days" (water outages). The wealthy may invest in a borehole (a narrow hole drilled to reach underground water) on their property to avoid relying on the main water supply.

Rural

A typical rural home has mud-brick walls and one to three bedrooms. Traditionally, roofs were thatched, but a growing number of homes have a corrugated metal, asbestos, or tile roof. Most rural homes also have a separate bathing area, pit latrine, grain storage structure, and chicken hutch. Homes are generally not surrounded by fences or walls, as security is of little concern. Some families mark their property by planting trees around the perimeter. Very few rural areas have access to either electricity or running water. People generally rely on wells or collected rain water.

Interiors

Due to the high cost of building materials, many families invest in the inside of their homes and place less emphasis on the exterior. Aside from the wealthy, few Zambians paint the exteriors of their houses. A home that appears unfinished on the outside may be completely decorated and furnished inside. Common decorations include photographs, paintings by local artists, and plastic flowers. Artwork is often unframed, and people may also pay artists to paint artwork directly on the walls of their homes. Families sometimes decorate with empty tins and boxes, such as those for coffee, milk, or cookies. These containers may be purely for decoration or they may be used to store household items. Painting interior walls is considered a luxury and can only be afforded by middle-class and wealthy families. In rural areas and among the poor, interior walls are rarely painted, but designs may be drawn on mud-brick walls with different colors of mud. Furniture is generally made locally from wood. Women make furniture coverings from matching embroidered fabric. Tables are often topped with doilies. Many homes have painted cement floors (often red), which are polished and waxed until shiny.

Home Life

Rural families tend to view their homes as primarily places to sleep. Most of their daily activities take place outside, and visitors rarely enter the home. Instead, people visit outdoors under a tree or under an open-air structure separate from the main house. Some villages have a centrally located common area with a roof, where people cook, sit, and visit. Urban Zambians usually spend more time inside their homes, and most homes include a living room, where visitors may be received.

Most homes are surrounded by an area of hardened dirt, which is swept clean each day. Few families plant lawns, often out of fear of attracting snakes. Families often cook outside or in a separate hut. In rural areas, most people cook over wood fires. In urban areas, people usually cook over charcoal, which is sold by door-to-door vendors.

Ownership

Rural homes are usually built on ancestral land that is passed from one generation to the next; most Zambians have access to such land through their family and tribe. In urban areas, many people rent their homes. While mortgages are available, interest rates are too high for most people. Instead, families usually prefer to save money to buy land and then build their home over time, starting with the foundation and adding walls and so forth as they can afford them. In recent years, government-owned housing has been sold to tenants at reduced prices, increasing ownership rates in urban areas. Regardless of the quality or location of the house, owners take great pride in their property.

Dating and Marriage

Dating and Courtship

Traditionally, most marriages were arranged, but today, it is much more common for young people to date and choose their own partners. Communities are tightly knit, and young people often date someone they have grown up with. Once a couple begins dating, they may visit relatives, work together on their families' farms, and spend time at their families' homes. Strict rules govern the behavior of unmarried couples. For instance, a girl must have permission beforehand to visit her boyfriend's home; it is improper for her to arrive without making prior arrangements.

Engagement

Families are closely involved in a couple's engagement and marriage. The blessing of the two families is required, and elders are consulted. Specific traditions surrounding engagement vary from clan to clan. Often a delegation from the groom's family, led by the groom's uncles, goes to the bride's home to discuss the marriage. The bride's family provides refreshments, and the groom's family brings small gifts (usually money). If the families agree to the marriage, they arrange another meeting to negotiate the *lobola* (bride-price), which the groom's family pays to the bride's family. Negotiations for the *lobola* are generally complex and drawn out. In the past, the *lobola* was paid in cattle, a traditional form of wealth. Today, it is generally paid in cash, though some families also include a certain number of livestock.

Many urban couples hold an engagement party to celebrate their upcoming marriage, and female friends of the bride usually have a "kitchen party," at which the bride receives gifts for her kitchen, and older women teach the bride through songs and dances about what will be expected of her in marriage. Villagers usually cannot afford gifts or a party, but older women still teach future brides how to please their husbands.

Marriage in Society

Marriage is highly valued in Zambia, and many parents' most important aspiration for their children is marriage and a family of their own. Unmarried couples are not expected to have a sexual relationship, and pregnancy out of wedlock is considered shameful. When an unmarried couple conceives, they are expected to marry. Their families also meet to discuss the amount the man must pay the woman as compensation for the pregnancy (called *damages*). The amount varies according to the woman's level of education; an educated woman will receive a significantly higher amount than an uneducated woman. Teenage couples or couples whose families do not approve of the relationship may choose to live together without marrying. The woman's family does not receive a *lobola*, and family ties are often strained by this decision.

In rural areas, many couples marry in their late teens. While in the past, most urban residents married young, often soon after a girl reached maturity, today they marry somewhat later, often waiting until they finish their education or begin a career and are in their mid- to late twenties. Women are generally a few years younger than their husbands. Same-sex marriage is illegal in Zambia.

Weddings

After the *lobola* has been settled, the couple registers their marriage with the government, which is necessary for the marriage to be considered legal. This ceremony is attended only by the couple and close family members. Many couples then hold a church wedding. This celebration is generally large and includes relatives, friends, and sometimes the whole neighborhood. During the ceremony, the couple exchanges rings and is blessed by a church leader. Afterward, a reception is often held, at which food is served and the cake is cut.

Due to the rising costs associated with weddings, a growing number of couples choose to hold only a civil ceremony. In these cases, the *lobola* is still exchanged, but a religious wedding is not held. Couples who have children before marriage usually do not hold a religious ceremony.

Traditionally, a man built himself a hut in order to prove that he was ready to marry and able to provide for a wife. Today, many young couples move in with a set of parents until they can afford a place of their own. On the evening of the wedding, the woman is escorted to the groom's home by the couple's relatives. She stops a short distance from the home and does not continue until the groom's relatives throw gifts of money in her path. The money is collected and given to her parents. Couples who can afford it then hold a party with food, drinks, and dancing, which often lasts late into the night.

Divorce

Divorce is rare in rural Zambia but is becoming more common in urban areas and among the educated. It is generally seen as shameful, and divorced people may be less respected than they were when married.

Life Cycle

Birth

The birth of a child is greatly anticipated. However, a woman does not announce her pregnancy, and it is considered rude to ask about it. Shortly before a woman gives birth, her mother or another older female relative moves in with her to help during childbirth and in caring for the newborn. Female family members and close friends announce the birth of a child with loud ululations and praises to God. The baby is kept indoors for about two weeks. After this, the family holds a feast to celebrate the child being brought into the world.

The father selects the baby's name as a way of accepting the responsibilities associated with fatherhood. Some couples may discuss the name beforehand, but the final decision lies with the father. The name is announced at a naming ceremony in the presence of several witnesses. It is customary to name babies after family members or significant events. For example, if a woman miscarries or loses a child, the next child could be named *Soba* (the Nyanja word for "lost") in remembrance of the child who died. Or, a child could be named *Mabvuto* (the Nyanja word for "trouble") if the pregnancy was particularly difficult. Children may also be given descriptive names, such as Beauty or Precious. In addition to this name, children are also given a name from the mother's side of the family and another from the father's side. While naming ceremonies are becoming less common, traditions associated with choosing names remain intact.

Milestones

Girls are generally considered women after their first menstruation. By this age, a girl is expected to be able to perform all of the tasks associated with running a household. At this time, the girl is isolated within the home, usually for a week. She is visited by relatives, mostly married women, who talk with her about marriage and teach her traditional dances to please her future husband. After the week is up, her family slaughters a cow and holds a celebration at which the girl performs the traditional dances she was taught. Among the Tonga, the isolation period lasts a minimum of one month, a time called *nkolola*, or *kuvundikwa* (literally meaning "to be buried or covered").

Boys are considered men at about 18. To signify his transition to adulthood, a young man may be given a task considered too difficult for a child but appropriate for an adult. For example, he may be asked to thatch a roof largely on his own. Upon completion of the task, he will be considered a man. Traditionally, young men were taken into the bush and circumcised at age 18. However, because of concerns about the transmission of HIV/AIDS, today a growing number of boys are circumcised in a hospital, usually before the age of ten. Traditional coming-of-age rituals are more strictly observed in rural areas, where extended families more often live close to one another and celebrate together, with singing, dancing, and feasting.

Many families celebrate their children's ability to support themselves. Celebrations may take place when young people finish school, leave their family homes to establish their own homes, or receive their first paychecks. The occasion is often announced to the entire community. The young person is given gifts, and wealthy families may slaughter an animal, such as a cow, to celebrate the occasion.

Death

The deceased are remembered with respect and praise, regardless of how they were regarded in life. Funerals are a central component of Zambian life and have become more frequent due to a high HIV/AIDS rate. Extended family members are expected to stay overnight with the immediate family of the deceased for at least one night. The women stay up most of the night, wailing in high-pitched voices and singing mournful songs.

Most Zambians practice both traditional and religious burial rites. Among non-Muslims, a person may not be buried until the closest relatives have paid their respects, particularly the parents. Muslims are buried as quickly as possible after death, often on the same day. Traditional rites are associated with a person's ancestors, so the deceased may be brought back to the home village. Close relatives perform private rituals intended to lay the spirit of the deceased to rest. Christians hold a church service and burial, which are attended by many relatives and friends. In urban areas, the city council digs multiple graves; the deceased is placed into the next open spot. Graves are covered with crushed stones and often marked with possessions the person used shortly before death, such as eating utensils and dishes. A growing number of graves are marked with headstones.

Diet

Nsima (a dough or thick porridge) is the national food. It is usually made from cornmeal, called *mealie meal*, but can also be made from cassava (in the north) or millet (near the Zambezi river). Zambians commonly say that they have not eaten unless they have had a meal with *nsima*. People in rural areas serve *nsima* with sauces made from beans and vegetables. In cities, *nsima* is eaten with a sauce of a tomato- or oil-based soup combined with chicken, beef, goat, or fish. Meat is expensive in Zambia, and not everyone can afford to include it in their daily diet. Some families have meat only on special occasions. If there is not enough meat to go around, it is given to the father.

Breakfast consists of tea with bread, sweet potatoes (when in season), or rice. Sometimes people will have a breakfast of leftover *nsima* from the night before. *Chibwabwa* (finely cut and boiled pumpkin leaves cooked with salt and oil) and *ifisashi* (any green vegetable boiled and mixed with pounded groundnuts, or peanuts) are common foods. Fresh fruits and vegetables are abundant during and following the rainy season. Beer is popular, and many villagers brew their own.

Recreation

Sports

Soccer is the most popular sport in Zambia. Each school and village has a soccer team, and soccer fields are found in even the most remote villages. Most people have an allegiance to a certain team, and people gather to watch matches on television or listen to them on the radio. Girls play netball, a game similar to basketball but played with a soccer ball that is thrown through a hoop at the top of a post. Boys enjoy fishing and small-game hunting. Urban residents have access to basketball courts.

Leisure

People of all ages enjoy checkers and *mankala*, a strategy game played with marbles or small stones. *Insolo* (a board game similar to chess) is often played in bars, particularly in rural areas. People who live near rivers or lakes enjoy swimming.

In rural areas, recreation activities are often associated with the family. Family events like weddings and coming-of-age celebrations are greatly anticipated, and people travel long distances to join family for these special occasions. At harvest time, people often host parties to celebrate. Traditional dancing is an important part of many gatherings in rural areas, such as at church activities, on holidays, and at traditional celebrations. In urban areas, people go to discos and participate in clubs (formal groups in which members pay dues). Club members gather to socialize and discuss business, political, and social issues. They may also participate in fundraising efforts and community projects.

Throughout the country, churches play a large role in Zambians' lives. People spend time at church attending services, socializing, singing in choirs, and doing charity work.

Men enjoy socializing and drinking. They may also play cards and gamble. People with access to electricity enjoy watching DVDs, especially action movies. Women rarely have leisure time, but they do their daily chores with other women so they can sing and talk.

Vacation

The average Zambian does not typically travel for pleasure, only out of necessity. The wealthy may travel within the country, such as to game parks and natural sights like Victoria Falls.

The Arts

Many Zambians, particularly in rural areas, enjoy traditional music. Common instruments are xylophones, drums, and the *kalimba*, which is played by using the thumbs to pluck small metal strips attached to a board. Traditional dances accompany many musical styles and are often associated with certain tribes. Most dances are fast paced, and many include warrior-like moves for men and hip-swaying movements for women. The *ngoma* dance is performed by the Ngoni people to praise traditional leaders at ceremonies. The Lozi perform the *siyomboka* dance, which incorporates shoulder movements. *Ching'ande* is a traditional courtship dance of the Tonga tribe, but it is also popular in dance clubs; couples dance together in pairs, with the man pretending to chase the woman. Urban music includes *kalindula*, a popular dance music, and *Zam-rock*, a form of rock music with lyrics in local languages.

Zambian artisans excel at creating wood carvings, basketry, and other handicrafts. Villagers create art that also fulfills everyday functions. For example, they engrave intricate designs into dark brown pottery used for cooking and water storage.

Holidays

Zambia's official public holidays include New Year's Day (1 January), Youth Day (12 March), Easter (Friday–Monday), Labor Day (1 May), African Freedom Day (25 May), Heroes and Unity Day (first Monday and Tuesday in July), Farmers' Day (first Monday in August), Independence Day (24 October), and Christmas (25 December).

Easter

Easter celebrations often last more than a week and are more religion-centered than Christmas celebrations. Traditions vary according to sect. For Catholics, Easter is a time of fasting, meditation, and self-sacrifice. People spend many hours at church, singing Easter songs and following the stations of the cross (a series of prayers said in front of depictions of the last events in Christ's life). Evangelicals place special emphasis on missionary work at this time, reaching out to people of other faiths. While in the past, extended families usually gathered for special meals on Christmas and Easter, today it is more common for holiday meals to be limited to the nuclear family, due to the cost of hosting a large gathering.

Independence Day

Independence Day is the most important patriotic holiday, commemorating Zambia’s 1964 independence from Britain. Zambians throughout the world celebrate their country’s victory over the British on this day, using the phrase "One Zambia, One Nation." People usually attend political rallies, stay at home with family, or watch soccer matches on this day.

Christmas

Christmas is the most widely observed holiday and is celebrated by most Zambians, regardless of religion. People generally travel to be with family during this time. Family members and friends exchange gifts. Although Christmas falls during the rainy season, when farmers are busy planting their crops, people pause to celebrate. Most bars stay open late so that people can gather to socialize. Music is played throughout the day. Devout Christians attend church functions to commemorate the birth of Christ.

Muslim Holidays

The most important Muslim holidays are *Eid al-Fitr* (which marks the end of the holy month of *Ramadan*, when Muslims fast from sunrise to sunset) and *Eid al-Adha* (which celebrates the end of the *hajj*, the holy pilgrimage to Mecca, Saudi Arabia). Both holidays are celebrated with special prayers and an elaborate feast.

SOCIETY

Government

The president is head of state and head of government. Elections for the presidency and the 167-seat National Assembly are held every five years. The voting age is 18. The nation is divided into 10 provinces. Provinces are further broken down into chiefdoms (a collection of small villages governed by a chief). Chiefs are chosen from traditional ruling families, and each chief works with a council of senior village advisors. The chief's main power is land allocation within the chiefdom, though he also aids in conflict resolution.

Economy

Copper has long been the mainstay of Zambia's economy. Before copper prices fell in the 1970s and 1980s, the nationalized copper industry constituted 90 percent of Zambia's exports. Privatization of the industry in the 1990s was hindered by corruption and mismanagement but nevertheless resulted in increased production. Beginning in 2004, foreign investment and rising copper prices led to a further increase in copper mining. However, with the fall in copper prices in 2015, the growth of Zambia’s economy slowed significantly, and inflation became a problem. Decreased copper prices were mainly a result of dropping demand for the metal in China, a country that has provided much investment in Zambia. Chinese-owned mines in Zambia have been criticized for their poor working conditions though, and some have been taken over by the Zambian government.

Agriculture (including widespread subsistence farming) employs vastly more people than industry. Poor harvests sometimes affect the agricultural sector. The government seeks to promote the country as a safari destination to generate tourism revenue, which has resulted in increased efforts to protect wildlife.

Though corruption is a problem in government and business, Zambia has taken steps to increase transparency and accountability, which has aided economic growth. Still, outdated technology, poor transportation links, decreased productivity due to HIV/AIDS, and other problems hinder development of new industry. Gains from the copper industry have improved urban lives more than rural ones and have done little to alleviate overall rates of poverty, which stand at around 55 percent. High income inequality and unemployment rates remain problems. The currency is the Zambian *kwacha* (ZMW).

Transportation and Communications

A network of roads connects many parts of the country. Most smaller roads are unpaved, and many paved roads are in poor condition. The government, in conjunction with foreign investors, has begun a wide-scale road-paving project. The average Zambian travels on foot or by hitchhiking. A person can flag down a bus, car, or truck. If given a ride, the passenger pays a reasonable fare to the driver. Buses, which are unreliable and crowded, travel between rural towns. Some urban Zambians own cars. Taxis are available in the cities. Vehicle breakdowns are a major problem due to the expense of spare parts and poor roads. Traffic moves on the left. Zambia has over 80 airports. The country has a long history of railways, and a rail line connects Livingstone, in the south, with Mufulira, in the Copperbelt Province. The Tazara (Tanzania–Zambia Railway) links Zambia to the Tanzanian port of Dar es Salaam.

Cellular phones far outnumber landlines, and coverage is improving. Access to the internet has increased dramatically over the past several years. There are a number of local radio stations, but only one is available nationwide. Several newspapers circulate, some of which are accessible online. Television is available in urban areas and larger towns. Villagers receive news by radio and word of mouth. When villagers travel to town, they often return with a newspaper for everyone to read.

Education

Structure

Though it is not required, a growing number of children attend preschool. Primary school is compulsory and begins at age seven. It lasts seven years and is often divided into two levels. The lower level includes grades 1 through 4 (ages 7 through 10); the upper level includes grades 5 through 7 (ages 11 through 13). Most children start primary school, and many complete it as well. Secondary school lasts five years (from age 14 to 18) and is divided into two levels: junior (grades 8 and 9) and senior (grades 9 through 12).

Though reforms are underway, students have traditionally been required to pass exams in order to advance in their schooling: one exam after grade 7 (to determine if the student will continue on to secondary school), another after grade 9 (to determine entrance to senior high school), and a third after grade 12 (to determine if the student will graduate). Students who have not passed the exam to enter secondary school may attend *basic schools*, where they prepare to take the next qualifying exam.

Access

While Zambians value education and expect their children to do well when enrolled in school, families find it difficult to afford education costs. Although the government pays teacher salaries, families often cannot pay for the required books and uniforms. If they have only enough money to send one child to school, they usually send the oldest boy. Volunteer programs work to provide education to disadvantaged children. Some teachers in these programs are not professionals and many do not have a higher education degree, but they receive some training and support. Radio schooling programs reach rural areas, with a volunteer leading the students entirely over radio.

School Life

After grade 8, students choose which subjects to focus on, such as geography, history, literature, physics, chemistry, business, or foreign languages. Regardless of their field of study, students take English and math classes throughout secondary school.

Teachers are traditionally respected in Zambian society, particularly in rural areas, where they are considered leaders in the community and may be among the few educated people in the area. English is the language of instruction in all schools, although most primary schools mix English with local dialects because few families speak any English at home. A lack of English skills causes many students to fall behind in school. The HIV/AIDS crisis in the country has also affected the education system. Children orphaned by HIV/AIDS can rarely afford to attend school.

Higher Education

Zambia has a number of universities, teacher-training colleges, and vocational and technical institutions. The most prestigious and popular courses of study are sciences, mathematics, business, medicine, and law. In recent years, many colleges and universities have received increased funding from the government, allowing them to admit more students and improve the quality of education. Higher-education tuition is affordable for middle- and upper-class families. Scholarships are available for students who perform well in secondary school. A growing number of older Zambians attend higher education in order to improve their skills and keep up with Zambia's changing economy.

Health

Zambia's healthcare system is funded in part by foreign aid. In 2006, the government began offering free health care to people in rural areas, where few could afford treatment for even the most serious health problems. At the village level, a trained birth attendant delivers babies, and a community health worker treats minor ailments. More extreme cases are referred to a rural health center that has a nurse and clinical officer. To see a doctor, one must go to a district hospital. Young children go to under-five clinics for checkups and vaccinations. Doctors are poorly paid, and clinics are neither well staffed nor well supplied. Urban areas may have large hospitals. Many Zambians turn to traditional healers for medical attention.

Common childhood illnesses such as measles and diarrhea contribute to a high infant mortality rate. Shallow latrines, open garbage pits, and polluted water create hygiene problems that allow for serious epidemics. Malaria, dengue fever, pneumonia, and tuberculosis are major health problems among adults. Zambia has one of the world's highest rates of HIV/AIDS infection and one of the world's lowest life expectancies.

AT A GLANCE

Contact Information

Embassy of the Republic of Zambia, 2200 R Street NW, Washington, DC 20008; phone (202) 234-4009; web site www.zambiaembassy.org. Zambian National Tourism Board, web site www.zambiatourism.com.

Country and Development Data

Capital	Lusaka
Population	19,642,123 (rank=62)
Area (sq. mi.)	290,587 (rank=38)
Area (sq. km.)	752,618
Human Development Index	154 of 189 countries
Gender Inequality Index	138 of 162 countries
GDP (PPP) per capita	$3,200
Adult Literacy	91% (male); 84% (female)
Infant Mortality	37.11 per 1,000 births
Life Expectancy	60 (male); 65 (female)
Currency	Zambian Kwacha

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Zambia - Military

Last updated: 29 Jul 2022

Armed forces

Last updated: 27 Jul 2022

Executive summary

Last updated: 1 Dec 2020

	Total strength	Army	Air force	Navy
Active personnel	18,100	16,500	1,600	0
Reserves	unknown	unknown	unknown	0

- Zambia is a neutral, largely non-aligned state. The major task of its armed forces is to preserve internal security against incursions of combatants from conflicts in neighbouring countries. Zambia has also become a leading African contributor to UN operations.

- Its latest contribution was the deployment of an initial batch of 500 troops to the UN Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA) in May 2015. By December 2018 the number of Zambian troops in the Central African Republic (CAR) had grown to 930 soldiers. Notably, Zambia's deployment was initially scheduled for November 2014, but the lack of airlift capacity, pre-deployment training, and suitable military equipment led to an eight-month delay.

- Indeed, Zambia's combat and rapid deployment capabilities cannot be considered adequate, especially following heavy cutbacks in 1990s. Historically, the country has also lacked the financial resources to carry out a major modernisation of the armed forces, with the land forces in particular relying on mostly obsolete equipment.

- However, the air wing has benefitted from an influx of funds. Shortly before the end of 2014, Air Defence Command Brigadier General Jabes Zulu announced the intention to acquire units of the L-15 jet trainer, Mi-17 assault/transport helicopter, as well as additional SF-260s. These procurements have been completed, with the acquisition of the L-15 in particular marking a watershed moment for the Zambia Air Force (ZAF) as it means the country operates a third-generation multirole fighter with fly-by-wire avionics. Two C-27J transport aircraft are also expected in 2019.

- Meanwhile, despite its limited resources, Zambia has been addressing inadequacies in military training. Zambian forces have had the benefit of training and non-lethal equipment supplied through the US Africa Contingency Operations Training and Assistance (ACOTA) programme. Furthermore, the Zambia Defence Force's (ZDF's) peacekeeping role has provided it with valuable experience with troops receiving special training prior to being transferred abroad on peacekeeping missions.

Threat environment

Last updated: 1 Dec 2020

Interstate war between Zambia and its neighbours is unlikely, although some sporadic friction with the Democratic Republic of the Congo (DRC) is expected, especially over detentions of Zambian fishermen by Congolese forces around Lake Mweru. No insurgent groups are active against the government, although a number of rebel groups from neighbouring states were known to have crossed into Zambian territory. As such, the Zambian Army has been deploying land forces along its borders, especially the sensitive borders with Angola and the DRC. The porous border in question is very difficult for a small army to control. As such, any strife in neighbouring states poses a significant exterior threat to Zambian security.

Doctrine and strategy

Last updated: 1 Dec 2020

In June 2006 former president Levy Mwanawasa launched Zambia's National Defence Policy, the first such policy to be unveiled since gaining independence in 1964. The policy stipulates that the ZDF should develop and maintain a capable, technology-equipped force that would be professional and affordable, and that would be better placed to defend and protect the country's sovereignty. The policy seeks to provide a framework to enable the military and other sectors of the government to work more effectively in matters regarding national security. The policy also has the aim of promoting the peaceful settlement of disputes with other countries and advancing military co-operation, non-aggression, and non-interference in the internal affairs of other countries.

In late 1999 and early 2000, the Chinese offered to reorganise the Zambian Army and supply new aircraft to the air force. Subsequently, Chinese personnel provided re-training to certain key personnel from the mechanised brigade. In early 2000 Zambia took delivery from China of eight K-8 ground attack jets, which were delivered in kit form and later assembled by Chinese technicians. Eight more were delivered in 2012. Since then, Zambia also received the Chinese L-15 lead-in fighter trainer in 2017; China also built a simulation centre to provide safe and realistic training for the L-15 pilots at Lusaka Air Base. All these deliveries, and the subsequent support, would suggest a Chinese influence on the air force at least.

Military capability assessment

Last updated: 8 Dec 2020

Zambia capability assessment

1818953

Zambia capability assessment (Janes)

- The ZDF is faced with a number of issues that have had a harmful effect on the combat capability of the force. Ageing equipment makes it difficult for the defence forces to operate at optimum level, and inadequate resources have pre-empted any significant modernisation plans for the land forces. Moreover, the army is reported to be well below its official 20,000 personnel strength. As such, the general efficiency and the rapid deployment capability of the force have deteriorated. This was clearly showed in 2014 when Zambia planned to join MINUSCA. However, the lack of airlift capacity, pre-deployment training, and suitable military equipment led to an eight-month delay.

- Aware of its shortcoming, Zambia has tried to address inadequacies in the ZDF. A longstanding requirement for better armoured vehicles to replace the existing equipment, which had been acquired from Russia during the 1980s and was no longer fully operational, was partly answered. Five WZ551 armoured personnel carriers (APCs) were delivered in 2007 and approximately 14 Ratel-20 were acquired from South Africa in 2012. However, there is still a stringent requirement for additional armoured vehicles and artillery equipment; stocks of ammunition remain unknown.

- The air wing is in a much better position than the land forces, with significant procurements coming to fruition. In late 2014 Brig Gen Zulu, announced plans to procure units of the C-27J transport aircraft, L-15 jet trainer, and Mi-17 assault/transport helicopter, as well as additional SF-260s. By early 2018 all these procurements, except for the C-27J, had been completed. Satellite imagery suggests three Mi-17 helicopters were delivered as early as May 2015, with another two models having joined the fleet since. By early 2017 six L-15 Lieying jet trainers and six SF-260 trainer aircraft had also been delivered. Acquisition of the L-15 in particular marked a watershed moment for the ZAF because it means the country operates a third-generation multirole fighter with fly-by-wire avionics. Moreover, reports suggest the two C-27J were delivered in 2019, which would significantly boost the country's capability to support external deployments.

Joint forces interoperability

Tri-service interoperability

The air force regularly conducts operations in support of the army and other government departments. As such, it undertakes reconnaissance, airlift, transport missions for the police, and airlifts medical supplies and personnel to inaccessible areas. There is only a small maritime wing, which is designed to counter acts of aggression on the country's territorial waters, curb illegal border crossing, and ensure the enforcement of the fish ban.

Multinational interoperability

In terms of external relations, Zambia has become a pillar of African peacekeeping through contributions to African Union (AU) and UN peacekeeping operations on the continent. As of December 2018, its largest contribution was to MINUSCA, with 930 troops deployed.

Zambia has participated in a number of military exercises involving multinational forces and is a member of the Southern African Development Community (SADC) Standby Force, one of five regional brigades being established by the African Union as an African Standby Force (ASF).

In terms of bilateral co-operation, Zambia is improving its military ties with China, which has become Zambia's main arms supplier. In May 2012 following a meeting between Chinese and Zambian senior military leaders, China agreed to provide USD8 million for the rehabilitation of Zambian military hospitals. According to Zambian national press reports, Chinese officials indicated that visits, defence equipment co-operation, and personnel training were at the heart of the relationship.

Defence structure

Last updated: 1 Dec 2020

The ZDF consists of the Zambian Army, the ZAF, and the Zambian National Service (ZNS). The latter is responsible primarily for public works projects. There is only a very small, lake-based naval arm. The commanders of each of the three services report via the defence minister to the country's president, who has the role of commander-in-chief.

Meetings of the Defence Council are usually chaired by the defence minister. However, if there are security matters that require the presence of the president as commander-in-chief, the president will chair the meeting. The council members include the minister of home affairs, the minister of finance, the minister of legal affairs, a representative of the ruling party, as well as the commanders of the army, air force, and the ZNS. Also included are the inspector general of police, and the director of intelligence, who acts as secretary.

The Central Joint Operations Committee comprises the commanders of the army, air force, and ZNS, as well as the inspector general of police and the director general of intelligence.

Chain of command

Last updated: 1 Dec 2020

Commander in Chief of Armed Forces:	President Edgar Lungu
Minister of Defence:	Davies Chama
Army Commander:	Lieutenant General William Sikazwe
Air Force Commander:	Lieutenant General DM Muma

The president of Zambia, as head of state and of government, is the commander-in-chief of the ZDF. Unlike other countries in the region, Zambia does not have a unified command structure for its armed forces. The commanders of the army, air force, and ZNS each report individually, through the minister of defence, to the commander-in-chief, who has the power to appoint and remove individual commanders. There is no post of overall chief of defence staff. The minister of defence is assisted by a permanent secretary and a mixed civilian/military departmental staff. The ministry is seen as a relatively well-developed arm of government.

Strategic forces

Last updated: 27 Jul 2022

Janes does not hold information on Zambia Strategic forces.

Country Report

Zambia

Generated on June 8th 2023

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The Economist Intelligence Unit

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Symbols for tables

"0 or 0.0" means nil or negligible;"n/a" means not available; "-" means not applicable

Zambia

Summary

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Economy

Briefing sheet

Editor: **Nathan Hayes**

Forecast Closing Date: **March 10, 2023**

Political and economic outlook

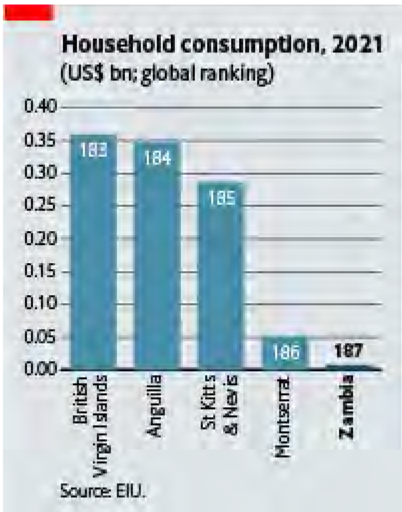
- The previous government borrowed excessively, leading Zambia into a debt crisis that the current government, which was elected in late 2021, will need to resolve in 2023. EIU expects the government to secure a broad debt-restructuring deal, aided by IMF support.
- The president elected in 2021, Hakainde Hichilema, will remain in power until at least 2026, but will see the afterglow of the successful democratic transition of power fade as debt restructuring is accompanied by austerity. An uptick in popular protest is likely. A move against corruption is needed if Mr Hichilema is to be re-elected in 2026.
- Economic policy will focus on implementing a US$1.3bn IMF extended credit facility (ECF) programme. This involves harsh austerity measures, but pro-business measures will boost investment. Fiscal resources will be devoted to education and healthcare.
- Economic growth will strengthen over the forecast period, owing to growing global demand for copper—due to increased appetite for the metal for renewable energy infrastructure—and for nickel. Agriculture will rebound but remain exposed to weather-related risk. A business-friendly policy environment will help to drive up growth.
- Zambia will run a current-account surplus in 2023-27 (aided by high copper prices). Its external debt will be restructured, following a default in late 2020, with interest payments resuming from late 2023 onwards.
- Zambia's inflation rate will remain stubbornly high in 2023, at 10.9%. This is relatively high—well above our forecast of 4.5% for Tanzania, but well below the 250.4% expected in neighbouring Zimbabwe. Inflation will be reined in by the end of the forecast period.
- Zambia is heavily dependent on copper exports for both foreign-exchange earnings and government revenue. High global copper prices will support fiscal consolidation, subject to the risk that a plunge in copper prices would negatively affect the fiscal balance.

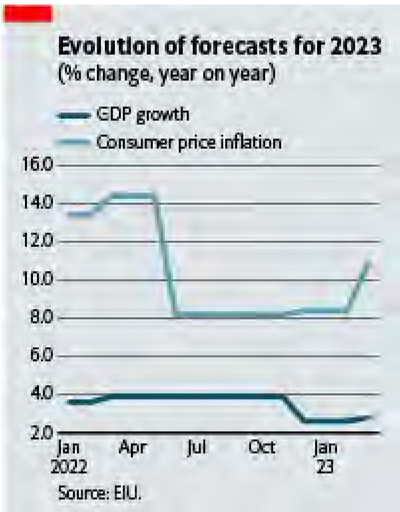
Key indicators

	2022[a]	2023[b]	2024[b]	2025[b]	2026[b]	2027[b]
Real GDP growth (%)	1.9	2.8	3.7	4.0	4.2	4.0
Consumer price inflation (av; %)	11.0	10.9	9.8	8.9	6.2	5.6
Government balance (% of GDP)	-9.1	-8.4	-7.5	-6.9	-6.2	-5.5
Current-account balance (% of GDP)	6.5	6.8	8.2	7.5	7.8	8.5
Short-term interest rate (av; %)	9.5	12.0	15.5	14.0	13.5	13.0
Exchange rate ZK:US$ (av)	16.96[c]	19.83	20.81	21.41	21.67	21.93

[a] EIU estimates. [b] EIU forecasts. [c] Actual.

Market opportunities





Key changes since November 29th

- As consumer price inflation remained high at 9.6% year on year in February and the central bank now expects an 11.1% increase in prices this year, we have raised our inflation forecast for 2023 from 8.4% to 10.9%.
- Rapid depreciation of the kwacha at end-2022, which continued in early 2023, has led us to revise our exchange-rate forecast. We now expect the kwacha to average ZK19.8:US$1 this year, compared with ZK15.1:US$1 previously.
- Following the publication of data showing a 60.3% rise in the goods trade surplus in 2022, we have raised our estimate for the current-account surplus in 2022 from 5.4% of GDP to 6.5% of GDP. We expect a surplus of 8.5% of GDP in 2027, up from 3.2% of GDP before.
- Following the publication of actual data for external debt in 2021, we have revised our external debt forecast and now expect external debt to rise gently from US$33.3bn at end-2022 to US$36.2bn at end-2027, down from US$39.8bn and US$41.1bn respectively.

The quarter ahead

- **TBC—debt restructuring under IMF auspices:** The stalling of some creditors has prevented progress on debt restructuring since September 2022. We expect a deal in the second quarter to reduce Zambia's debt-servicing burden.
- **TBC—Monetary policy committee meeting of the Bank of Zambia (the central bank):** As the recent interest-rate increase still leaves rates in negative territory in real terms, we expect further

rises to rein in inflation. The policy rate may be raised by 25 basis points to 9.5% at the next monetary policy committee meeting, and we expect the rate to reach 10% by year-end.

Major risks to our forecast

Scenarios, Q4 2022	Probability	Impact	Intensity
Zambia is forced to restructure its bilateral debt with China on unfavourable terms	High	Very high	20
Power shortages disrupt operations	High	High	16
A shortage of skilled labour affects business operations	Very high	Moderate	15
Zambia fails to agree to debt restructuring with its creditors	Moderate	Very high	15
Russia-Ukraine conflict draws development funding away from Africa back to Europe	High	Moderate	12

Note. Scenarios and scores are taken from our Operational Risk product. Risk scenarios are potential developments that might substantially change the business operating environment over the coming two years. Risk intensity is a product of probability and impact, on a 25-point scale.
Source: EIU.

Outlook for 2023-27

Political stability

Although Zambia's president, Hakainde Hichilema, does not face re-election until 2026, the forecast period will see increased political instability, owing to the process of debt restructuring, which entails the imposition of unpopular policy conditions by creditors and strict fiscal austerity measures. In the context of increased food insecurity, high inflation and unemployment, EIU expects an uptick in public demonstrations and protests in the near term. However, inflationary pressures will moderate over the forecast period, although food insecurity and unemployment are likely to endure. Zambia's democratic institutions, burnished by a 2021 transfer of power, are likely to prevent widespread violence.

In addition to the removal of fuel subsidies in 2022 under an IMF programme, we expect additional austerity measures to be rolled out over the forecast period, including a scaling back of agricultural subsidies and a mooted 37% rise in electricity tariffs. Lower agricultural subsidies, alongside higher fuel prices and the serious risk of unfavourable weather patterns in the near term, will increase food costs and heighten food insecurity and exacerbate popular unrest.

Corruption will remain a major issue within the government. Some media outlets and opposition groups have labelled anti-graft efforts by the current administration as largely superficial. However, we expect increased pressure from the IMF and external creditors to drive the government to continue its efforts to root out corruption. Despite this, it will remain a point of frustration among the electorate, with many continuing to perceive efforts as a cosmetic display without any meaningful impact.

Widespread public resentment over the perceived influence of China, Zambia's main creditor and trading partner, over Zambian policymaking under the Patriotic Front administration that lost power in 2021 remains high. Many Zambians view Chinese nationals living in Zambia in a negative light, given Chinese control of large sectors of the domestic economy and what is often perceived as poor treatment by Chinese employers of their Zambian employees. Managing public hostility towards China and Chinese nationals living in Zambia will be a challenge for Mr Hichilema. This is made particularly acute given his need to secure a favourable and timely debt restructuring, in which Chinese co-operation will be crucial.

Election watch

The next legislative and presidential elections are due in 2026. Mr Hichilema won 59% of the vote in the August 2021 presidential election, compared with 38.7% for Edgar Lungu, the former president. In the legislative election, the United Party for National Development won 82 seats, a majority of the 156 directly elected seats (with a further 11 members of parliament appointed or sitting ex officio). If Mr Hichilema can oversee a return to debt stability—which would unlock stronger economic growth—we expect his political popularity to grow, leaving him well placed to win if he runs for re-election in 2026. However, the required introduction of harsh austerity measures will damage his political popularity in the near term and poses risks to this forecast.

International relations

Relations with China will stay strong during 2023-27, supported by deep economic ties. This forecast assumes that a deal on the restructuring of Zambia's debt will be reached later in 2023. Debt-restructuring talks have stalled, amid China's demand that multilateral concessional loans to Zambia also be included; hitherto, loans by the World Bank and the IMF have not been included in debt-restructuring talks held as part of financial bail-outs of other countries because such lending is at low interest rates. Without a deal on official debt, talks with private bondholders are unlikely to be successful. Zambia will be careful not to directly criticise China, and instead call for debt-restructuring talks with all creditors to be expedited.

China will not agree to an outright write-down of its debt, and is more likely to agree to maturity extensions, lest a precedent be set that could affect debt talks with other nations. Chinese banks and investors are deeply entrenched in Zambia's economy. Zambia is the largest African recipient of Chinese foreign direct investment as a percentage of GDP, which largely takes the form of investment in the mining sector. Zambia relies heavily on Chinese investment and demand to support its copper industry, the major driver of its economy and the industry from which it derives most of its foreign-exchange earnings. As a result, neither party will be willing to risk a deterioration of relations.

The debt-restructuring talks appear to be a wedge issue that could allow the US to argue that Chinese aid should be given a less fulsome welcome. The US administration of Joe Biden has praised Zambia's democracy, and Zambia has been chosen as a co-host of the Summit for Democracy due to be held in the US at end-March. In 2022 a California-based mining explorer, KoBold Metals, announced that it planned to invest US$150m in copper mines in Zambia, in a way that could begin to offer Zambia an alternative source of foreign mining investment. Furthermore, USAID, a US aid agency, has appointed a Zambian, Monde Muyangwa, as assistant administrator to the Bureau for Africa. These developments point to a competition for influence in Zambia that will work to the country's benefit.

Democracy Index: Zambia

Zambia's score in EIU's 2022 Democracy Index has improved, rising from 5.72 in the 2021 index to 5.80. The score had already improved in the 2021 index following Hakainde Hichilema's victory in the August 2021 presidential election, but a further improvement is assessed this year following a number of legal changes introduced by Mr Hichilema's government to improve the quality of Zambia's democracy. This has raised the country's relative global standing by one place to 78th out of 167 countries. In 2016 Zambia was demoted from a "flawed democracy" to a "hybrid regime"—a designation that it retains and that also includes regional neighbours such as Kenya and Malawi. We expect Zambia's ranking to remain stable in the near term, with any decline in commitment to democracy unlikely, particularly as Zambia will serve as a co-host for the US Summit for Democracy in late March.

Democracy Index

	Regime type	Overall score	Overall rank
2022	Hybrid regime	5.80 out of 10	78 out of 167
2021	Hybrid regime	5.72 out of 10	79= out of 167
2020	Hybrid regime	4.86 out of 10	99= out of 167

Positive legal reforms improve the democratic climate

Zambia's highest score, for electoral process and pluralism, receives a further uplift this year, from 7.50 in the 2021 index to 7.92. This follows the government's repeal in 2022 of the law criminalising defamation of the president and amendments to the public order and access to information acts. Our model assumes these changes support the long-term consolidation of pluralism by demonstrating that Mr Hichilema is serious about political change and that electoral means can achieve a genuine change in the political process. Zambia's score for political culture is high (and unchanged from 2021), at 6.88, given the transition to a new government and popular support for democracy. The score for civil liberties remains at 5.59. Although the government has introduced legislative changes designed to evince a commitment to civil liberties, the use of crackdowns on entirely legitimate protests against the rising cost of living suggests that it remains to be seen whether civil liberties will record a further improvement over the current presidential term. The political participation score remains at 5.00 after a substantial rise in 2021. Zambia's lowest score, for the functioning of government category, remains the 3.64, reflecting the significant work that remains to be done to weed out the corruption that embedded itself during the previous government (under the Patriotic Front) and to address mismanagement of the country's economy and public finances. Such financial mismanagement has resulted in a sovereign default, leading to Zambia's current efforts to restructure its debt.

Democracy Index 2022 by category

(On a scale of 0 to 10)

Electoral process	Functioning of government	Political participation	Political culture	Civil liberties
7.92	3.64	5.00	6.88	5.59

A free white paper containing the full index and detailed methodology can be downloaded from www.eiu.com/democracy-index.

Note on methodology

There is no consensus on how to measure democracy, and definitions of democracy are contested. Having free and fair competitive elections, and satisfying related aspects of political freedom, is the sine qua non of all definitions. However, our index is based on the view that measures of democracy that reflect the state of political freedom and civil liberties are not "thick" enough: they do not encompass sufficiently some crucial features that determine the quality and substance of democracy. Our index therefore also includes measures of political participation, political culture and functioning of government, which are, at best, marginalised by other measures.

Our index of democracy covers 167 countries and territories. The index, on a 0-10 scale, is based on the ratings (0, 0.5 or 1) for 60 indicators grouped in five categories: electoral process and pluralism; civil liberties; functioning of government; political participation; and political culture. Each category has a rating on a 0-10 scale, and the overall index of democracy is the simple average of the five category indices.

The category indices are based on the sum of the indicator scores in the category, converted to a 0-10 scale. Adjustments to the category scores are made if countries do not score a 1 in the following critical areas for democracy:

- whether national elections are free and fair;
- the security of voters;
- the influence of foreign powers on government; and
- the capability of the civil service to implement policies.

If the scores for the first three questions are 0 (or 0.5), one point (or 0.5 points) is deducted from the index in the relevant category (either electoral process and pluralism or functioning of government). If the score for question 4 is 0, one point is deducted from the functioning of government category index.

The index values are used to place countries within one of four types of regime:

- full democracies—scores greater than 8;
- flawed democracies—scores greater than 6, and less than or equal to 8;

- hybrid regimes—scores greater than 4, and less than or equal to 6; and
- authoritarian regimes—scores less than or equal to 4.

Policy trends

Near-term policy priorities include securing debt restructuring and containing inflation. The approach to these policy areas will be dictated by the conditions of the US$1.3bn extended credit facility (ECF) programme agreed with the IMF in August 2022, signed off by the IMF's Executive Board after members of Zambia's official creditor committee announced that they would restructure Zambia's debt. Despite making that commitment, a full restructuring of Zambia's debt has yet to be arrived at. We believe that pressure on China from the IMF and the US will see a deal agreed in the second quarter of 2023.

Under the IMF programme Zambia has agreed to deliver a primary budget surplus by 2024 and commit to more transparent public finances to avoid a repeat of the lax oversight and opacity over borrowing that rattled markets and contributed to the 2020 default. Fiscal adjustments will be softened for the most vulnerable through expanded social spending, although the increase as a proportion of GDP will be relatively small. The government has taken steps to improve the efficiency of public investment, cancelling more than US$2bn in contracted but undisbursed debt for domestic development projects that are deemed unnecessary. This is a politically easy form of reducing the footprint of the state, but the IMF programme also calls for the removal of fuel and agricultural subsidies, which will prove politically unpopular and compound inflation, at least initially. Revenue mobilisation measures include a broadening of the value-added tax (VAT) base and the introduction of new taxes on tobacco and alcoholic beverages, which we expect to be rolled out gradually. Households will bear the brunt of fiscal reforms, as the overarching direction of policy is pro-business. This includes the lowering of the corporate tax rate, with a flat corporate tax rate of 35% across the economy. The government has also introduced reforms to the copper tax structure, lowering the overall tax burden, reducing the tax implications of volatile price movements and incentivising investment in large capital projects. The government aims to boost annual copper production to 3m tonnes by 2032, from about 800,000 tonnes currently. Several existing mines need major investment to return to full production capacity, but we expect further investment and an increase in output volumes over the forecast period.

Very little information regarding the restructuring has been made public. Zambia has reportedly requested US$8.4bn in debt write-offs. It remains unclear whether or not private creditors will be forced to abide by the same restructuring terms as those agreed to by official creditors. Official creditors are said to be in favour of debt rescheduling rather than write-downs, while private creditors are expected to prefer the opposite. Despite the prevailing ambiguity, we retain our assumption that a broad restructuring with both private and official creditors will be agreed before end-2023, with a large enough net present value reduction to ensure Zambia's exit from debt distress.

Zambia's debt crisis

In October 2021 Zambia's government revealed that the country owed US$27bn in public debt, with US$16.9bn of this being external debt and US$10.1bn owed to local lenders. Before the election of Hakainde Hichilema and the United Party for National Development in the August 2021 presidential and legislative elections, tensions between Eurobond holders and Chinese creditors (both bilateral and private) had blocked efforts to achieve a joint debt restructuring with Zambia. Zambia holds Eurobonds worth US$750m, which were defaulted on in 2020 (a rescheduled September 2022 repayment date was also missed), with another repayment of US$1bn due in 2024 and a third repayment of US$1.25bn due to be paid back in instalments in 2025, 2026 and 2027.

Zambia first requested an IMF extended credit facility (ECF) programme at end-2020, and the Fund announced that a staff-level agreement on a financing deal had been reached on December 3rd 2021. On July 30th 2022 Zambia's official creditor committee announced that it would agree to a debt-restructuring deal with the Zambian government under the G20 Common Framework.

Thereafter, the IMF announced that it would go ahead with the previously agreed US$1.3bn ECF, allowing for the immediate disbursement of US$185m. Further disbursements from the IMF will be subject to achieving progress on the ongoing debt-restructuring negotiations.

Despite the achievement of a financing deal with the IMF, final debt restructuring has yet to be arrived at, and specific terms for reducing the loans must now be agreed upon. Key terms in the negotiation process include changes in nominal debt service over the duration of IMF programme to 2025, the debt reduction in net present value terms and the extension of the duration of Zambia's debt.

Zambia is in the process of negotiating a restructuring deal with each official creditor, in line with the parameters set out in the earlier deal. Zambia is also negotiating with private-sector creditors, which are offered identical terms for debt restructuring as official creditors under the Common Framework agreement.

In January 2023 China stipulated that that multilateral concessional debt (such as World Bank loans) must be included in the debt restructuring, although multilateral debt is not normally subject to write-downs in debt-restructuring deals.

The exact nature of the official creditors' debt restructuring remains uncertain, and private creditors are yet to agree to restructuring negotiations. However, EIU expects both private and official creditors to agree to major debt re-profiling (likely to be achieved in the second quarter of 2023) in exchange for a repayment programme under the auspices of the IMF. We expect this to take the form of rescheduling rather than write-downs, with interest-rate reductions and maturity extensions.

Fiscal policy

Reducing the fiscal shortfall is a central tenet of the ECF arrangement with the IMF. Lower annual debt-servicing costs, due to reduced coupon repayments following a successful debt-restructuring deal, will reduce fiscal expenditure requirements in the near term. The introduction of strict austerity measures, notably the removal of fuel and agricultural input subsidies, will further reduce fiscal expenditure over the forecast period. Improving the efficiency of public spending will allow the authorities mitigate the impact of these measures on the poorest by prioritising spending on social safety nets.

Revenue will increase in 2023, largely owing to a broadening of the tax base and increased royalties from the mining sector. Revenue will then pick up further over the remainder of the forecast period as copper output increases (and prices remain strong), supporting mineral royalties. Additional support for revenue will be provided by administrative reforms targeting improved tax compliance and more efficient tax collection.

We expect Zambia's fiscal deficit to narrow throughout the forecast period, from 8.4% of GDP in 2023 to 5.5% of GDP in 2027. The deficit will be financed mainly by domestic and concessional external borrowing. The debt stock will decline, driven by limited new debt issuance, a gradual narrowing of the fiscal deficit and a pick-up in GDP growth, and as a consequence debt-service payments will decline from 7.4% of GDP in 2023 to 5% of GDP in 2027.

Monetary policy

In February the Bank of Zambia (BoZ, the central bank) raised its main policy rate by 25 basis points to 9.25%. We expect the BoZ to raise the rate to 10% by end-2023 as part of efforts to tame sustained inflationary pressures (with inflation expected to remain above the BoZ's target ceiling of 6-8%), although further currency depreciation and the end of some subsidies will continue to push up prices. We expect the policy rate to peak at 10.25% in 2024. Thereafter, as inflationary pressures subside, the BoZ will lower the rate to support economic activity, to 10% in 2025, and to 8.5% by end-2027.

International assumptions

	2022	2023	2024	2025	2026	2027
Economic growth (%)						
US GDP	2.1	0.3	1.5	2.1	2.2	2.0
OECD GDP	2.8	0.7	1.7	1.9	2.0	1.9
World GDP	3.1	1.9	2.6	2.7	2.7	2.7
World trade	4.4	1.7	3.4	3.7	3.6	3.8
Inflation indicators (% unless otherwise indicated)						
US CPI	8.0	3.5	1.8	1.9	2.0	2.1
OECD CPI	9.0	5.3	2.5	2.2	2.1	2.0
Manufactures (measured in US$)	0.4	3.1	6.3	3.8	3.3	2.5
Oil (Brent; US$/b)	99.8	86.8	83.7	79.7	75.7	71.2
Non-oil commodities (measured in US$)	14.6	-8.5	-2.4	-0.9	-1.3	-1.2
Financial variables						
US$ 3-month commercial paper rate (av; %)	2.1	5.0	4.8	3.7	2.8	2.6
US$:€ (av)	1.05	1.12	1.14	1.15	1.16	1.18
¥:US$	131.46	118.86	110.19	107.75	110.25	108.75

Economic growth

Real GDP growth will pick up to 2.8% in 2023, from an estimated 1.9% in 2022, driven by foreign investment in Zambia's copper and nickel sectors. Fiscal tightening, expected interest-rate increases and subdued consumer confidence will constrain the pace of the recovery, but a reining in of inflation from 2025 onwards will lift consumer confidence and support faster headline growth in tandem with the expansion in the mining and agricultural sectors. Real GDP growth will average 4% a year in 2024-27.

The mining sector will remain the linchpin of the economy, and should expand rapidly after a broad debt-restructuring deal is reached in 2023. Global demand for copper will remain high owing to growth in the green economy, notably the electric vehicle and renewable energy sectors, both of which rely heavily on copper, and will support high global prices. The government has reinstated the deductibility of mineral royalties for corporate income-tax assessment purposes and reduced the overall tax rate for copper mining firms. This will greatly benefit capital-intensive projects that have heavy financing costs. This was made evident in early May when Canada's First Quantum Minerals approved a US$1.25bn expansion of the Kansanshi copper and gold mine in north-western Zambia. This is the largest investment in the Zambian mining sector since 2012 and will expand the life of the mine to 2044. The government recently said that the state-owned Mopani Copper Mines was seeking an investor and would strike a deal with a partner by the end of the first quarter.

After a drop of about 25% in output of maize and other crops in the 2021/22 crop year (roughly October-September), the government has continued to offer fertiliser subsidies to farmers. Agricultural output growth will remain below par in 2023, but an expected easing in global fertiliser prices later in 2023 should improve the prospects for the crop to be sown in September, with an agricultural recovery setting in thereafter. In November Zambia removed visa requirements for arrivals from 43 countries (including the US, the UK and most of Europe), in order to boost the tourism sector. The latest annual data (for 2021) show a 10.5% increase in international tourist arrivals to about 555,000. As such, arrivals remain well below the peak of 1.2m in 2019, but are likely to recover to near peak levels by the end of the forecast period.

Economic growth

%	2022[a]	2023[b]	2024[b]	2025[b]	2026[b]	2027[b]
GDP	1.9	2.8	3.7	4.0	4.2	4.0
Private consumption	2.2	2.1	2.6	3.1	3.2	3.2
Government consumption	2.2	1.0	1.5	2.0	2.0	2.4
Gross fixed investment	2.8	2.1	3.0	3.2	3.2	3.3
Exports of goods & services	3.2	2.8	3.0	2.5	3.2	5.2
Imports of goods & services	3.0	2.0	1.5	2.0	2.5	2.8
Domestic demand	2.5	2.1	2.7	3.1	3.1	3.2
Agriculture	2.4	2.0	3.7	2.1	3.0	3.9
Industry	5.0	5.4	6.8	7.7	7.7	4.0
Services	-0.1	1.4	1.8	1.9	2.1	4.0

[a] EIU estimates. [b] EIU forecasts.

Inflation

Consumer price inflation tracked downwards from a high of more than 24% in mid-2021, but remained stubbornly elevated in 2022, averaging 11%, largely in line with depreciation of the kwacha. We expect inflation to remain high in 2023, at an average of 10.9% (with the marginal slowdown driven largely by high base effects). Persistent weakness in the kwacha against the US dollar will continue to feed into imported inflationary pressures in 2023, given a sizeable import bill (particularly for food and fuel). High demand for US dollars (to pay for crucial imports, and owing to foreign financial firms divesting from the market) is a notable drain on foreign-exchange supply, which is also contributing to currency depreciation. Delayed negotiations on debt restructuring have taken a toll on the kwacha, which has depreciated since late 2022. Risks are mounted to the downside, and include potential delays to a debt-restructuring deal and greater demand for US dollars; steeper depreciation of the kwacha could intensify inflationary pressures further. A mooted 37% increase in power tariffs in 2023 will also compound upward inflationary pressure in 2023.

In 2024 we expect inflation to moderate to an average of 9.8% as global commodity prices ease, the rate of depreciation slows, and the availability of foreign-exchange supply improves (given ongoing investment and rising export earnings). The pace of price increases will continue to moderate over the remainder of the forecast period as these trends continue, with average inflation slowing to 5.6% in 2027.

Exchange rates

The delayed debt-restructuring negotiations have taken a large toll on the kwacha, which depreciated sharply in the final months of 2022 and early in 2023. As a final deal that will settle the issue of debt restructuring and could see a bounce in the value of the kwacha is still some months away (and could be further delayed), we believe the currency will depreciate from an average of ZK17:US$1 in 2022 to ZK19.8:US$1 in 2023. A debt deal, the strong current-account surplus and high global copper prices will see the currency steady in 2024 and depreciate relatively slowly over the remainder of the forecast period to an average of ZK21.9:US$1 in 2027.

External sector

The current account will remain supported by commodity exports and strong global copper prices. The current-account surplus will widen from an estimated 6.5% of GDP in 2022 to 6.8% of GDP in 2023 and to 8.5% of GDP in 2027, as copper export revenue rises over the forecast period. This partly reflects the outlook for rising global demand for electric vehicles and renewable energy infrastructure and a slowing in import price growth in line with global trends.

After narrowing in 2023, the services deficit will trend upwards in 2024-27, owing to rising imports of technical services by copper firms (and services related to capital goods for infrastructure projects in 2024-27). The primary income balance will likewise remain in deficit over the forecast period, with the shortfall widening as repatriated mineral sector profits grow and as suspended interest payments are resumed after a resolution of the debt crisis in mid-2023. The secondary income balance will remain in surplus in 2023-27, reflecting remittances from Zambians working abroad. External debt will rise only gently, in line with Zambia's financing deal with the IMF, allowing debt-service payments as a proportion of GDP to decline.

Forecast summary

Forecast summary
(% unless otherwise indicated)

	2022[a]	2023[b]	2024[b]	2025[b]	2026[b]	2027[b]
Real GDP growth	1.9	2.8	3.7	4.0	4.2	4.0
Gross industrial growth	5.0	5.4	6.8	7.7	7.7	4.0
Gross agricultural production growth	2.4	2.0	3.7	2.1	3.0	3.9
Consumer price inflation (av)	11.0	10.9	9.8	8.9	6.2	5.6
Consumer price inflation (end-period)	9.9	9.6	9.0	7.3	5.2	5.0
Lending rate (av; %)	9.0	10.0	9.5	9.0	8.5	8.5
Government balance (% of GDP)	-9.1	-8.4	-7.5	-6.9	-6.2	-5.5
Exports of goods fob (US$ m)	11,504	11,971	13,352	14,348	15,673	17,184
Imports of goods fob (US$ m)	-8,136	-8,714	-9,198	-9,851	-10,501	-11,227
Current-account balance (US$ m)	1,719	1,738	2,303	2,296	2,598	3,099
Current-account balance (% of GDP)	6.5	6.8	8.2	7.5	7.8	8.5
External debt (year-end; US$ bn)	33.3	34.1	34.3	35.2	35.8	36.2
Exchange rate ZK:US$ (av)	16.96[c]	19.83	20.81	21.41	21.67	21.93
Exchange rate ZK:¥100 (av)	12.90[c]	16.69	18.88	19.87	19.65	20.16
Exchange rate ZK:€ (av)	17.87[c]	22.12	23.72	24.51	25.19	25.88
Exchange rate ZK:SDR (av)	22.70[c]	27.10	28.91	29.95	30.54	31.17

[a] EIU estimates. [b] EIU forecasts. [c] Actual.

Data and charts

Annual data and forecast

	2018[a]	2019[a]	2020[a]	2021[a]	2022[b]	2023[c]	2024[c]
GDP							
Nominal GDP (US$ bn)	26	23	18	22	27	26	28
Nominal GDP (ZK bn)	275	301	332	443	452	508	586
Real GDP growth (%)	4.0	1.4	-3.0	4.4	1.9	2.8	3.7
Expenditure on GDP (% real change)							
Private consumption	3.1[b]	3.1[b]	-5.0[b]	2.0[b]	2.2	2.1	2.6
Government consumption	2.2[b]	2.2[b]	1.0[b]	1.0[b]	2.2	1.0	1.5
Gross fixed investment	5.0[b]	3.8[b]	-6.3[b]	-3.9[b]	2.8	2.1	3.0
Exports of goods & services	6.4[b]	6.0[b]	-5.2[b]	2.0[b]	3.2	2.8	3.0
Imports of goods & services	4.9[b]	4.9[b]	-4.1[b]	-3.0[b]	3.0	2.0	1.5
Origin of GDP (% real change)							
Agriculture	-21.2	7.7	17.2	6.5	2.4	2.0	3.7
Industry	4.6	-3.3	1.3	3.0	5.0	5.4	6.8
Services	7.3	3.5	-6.1	4.6	-0.1	1.4	1.8
Population and income							
Population (m)	17.4	17.9	18.4	18.9	19.4[a]	20.0	20.5
GDP per head (US$ at PPP)	3,606	3,618	3,458	3,662	3,869	4,013	4,119
Fiscal indicators (% of GDP)							
Public-sector revenue	19.4	20.4	20.3	22.3	21.0	21.1	21.4
Public-sector expenditure	27.7	29.8	34.1	30.4	30.2	29.5	28.9
Public-sector balance	-8.3	-9.4	-13.8	-8.1	-9.1	-8.4	-7.5
Net public debt	80.5	99.7	140.2	114.6	121.8	124.3	119.6
Prices and financial indicators							
Exchange rate ZK:US$ (end-period)	11.92	14.11	21.17	16.67	18.08[a]	20.27	21.27
Exchange rate ZK:€ (end-period)	13.65	15.85	25.98	18.88	19.28[a]	22.70	24.57
Consumer prices (end-period; %)	7.9	11.7	19.2	16.4	9.9	9.6	9.0
Stock of money M1 (% change)	14.0	4.8	46.5	19.3	28.0[a]	4.2	5.6
Stock of money M2 (% change)	15.4	12.2	47.2	6.7	21.0[a]	5.5	13.9
Lending rate (av; %)	9.8	10.3	9.5	8.5	9.0	10.0	9.5
Deposit rate (av; %)	6.8	8.3	8.7	7.5	5.8	7.5	8.0
Current account (US$ m)							
Trade balance	514	744	3,216	4,816	3,368	3,257	4,153
Goods: exports fob	9,029	7,246	8,003	11,202	11,504	11,971	13,352
Goods: imports fob	-8,516	-6,502	-4,787	-6,386	-8,136	-8,714	-9,198
Services balance	-724	-522	-1,706	-801	-743	-397	-433
Primary income balance	-408	-404	-769	-1,803	-1,234	-1,457	-1,762
Secondary income balance	276	322	221	319	328	336	345
Current-account balance	-342	140	961	2,532	1,719	1,738	2,303
External debt (US$ m)							
Debt stock	26,711	30,596	31,643	32,574	33,311	34,100	34,340
Debt service paid	1,287	2,606	1,570	1,473	2,936	2,011	2,471
Debt service due	1,879	2,752	2,086	2,206	4,384	2,289	2,712
International reserves (US$ m)							
Total international reserves	1,569	1,449	1,203	2,754	2,944	3,201	3,477

[a] Actual. [b] EIU estimates. [c] EIU forecasts.
Source: IMF, International Financial Statistics.

Quarterly data

	2021 1 Qtr	2 Qtr	3 Qtr	4 Qtr	2022 1 Qtr	2 Qtr	3 Qtr	4 Qtr
Prices								
Consumer prices (2009=100)	307	325	331	334	350	359	364	367
Consumer prices (% change, year on year)	22.2	23.5	23.7	18.9	14.1	10.5	9.9	9.8
Copper, LME (US$/tonne)	8,477	9,706	9,382	9,703	9,985	9,521	7,758	8,025
Financial indicators								
Exchange rate ZK:US$ (av)	21.62	22.37	19.03	17.05	17.79	17.16	16.12	16.77
Exchange rate ZK:US$ (end-period)	22.09	22.64	16.80	16.67	18.09	16.83	15.75	18.08
Deposit rate (av; %)	7.54	8.18	n/a	n/a	n/a	n/a	n/a	n/a
Central bank policy rate (end-period; %)	8.33	8.50	n/a	n/a	n/a	n/a	n/a	n/a
Treasury-bill rate (av; %)	18.95	18.86	n/a	n/a	n/a	n/a	n/a	n/a
M1 (end-period; ZK m)	36,817	37,652	40,009	38,391	42,073	43,732	46,496	49,297
M1 (% change, year on year)	58.3	44.5	35.6	20.0	14.3	16.1	16.2	28.4
M2 (end-period; ZK m)	101,218	111,941	98,520	100,487	105,708	107,500	114,491	121,889
M2 (% change, year on year)	39.1	49.6	14.1	7.2	4.4	-4.0	16.2	21.3
Foreign trade (US$ m)								
Exports fob	2,460.3	2,749.5	2,829.8	3,101.5	6,408.6	7,421.7	2,813.4	n/a
Imports cif	-1,288.7	-1,721.2	-2,140.5	-1,944.8	-2,057.8	-2,890.2	-2,452.2	n/a
Trade balance	1,171.7	1,028.3	689.3	1,156.7	4,350.8	4,531.5	361.3	n/a
Foreign reserves (US$ m)								
Reserves excl gold (end-period)	1,201	1,427	2,897	2,754	2,841	2,959	n/a	n/a

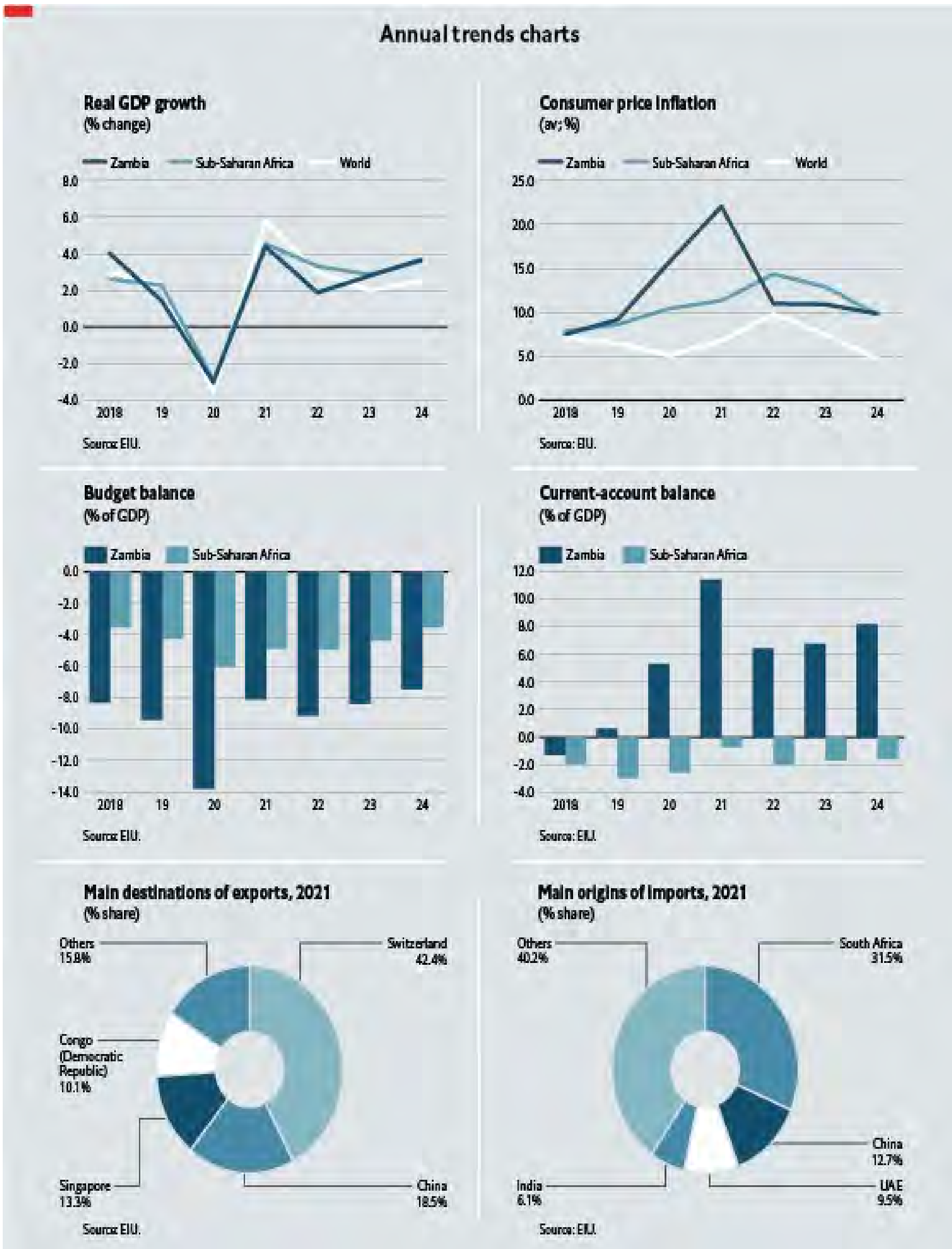
Sources: Bank of Zambia, Statistics Fortnightly; IMF, International Financial Statistics; Direction of Trade Statistics; Haver Analytics.

Monthly data

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Exchange rate ZK:US$ (av)												
2020	14.41	14.69	16.50	18.59	18.23	18.19	18.15	19.51	19.81	20.20	20.83	20.99
2021	21.30	21.58	21.98	22.21	22.33	22.58	22.66	18.07	16.37	17.04	17.32	16.78
2022	17.26	18.10	18.01	17.39	17.09	17.01	16.42	16.08	15.86	16.18	16.55	17.58
Deposit rate (end-period; %)												
2020	9.0	9.0	9.3	9.0	9.0	9.0	8.8	8.5	8.5	8.3	8.2	8.1
2021	7.9	7.9	6.8	8.2	8.2	8.1	n/a	n/a	n/a	n/a	n/a	n/a
2022	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Central bank policy rate (end-period; %)												
2020	11.5	11.5	11.5	11.5	9.3	9.3	9.3	8.0	8.0	8.0	8.0	8.0
2021	8.0	8.5	8.5	8.5	8.5	8.5	n/a	n/a	n/a	n/a	n/a	n/a
2022	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
M1 (% change, year on year)												
2020	11.1	9.6	12.6	17.5	17.9	23.2	23.6	34.3	40.6	52.3	56.1	52.6
2021	61.0	61.9	64.7	69.7	61.4	55.3	61.5	63.3	48.7	34.8	33.4	22.0
2022	32.5	32.5	25.6	24.7	20.1	14.4	13.8	16.2	16.3	5.4	17.8	28.4
M2 (% change, year on year)												
2020	17.4	19.0	27.4	27.8	32.3	31.6	38.8	44.8	48.6	52.3	54.0	58.3
2021	57.5	53.8	56.6	56.8	44.8	54.5	41.8	35.6	22.6	21.1	19.4	10.7
2022	14.5	10.9	9.7	8.4	4.3	2.6	6.1	0.6	9.4	13.3	18.8	19.5
Stockmarket index												
2020	4,252	4,250	4,233	4,146	4,024	3,938	3,838	3,842	3,824	3,807	3,804	3,937
2021	3,912	3,984	4,021	4,089	4,155	4,425	4,638	4,647	4,896	4,833	5,433	n/a
2022	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Consumer prices (av; % change, year on year)												
2020	12.5	13.9	14.0	15.7	16.6	15.9	15.8	15.5	15.7	16.0	17.4	19.2
2021	21.5	22.2	22.8	22.7	23.2	24.6	24.6	24.4	22.1	21.1	19.3	16.4
2022	15.1	14.2	13.1	11.5	10.2	9.7	9.9	9.8	9.9	9.7	9.8	9.9
Total exports fob (US$ m)												
2020	560.4	542.2	517.0	481.1	589.3	522.8	678.0	744.6	841.2	761.0	789.1	789.7
2021	820.6	796.1	843.6	978.3	907.6	863.6	868.2	970.7	991.0	952.6	1092.3	1056.6
2022	965.4	2610.6	2832.6	1295.3	1600.3	4526.0	1000.4	912.8	900.3	1012.3	n/a	n/a
Total imports cif (US$ m)												
2020	418.7	542.5	495.4	349.0	367.5	426.2	426.0	461.4	467.7	439.1	445.1	479.7
2021	385.5	395.7	507.4	521.5	587.2	612.5	689.1	754.0	697.4	625.5	670.4	648.9
2022	587.7	746.7	723.3	650.2	1160.3	1079.7	693.5	778.4	980.2	732.3	n/a	n/a
Trade balance fob-cif (US$ m)												
2020	141.7	-0.2	21.6	132.1	221.8	96.6	252.1	283.2	373.4	321.9	344.0	310.0
2021	435.1	400.4	336.1	456.9	320.4	251.1	179.1	216.6	293.6	327.2	421.8	407.7
2022	377.7	1863.9	2109.3	645.1	440.0	3446.4	306.9	134.4	-80.0	279.9	n/a	n/a
Foreign-exchange reserves excl gold (US$ m)												
2020	1,304	1,362	1,393	1,334	1,369	1,427	1,381	1,336	1,321	1,308	1,266	1,203
2021	1,196	1,177	1,201	1,208	1,386	1,427	1,580	2,985	2,897	2,626	2,675	2,754
2022	2,863	2,797	2,841	2,802	2,789	2,959	2,978	2,974	n/a	n/a	n/a	n/a

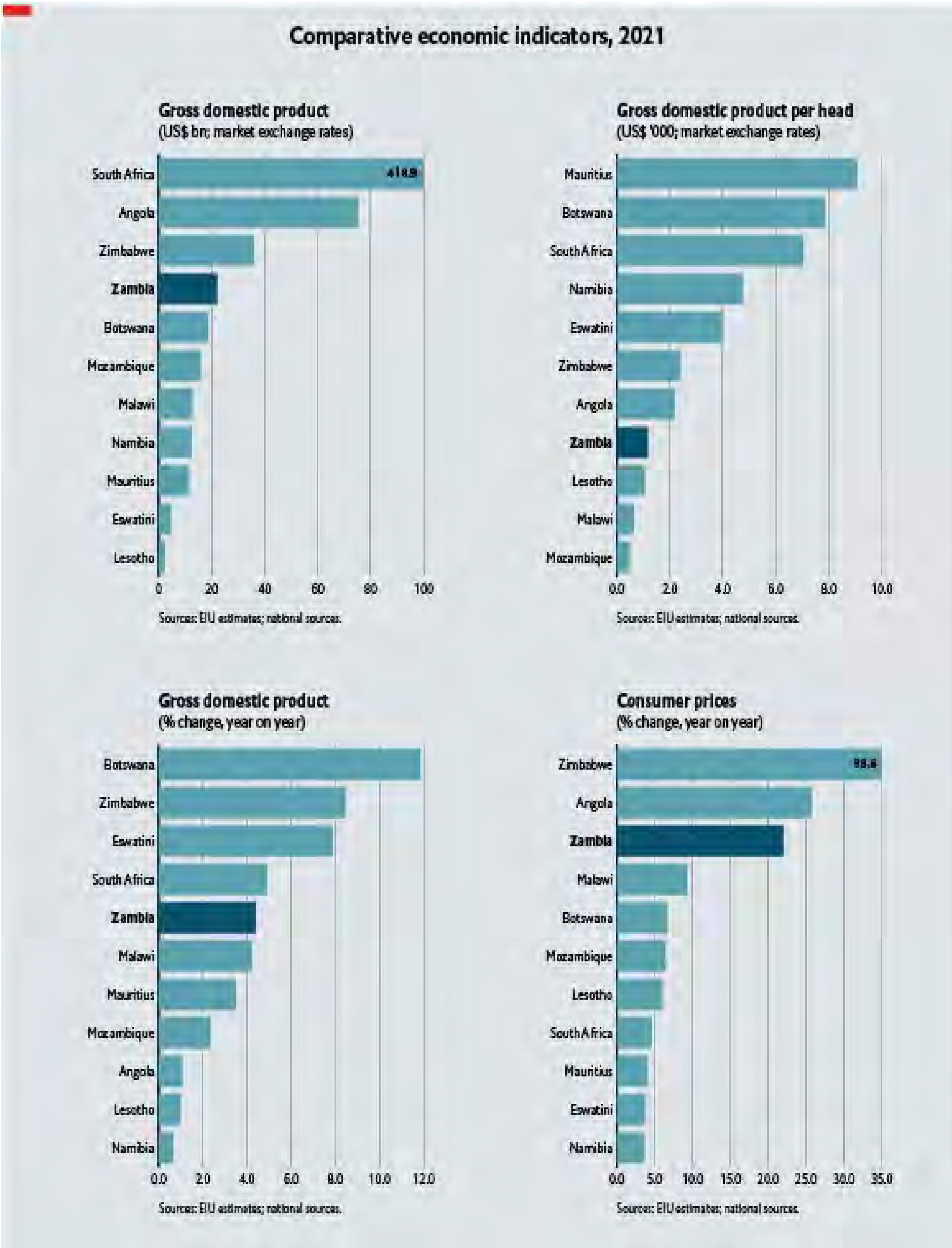
Sources: IMF, International Financial Statistics; Haver Analytics.

Annual trends charts



Monthly trends charts

Comparative economic indicators



Basic data

Land area

752,612 sq km

Population

18.9m (World Bank estimate, 2021)

Main towns

Population in '000 (World Gazetteer estimates, 2020)

Lusaka (capital): 3,731

Kitwe: 838

Ndola: 612

Kasama: 520

Kapiri Mposhi: 306

Climate

Tropical, cool on high plateaux

Weather in Lusaka (altitude 1,277 metres)

Hottest month, October, 18-31°C; coldest month, July, 9-23°C (average daily minimum and maximum); driest month, August, 0 mm average rainfall; wettest month, December, 231 mm average rainfall

Languages

English (official), Nyanja, Bemba, Tonga, Lozi and other local languages

Measures

Metric system

Currency

Kwacha (ZK)=100 ngwee; ZK16.96:US$1 in 2022 (annual average)

Time

2 hours ahead of GMT

Public holidays

New Year's Day (January 1st-2nd); Women's Day (March 8th); Youth Day (March 12th-13th); Good Friday (April 7th); Easter Monday (April 10th); Kenneth Kaunda Day (April 28th); Labour Day (May 1st); Africa Day (May 25th); Heroes' Day (July 3rd); Unity Day (July 4th); Farmers' Day (August 7th); Prayer Day (October 18th); Independence Day (October 24th); Christmas Day (December 25th)

Political structure

Official name

Republic of Zambia

Form of state

Unitary republic

Legal system

Based on the 1996 constitution (last amended in 2015)

National legislature

National Assembly; 156 members elected by universal suffrage, serving a five-year term; the president can appoint eight further members, while the vice-president, the speaker and the deputy speaker also receive seats

National elections

The most recent presidential and legislative elections were held on August 12th 2021; the next national elections are scheduled for 2026

Head of state

President, elected by universal suffrage for a term of five years

National government

The president and his appointed cabinet

Main political parties

The United Party for National Development is currently the ruling party; the main opposition party is the Patriotic Front; there are also 13 independent members of parliament (MPs) in the current assembly and a single MP from the Party of National Unity and Progress

Key ministers

President: Hakainde Hichilema

Vice-president: Mutale Nalumango

Agriculture: Mtolo Phiri

Commerce & trade: Chipoka Mulenga

Community development & social services: Doreen Mwamba

Defence: Ambrose Lufuma

Education: Douglas Siakalima

Energy: Peter Kapala

Finance & national planning: Situmbeko Musokotwane

Foreign affairs: Stanley Kakubo

Green economy & environment: Collins Nzovu

Health: Sylvia Masebo

Home affairs & internal security: Jack Mwiimbu

Information & media: Chushi Kasanda

Infrastructure, housing & urban development: Charles Milupi

Justice: Mulambo Haimbe

Labour & social security: Brenda Tambatamba

Lands & natural resources: Elijah Muchima

Livestock & fisheries: Makozo Chikote

Local government & rural development: Gary Nkombo

Mines & mineral development: Paul Chanda Kabuswe

Small & medium enterprises: Elias Mubanga

Technology & science: Felix Mutati

Tourism & arts: Rodney Sikumba

Transport & logistics: Frank Tayali

Water development & sanitation: Mike Mposha

Youth, sport & arts: Elvis Nkandu

Central bank governor

Denny Kalyalya

Recent analysis

Generated on June 8th 2023

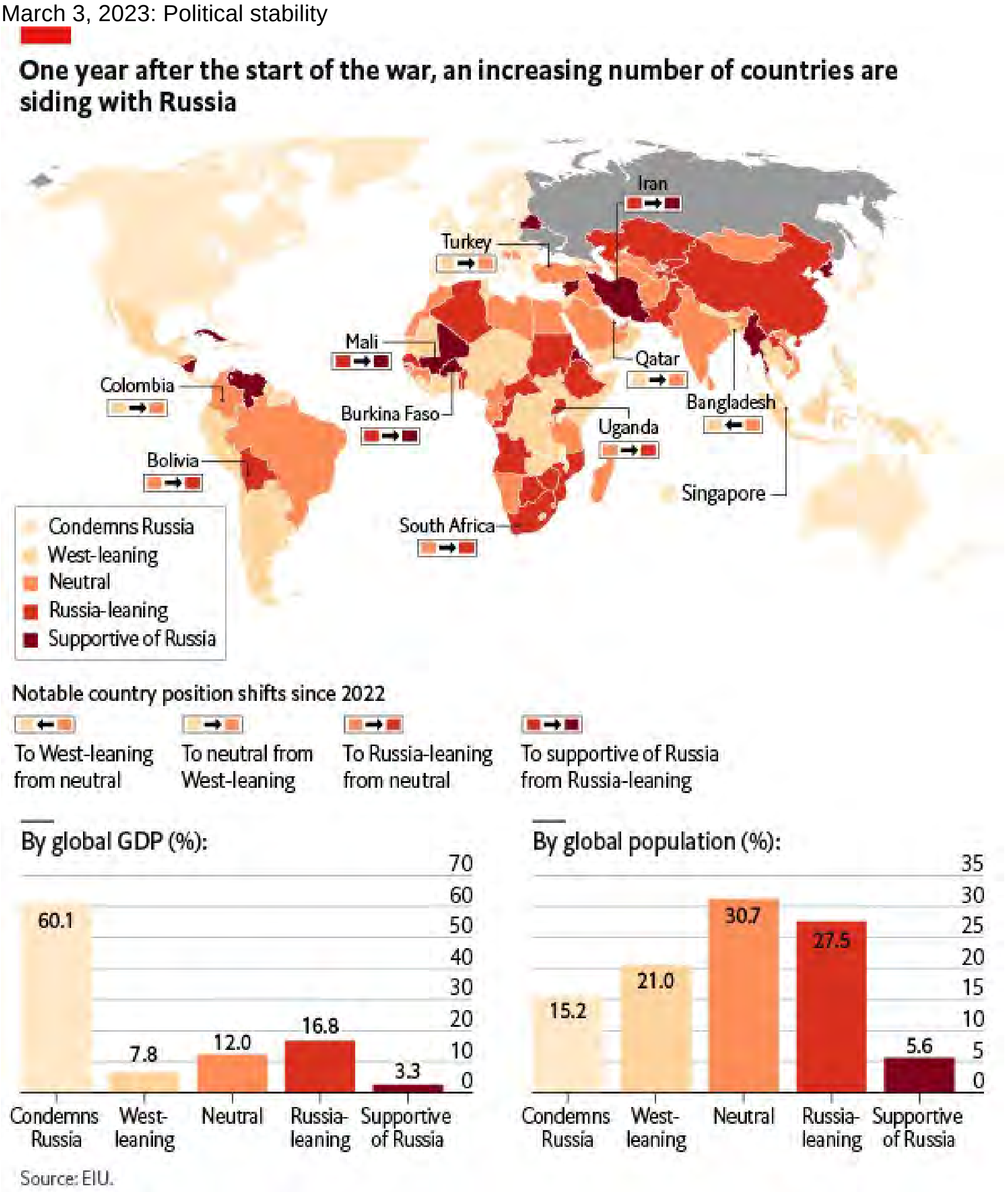
The following articles were published on our website in the period between our previous forecast and this one, and serve here as a review of the developments that shaped our outlook.

Risk

Analysis

Global support for Russia is growing

March 3, 2023: Political stability



- Since its invasion of Ukraine, Russia has ruptured its relations with Western countries, and the conflict has accelerated the transition to a fragmented, multipolar world.
- We have revised a map that we published last year to assess the level of support for Russia around the world. The map highlights which countries support Russia, which side with Western states and which fall in between. It also assesses which side (West-leaning or Russia-

backing) each country would pick if it had to.

- We have assessed countries based on several criteria, including the imposition and enforcement of sanctions, UN voting patterns, recent domestic political trends, official statements, and economic, political, military and historical ties.
- Over the past year **the number of countries actively condemning Russia has fallen from 131 to 122,** as some emerging economies have shifted to a neutral position. This bloc, which represents about 36% of the global population (unchanged from last year) and is led by the US and the EU, has exhibited a strong level of collaboration on sanctions, and has provided solid military and economic support to Ukraine.
- **The number of neutral countries has risen from 32 to 35** (representing more than 30% of the global population). Some previously West-aligned countries, including Colombia, Turkey and Qatar, have moved into this category as their governments have sought to reap economic benefits from engaging with both sides.
- **There has been a large shift in stance among countries that lean towards Russia, whose number has increased from 29 to 35.** China remains the largest country in this category, which represents about one-third of the global population, but other developing countries (notably South Africa, Mali and Burkina Faso) have also moved into this grouping. **These changes highlight Russia's growing influence in Africa.**
- **Russia (and China) is courting non-aligned, neutral countries** in a bid to sow doubt about the impacts of sanctions on Russia and to leverage resentment against former colonial powers. We believe that **both countries will step up such efforts in the coming years, posing growing challenges for Western countries.**

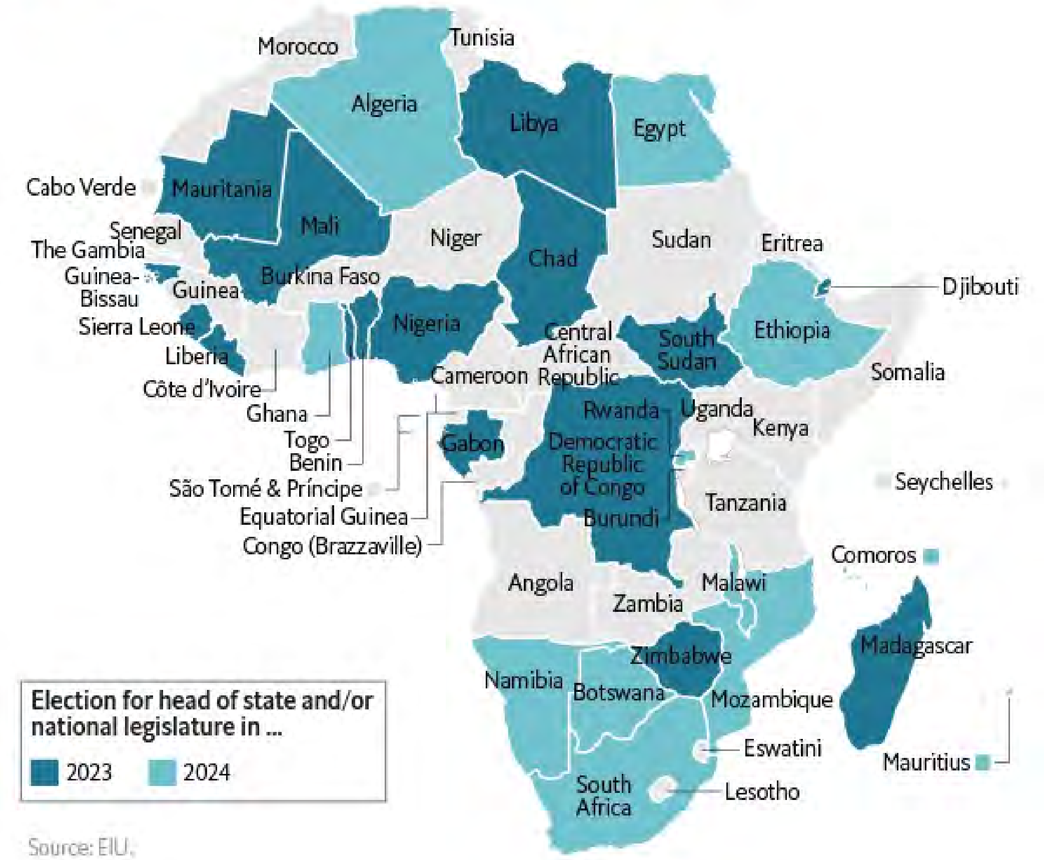
Politics

Forecast updates

Africa chart of the week: 2023-24 election cycle approaches

January 3, 2023: Election watch

African election cycle



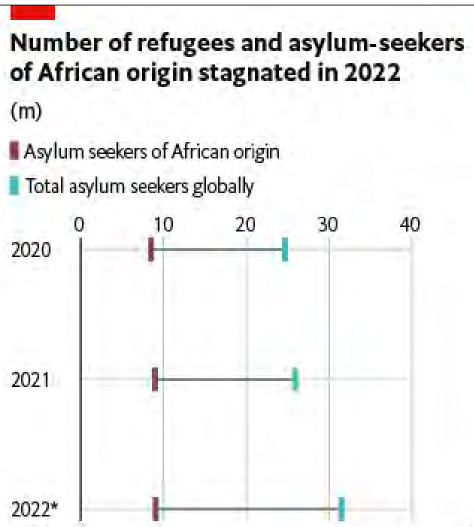
Source: EIU.

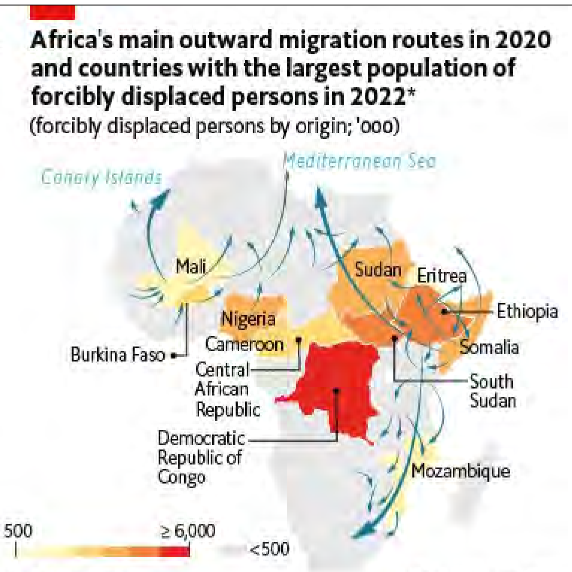
- Elections for heads of state (president or prime minister) or national legislatures are on track to be held in 17 African states during 2023, with preparations ramping up for national elections in a further 13 states in 2024. Election periods can be very unstable on the African continent, and the 2023-24 cycle will be no different, with a high risk of political protests, mass demonstrations and strikes in a range of countries. Social unrest could easily be stoked by disinformation campaigns and disgruntled losers, or by public discontent with political institutions, ruling elites and poor public services. Worsening socioeconomic conditions in some countries, driven by subdued wage growth, the rising cost of living and food security concerns could prove problematic for both incumbent and new administrations.
- Nigeria's next general election, which is set to be the country's most credible yet, is scheduled to take place in February. The president, Muhammadu Buhari, will step aside, having reached the constitutional limit of two terms in office. Under his presidency security has deteriorated sharply across the country, and the problem has reached a scale that could take several generations to address. Ethno-linguistic and religious divides are compounded by mass poverty, and the government lacks the resources (and often the will) to make federal Nigeria function as a whole. We expect a tight contest, but believe that Bola Tinubu—the candidate of the ruling party, the All Progressives Congress—has the upper hand at this stage; his strategy rests on tapping support in the vote-rich north.
- Upcoming elections in Algeria, Egypt, Ethiopia, the Democratic Republic of Congo, Libya, Madagascar, South Africa and Zimbabwe could prove to be flashpoints for disruptive civil unrest in 2023-24.

Analysis

Africa chart of the week: intra-African migration dominates

December 13, 2022: International relations





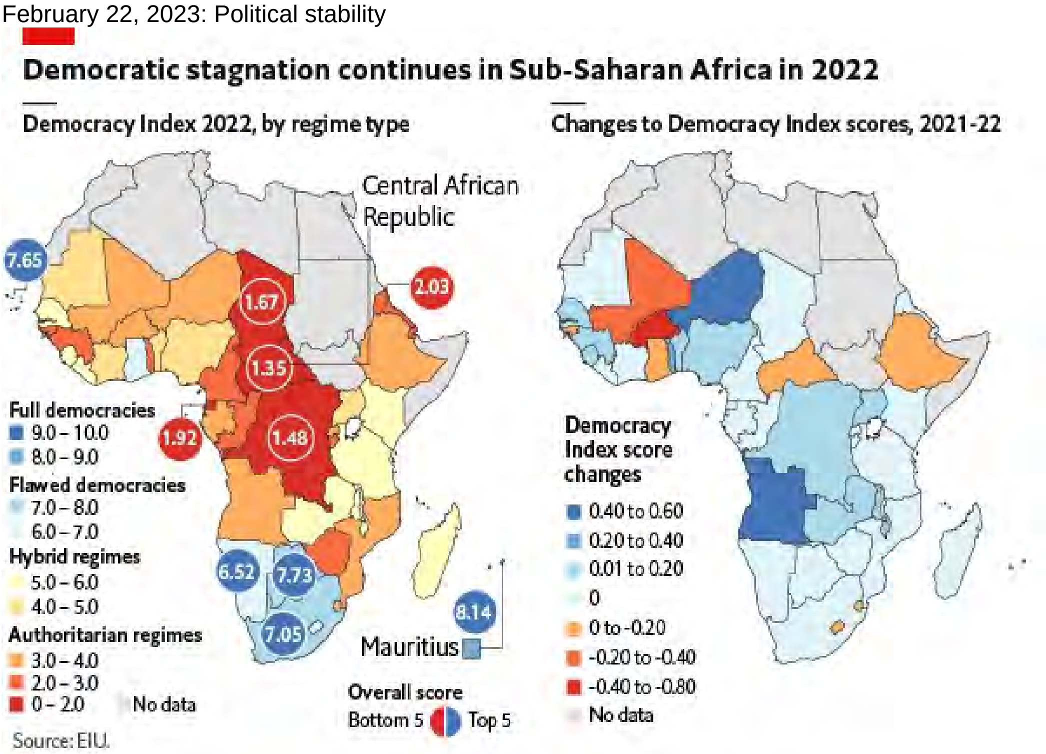
Sources: Africa Centre for Strategic Studies; UN High Commissioner for Refugees; EIU. *Data up to June 2022

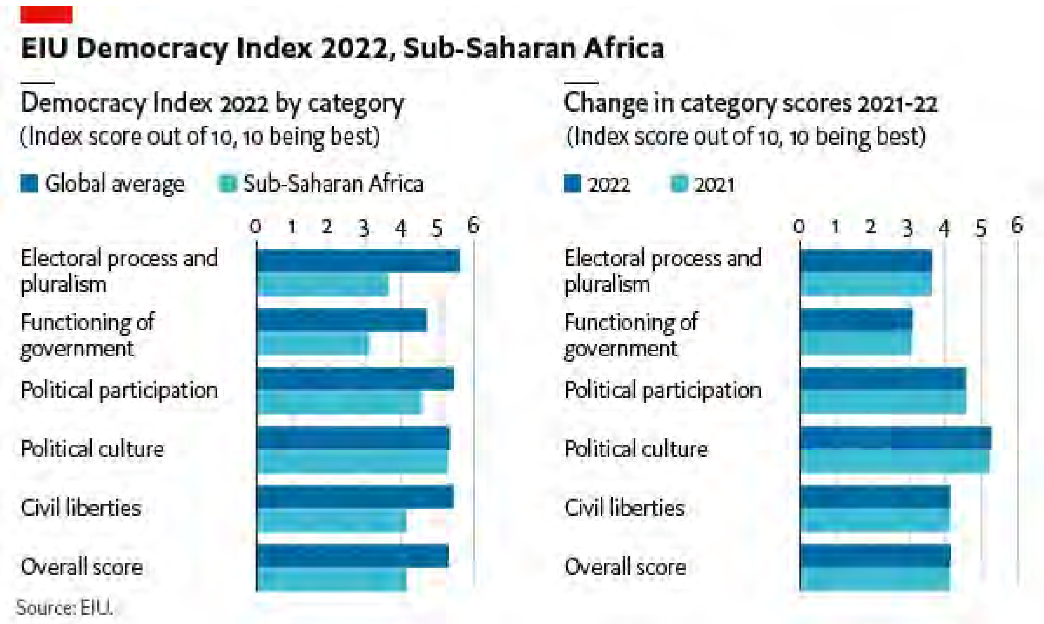
- As conflict, human rights violations and climate disasters continue to drive global displacement of people, the global population of forcibly displaced persons grew by 15.3% in the six months to June 2022, to just under 103m, according to the UN High Commissioner for Refugees (UNHCR). During the same period **the uptick in the number of displaced persons in Africa was muted, at just 4.3%, with the continent's share in total forced displacement falling from 38.5% at end-2021 to 34.9% in mid-2022.** Forced displacement takes into account internally displaced persons (IDPs), alongside refugees and asylum-seekers, and the growth of the population in each of these categories is not uniform across subregions.
- **IDPs make up about 75% of Africa's total displaced population, and, in keeping with a multi-year trend, these are generally conflict- or climate-driven.** Internal displacement has been declining in North Africa, aided by large numbers of returnees within Libya following the end of the second civil war there (even as a political deadlock continues). However, **intensifying internal displacement amid domestic conflict in other countries, such as the Democratic Republic of Congo (DRC), Ethiopia and Sudan, has more than offset the decline in North Africa.** Countries continue to be affected by conflict or natural disasters, or both, driving a cumulative rise in IDPs; a severe ongoing drought in the Horn of Africa has also contributed to an uptick in IDPs, with a further rise in numbers likely by end-2022. IDPs are largely a regional and domestic humanitarian issue for affected countries, however. In contrast, outward migration of refugees and asylum seekers from the continent has become an international policy issue over the years.
- **Refugees and asylum seekers from Africa are not all leaving the continent; the majority (about 58% in 2020-21) relocate within Africa,** as is demonstrated by a large presence of refugee populations in some host countries in East Africa. The East Africa region hosted a total of more than 2.9m refugees at end-2021, with Uganda alone accounting for 83% of the total; Uganda is among the top five refugee-hosting countries in the world. Nonetheless, in absolute terms a substantial number of refugees and asylum seekers depart outward, particularly to Europe (which receives about 25% of the total, according to the UN), where they may arrive by irregular means, such as via sea routes to the Canary islands or across the the Mediterranean Sea. **Cumulative nominal increases in the refugee population in 2022 have trended below the global average, but some European countries have recorded a surge in irregular arrivals at their borders;** the number of irregular border crossings into the EU in January-October 2022 was up by 77% year on year.
- African migration to Europe is not a new phenomenon and **arrivals up to the third quarter of 2022 have remained far below the figures that were recorded during the 2015/16 border crisis,** but the issue remains a highly charged and political one in many destination countries. **Perennial disagreements among EU member states continue to stall EU-wide negotiations for a broad and uniform policy to manage irregular migratory flows and asylum requests, with the policy gap having been filled by controversial arrangements with transit countries since 2016.** Under one such agreement Libyan coastguards intercept migrant boats on the Mediterranean Sea and return them to Libyan territory; under a new agreement signed in mid-

2022 the UK plans to deport irregular arrivals to Rwanda, outsourcing refugee management—a plan that is currently stalled in UK's courts. North African countries, meanwhile, will continue using this migration policy gap to extract diplomatic or political concessions. **Overall, the flow of refugees and irregular migration will continue to rise, especially as long-standing conflicts continue and as growing climate disaster risks raise socioeconomic stresses. The issue will in turn continue to shape Europe-Africa relations over the medium term.**

Chart of the week: democracy stagnates in Sub-Saharan Africa

February 22, 2023: Political stability





- **In the EIU's 2022 Democracy Index, the score for Sub-Saharan Africa (SSA) has improved only marginally, by 0.02 points to 4.14 (from 4.12 in 2021), and the overall theme remains one of democratic stagnation,** with scores having stagnated for 50% of the 44 included countries in the region. There were no changes in regime classifications, with most countries (23) still classified as "authoritarian regimes". The Central African Republic is the lowest scoring country in SSA, with Mauritius scoring the highest (and remaining the only country classed as a "full democracy" in the region). **SSA remains the second-lowest ranked region in the world (after the Middle East and North Africa), with an average score well below the global average of 5.29.**

- The small increase in the average regional score in 2022 was largely driven by an improvement in the *political culture* category, which rose by 0.06 points from 2021, to an average of 5.27. Despite suppression of civil liberties and media freedoms across a number of countries, citizens' movements calling for deeper democratisation and accountability remained a core part of SSA's politics. Reflecting this, ***political participation*** **and** ***political culture*** **remained the best-performing categories for the region in 2022, at 4.56 and 5.27 respectively, compared with global averages of 5.44 and 5.32.**
- **Social movements remained resilient in the face of sustained coercion throughout 2022, and we expect this to continue in the near term.** The trend in African governance has generally been towards more accountability and openness, but respect for democratic principles is frequently lacking. Worsening socioeconomic conditions in some countries, driven by subdued wage growth, the rising cost of living and food security concerns, will continue to fuel public dissatisfaction and anti-government sentiment in the coming months. Upcoming elections in some notable countries, such as Nigeria, are likely to be flashpoints for disruptive civil unrest in 2023.
- **Winners: A noteworthy trend in 2022 was that of electoral institutions holding up amid heightened political volatility in the region.** Electoral institutions in Angola, Kenya and Senegal proved resilient in 2022 as they were tested against a backdrop of heightened public discontent and an anti-incumbent backlash. There was a improvement in the scores for Angola (of +0.59) and Senegal (of +0.18) following the holding of free elections in 2022. A substantial decline in the vote share of incumbent governments in Angola and Senegal highlighted citizens' desire for greater political accountability in the face of rising socioeconomic challenges and lack of representation.
- **Losers:** The region's biggest loser was Burkina Faso, which suffered the biggest score decline (of -0.76) of any country on the African continent and the second-biggest decline in score globally (after Russia), following two military coups. An entrenchment of military rule in neighbouring Mali also led to a further deterioration of its score in 2022 (by -0.25). **These examples of democratic backsliding are in part being driven by a failure of existing institutions to tackle security crises, a trend that we expect to continue over the medium term.**
- Failed coup attempts also took place in Guinea Bissau, São Tomé and Principe and The Gambia, reflecting heightened political volatility in the region. In Chad, the Transitional Military Council delayed the organising of new elections until 2024. The two-year civil war between the Ethiopian central government and the Tigray People's Liberation Front (TPLF) has been the world's deadliest conflict in recent years and has led to an erosion of civil liberties and media freedoms despite a fragile peace agreement that was struck in November 2022.
- We expect the *functioning of government* category to remain the biggest drag on SSA's overall score. In the overlapping Sahel and West Africa subregions (including in Mali and Guinea-Bissau), state control—whether democratic or military-led—over domestic territories will remain limited to the main urban centres.

Economy

Forecast updates

Zambian power outages not set to affect mining operations

December 8, 2022: Economic growth

What's happened?

In early December Zambia's state-owned electricity producer, ZESCO, announced that it would begin implementing power rationing from mid-December, owing to low water levels and reduced productive capacity at the Lake Kariba hydroelectricity power station. Power rationing will continue for the first quarter of 2023, affecting mostly residential and commercial energy users.

Why does it matter?

Zambia's total generative capacity is 3,000 MW, compared with peak demand of 2,200 MW. At full capacity Zambia produces a surplus and exports electricity to neighbouring countries. Electricity production is dominated by hydropower, making up 81% of total output. As a result, sufficient dam levels are crucial to Zambia's electricity output and domestic energy supply is vulnerable to rainfall levels.

Lower power output will not meaningfully affect domestic mining operations. The low water levels in Lake Kariba will force the power station to produce a maximum of 800 MW, down from its usual generative capacity of 1,080 MW. The total lost capacity is therefore about 9% of Zambia's total. Power rationing will mostly affect residential and small-scale commercial users in the near term; we expect economically important sectors to be protected from power outages, to support growth and prevent disruptions to the government's debt-restructuring process. Strong copper sector performance is an important element of Zambia's restructuring deal with its various creditors. As Zambia's main source of both fiscal and export revenue, the copper sector will greatly support the government's ability to resolve its debt crisis.

Residential and commercial power rationing comes at an inopportune time for the government. **Following the recent imposition of IMF-aligned fiscal austerity measures, notably the removal of a fuel subsidy, frequent blackouts will stoke frustrations and compound the current government's political challenges and declining popularity.** A nationwide electricity shortage will further limit the the ability of the president, Hakainde Hichilema, to implement his policy agenda. We expect political stability to deteriorate in 2023-24 as additional austerity measures are introduced and prices remain high.

What's next?

Power rationing is expected to continue for several months from mid-December onwards. **Our core forecast remains that copper output will not be seriously affected. As the economic fallout from the disruptions to power supply will be marginal, and insufficient to deter creditors or investors, it will not negatively affect Zambia's debt-restructuring process.** We expect official creditors to seek a restructuring deal that includes debt rescheduling rather than write-downs. In line with the principal of comparable treatment under the G20 Common Framework, private creditors are expected to have limited options other than to agree to the terms laid out by official creditors. However, the diversity of the creditor base will complicate co-ordination and delay Zambia's exit from default.

New solar power deal will increase Zambia's energy security

January 31, 2023: Economic growth

What's happened?

On July 17th the Zambian government agreed to a US$2bn solar power development project with the UAE. The project will be a joint venture between Masdar, the UAE's state-owned renewable energy company, and Zesco, Zambia's state-owned power utility. The implementation of the project will begin immediately, and the first phase will include solar power infrastructure capable of producing 500 MW of electricity, and productive capacity of 2,000 MW will be the ultimate objective.

Why does it matter?

The solar power deal will greatly alleviate Zambia's current reliance on hydroelectricity, which makes up 81% of the country's total generative capacity but is vulnerable to erratic rainfall patters. This vulnerability was starkly demonstrated at the end of 2022, when the water level at the Kariba dam dropped below that required for electricity production at full capacity. As a result, insufficient energy was produced, and the government was forced to implement electricity rationing in the form of rolling blackouts, which were limited mainly to residential and commercial users. Mines, which have a significant demand for power, have mostly been excluded from power-rationing, owing to their central role in the Zambian economy. As a result, copper output has not suffered significant declines as a result of shortages of electricity.

Residential and commercial power-rationing comes at an inopportune time for the government. Following the recent imposition of IMF-aligned fiscal austerity measures, notably the removal of a fuel subsidy, frequent blackouts will stoke frustrations and compound the government's political challenges and declining popularity. A nationwide electricity shortage will further limit the ability of the president, Hakainde Hichilema, to implement his policy agenda. We expect political stability to deteriorate during the 2023-24 forecast period as additional austerity measures are introduced and prices remain high. However, **the additional productive capacity provided by the new solar power infrastructure will temper these frustrations. As a result, we do not expect major episodes of unrest during the forecast period.**

What next?

Despite the announcement of the new solar power project, we expect power-rationing to continue for several months. Our core forecast remains that copper output will not be seriously affected. **As the economic fallout from the disruptions to power supply will be marginal and insufficient to deter creditors or investors, it will not negatively affect Zambia's debt-restructuring process.**

Gold prices surge prematurely

February 16, 2023: Monetary policy outlook

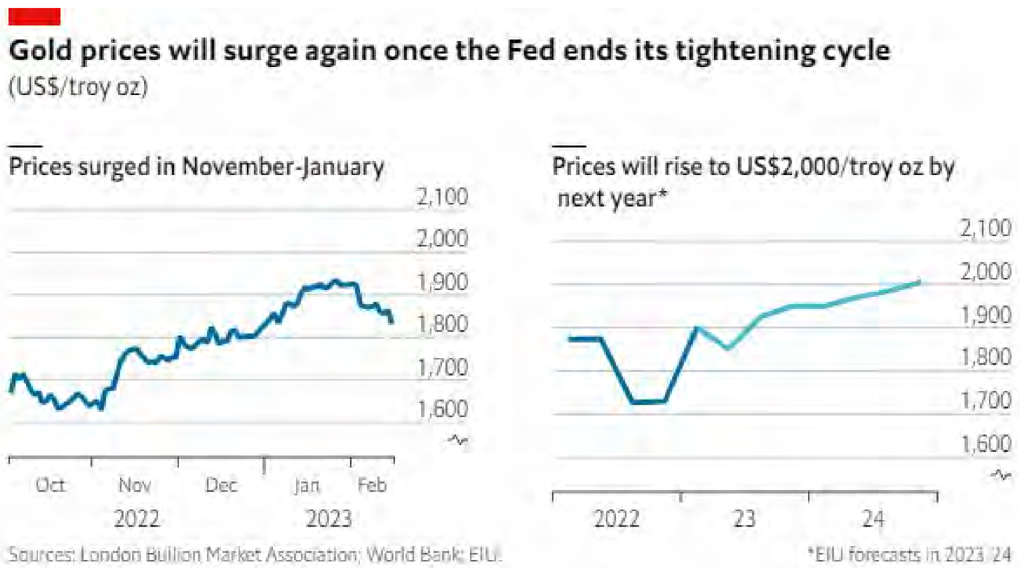
What's happened?

After falling for most of 2022, gold prices surged by more than 17% in November-January and were trading at more than US$1,920/troy oz in the first week of February. They have since eased, trading at about US$1,860/troy oz in mid-February, as market bets that monetary tightening in the US was coming to an end proved premature.

Why does it matter?

Movements in gold prices can be an early warning sign that markets are anticipating changes in the global economy. **This most recent surge was driven by the growing perception among investors that the sharp monetary policy tightening cycle of 2022 was approaching its end**. In particular, speculation has been growing about an imminent end to rate rises by the Federal Reserve (Fed, the US central bank) amid cooling inflation. Growing fears that the US economy might slip into recession have even sparked speculation about possible interest-rate cuts later this year. Gold prices tend to react quickly to perceived shifts in global monetary policy; higher interest rates often weaken gold prices, as investors shift funds to higher-yielding assets. Prices eased in early February as strong US economic data pointed to further rises to come.

The lifting of stringent covid restrictions, and the consequent rise in Chinese demand for gold, has also pushed up gold prices. China is the largest market for gold jewellery, with purchases representing about 15% of global demand. The recent policy shift there is likely to stimulate sales as a result of higher footfall in stores and as an indirect consequence of a stronger economy.



What next?

We have upgraded our forecasts for gold prices. However, **we do not expect prices to continue to rise in the next few months**, as market perceptions of an imminent halt to monetary policy tightening is likely to prove premature, and we expect further rate rises by both the Fed and the European Central Bank. **Prices will remain volatile and will continue to ease before picking up in the second half of the year, and this trend will continue into 2024** (when we expect some monetary policy easing to commence). Overall, gold prices will average at US$1,900/troy oz in 2023 and US$1,978/troy oz in 2024.

Cholera outbreak compounds Malawi's grim outlook

February 21, 2023: Economic growth

What's happened?

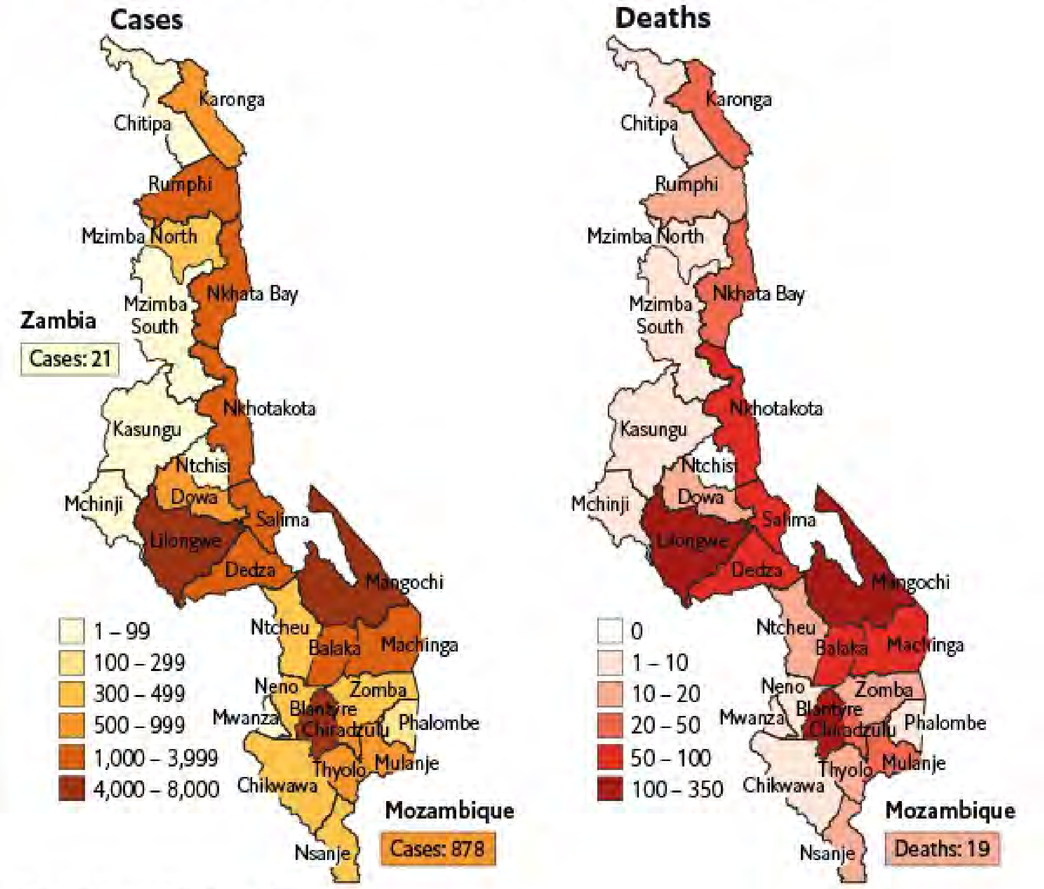
Cholera cases in Malawi have risen sharply since the beginning of 2023. Cases spiked by 13% between December 2022 and January 2023; as at February 3rd cumulative cases (since the cholera outbreak in April 2022) stood at 37,000, with 1,210 fatalities, according to the World Health Organisation. A rapid spread is likely to disrupt economic activity as neighbouring countries implement border restrictions against Malawi, weighing on economic growth. **Malawi's cholera outbreak adds to a multiplicity of challenges (including limited external financing, food insecurity and endemic corruption) that cement our forecast of a domestic slowdown in growth in 2023**.

Why does it matter?

Malawi's cholera outbreak, which has now spread across all of the country's 36 districts, is the deadliest recorded in its history and has been declared a public health emergency. The outbreak and comes at a time when the economy is reeling from effects of the coronavirus pandemic, two cyclones in 2022 (Ana and Gombe) and the Russia-Ukraine war, which has driven up commodity prices and disrupted supply chains. We estimate that Malawi's real GDP grew by just 1.8% in 2022, and expect a further slowdown, to 1.6%, in 2023. Successive natural hazards have weakened Malawi's response capacity to the cholera outbreak, given a backdrop of limited external financial support and fiscal resources; we forecast a budget deficit of 6.2% of GDP in fiscal year 2023/24 (April-March). Malawi's access to international funding is heavily curtailed by unsustainable debt, equivalent to 72.3% of GDP in 2023/24, which the authorities are attempting to restructure in hopes of securing a three-year IMF extended credit facility, albeit with little progress so far. **The cholera outbreak threatens to weigh further on Malawi's growth by disrupting economic activity through travel restrictions while posing a strain on fiscal resources by channelling unbudgeted resources towards health interventions**.

Malawi's cholera outbreak is spreading to neighbouring countries; as at February Mozambique had recorded 878 cases and 19 deaths and Zambia had 21 suspected active cases, increasing the risk of tough border controls that would stifle Malawi's trade and supply chains. Shortages of basic commodities (such as fuel and food items) will therefore resurface, exacerbating ongoing anti-government public protests.

Malawi's rising cholera cases likely to disrupt economic activity



Source: Ministry of Health and Population.

What next?

There is a risk of economic disruption if the government imposes coronavirus-style cholera containment measures, although we consider this to be unlikely. However, the cholera outbreak cements our forecast of slowing real GDP growth for Malawi in 2023, which is unchanged. A confluence of the negative effects of the cholera outbreak and economic hardships will perpetuate a bout of public protests in Malawi, although we expect the president, Lazarus Chakwera, to remain in power until his term ends in 2025.

Bank of Zambia raises interest rate amid elevated inflation

March 6, 2023: Monetary policy outlook

What's happened?

The Bank of Zambia (BoZ, the central bank) increased its main policy rate by 25 basis points, to 9.25%, at its mid-February monetary policy committee meeting, in a bid to reduce persistently high inflation. **We expect the BoZ to raise its main interest rate to 10% by end-2023 as part of efforts to tame sustained inflationary pressures, although further currency depreciation and the end of some subsidies will continue to push up prices**.

Why does it matter?

Inflation has generally trended downwards from its recent peak of 24.6% year on year in mid-2021, reaching 9.4% year on year in January 2023, but remains above the 6-8% target ceiling set by the BoZ. Despite persistently high inflation, the BoZ had left its main policy rate unchanged since a 50-basis-point rise in November 2021 in a bid to support access to credit for the private sector and boost economic activity. However, we believe that it has now raised its main policy rate owing to a notable risk of inflation soaring in the coming months.

We expect inflation to remain elevated in 2023; we are revising up our forecast for that year, to an average of about 10.9%, a marginal decline from the 11% average in 2022 (with the slowdown driven largely by high base effects) but a small uptick from the January 2023 figure. Persistent weakness in the kwacha against the US dollar will continue to feed into imported inflationary pressures in 2023, given a sizeable import bill (particularly for food and fuel). High demand for US dollars (to pay for crucial imports, and owing to foreign financial firms divesting from the market) is a notable drain on foreign-exchange supply, which is also contributing to currency depreciation.

Delayed negotiations on debt restructuring have taken a toll on the kwacha, which has depreciated since late 2022. **As a debt-restructuring deal—which could prompt an appreciatory trend in the value of the kwacha—is still some months away (at least), we are revising our forecast and now believe that the kwacha will depreciate from an average of ZK16.96:US$1 in 2022 to about ZK19.46:US$1 in 2023. Risks are mounted to the downside, and include potential delays to a debt-restructuring deal, or greater demand for US dollars; steeper depreciation in the kwacha could intensify inflationary pressures further**. A mooted 37% increase in power tariffs in 2023, and a likely shortfall in maize output, will also compound upward inflationary pressure in 2023.

What next?

We expects that BoZ to implement further interest rate increases in 2023, to 10% by end-2023, in a bid to tame sustained inflationary pressures. Nevertheless, inflation will remain above the BoZ's target ceiling.

Analysis

Things to watch in Zambia in 2023

December 5, 2022

- **We expect that a broader debt-restructuring deal with private creditors will be agreed before end-2023. This will follow a successful deal with official creditors, which we expect to be completed before end-2022, although a delay into the first quarter of 2023 is a notable downside risk.**
- **We expect official creditors to seek a restructuring deal that includes debt-rescheduling rather than write-downs. In line with the principal of comparable treatment under the G20 Common Framework, private creditors are expected to have limited options other than to agree to terms laid out by official creditors. The diversity of the creditor base will complicate co-ordination and delay Zambia's exit from default.**
- **Policy will be guided by a US$1.3bn three-year (2022-25) extended credit facility (ECF). The**

ECF will aim to re-establish fiscal sustainability, for which successful debt-restructuring is a core objective. In addition, the programme will target improved public financial management and help to support Zambia's access to financial support from large multilaterals in the short term.

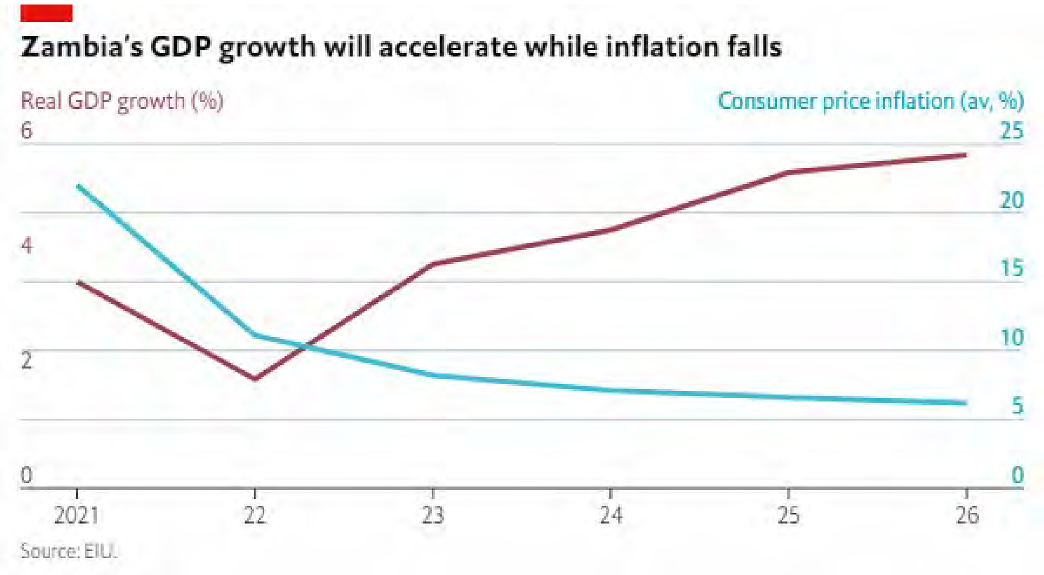
- **We expect that the IMF programme will be successful, and the current Zambian government will meet the majority of the programme objectives, despite political unpopular fiscal adjustments. The programme will run for its full planned duration of 2022-25. This will inevitably involve an austerity programme, but to minimise social unrest, the government will seek to ring-fence funding for social safety nets.**
- **Copper exports will continue to be the main driver of Zambia's economy. We forecast that the global copper price will decline in 2023, to an average of US$3.67/lb, down by 7.8% from 2022. Despite this, the price will remain well above its pre-pandemic levels (US$2.80/lb in 2020). High copper export prices will support Zambia's external position, and we forecast a current-account surplus of 2.7% of GDP in 2023, down slightly from 3% of GDP in 2022, owing to the declining global copper price. Real GDP growth will benefit from robust copper and nickel exports, coupled with improved investor sentiment and higher capital expenditure, as well as the result of an IMF policy anchor and a successful debt-restructuring.**
- **The fiscal position will remain in a structural deficit, forecast to be 4.5% of GDP in 2023, up from 2.5% of GDP in 2022 as copper revenue declines and spending rises, owing to the implementation of short-term social safety programmes. Inflation will remain high in 2023 but decline to 8.2%, from 11.1% in 2022, largely the result of insufficient monetary tightening by the Bank of Zambia (the central bank).**

IMF deal will support debt-restructuring before end-2023

In August the IMF approved a US$1.3bn, three-year ECF for Zambia, and the announcement was followed by a disbursement of US$185m. The deal with the Fund followed an announcement by Zambia's official creditor committee that is would negotiate a debt-restructuring deal. Zambia's government revealed in October 2021 that the country owed US$27bn in public debt, US$16.9bn of which represented external debt and US$10.1bn of which was owed to local lenders. **Although the terms of a final restructuring deal are yet to be finalised, the agreement by official creditors to do so will save Zambia from wider default and prevent what would otherwise have been a serious drag on economic growth**. Furthermore, the IMF deal will support Zambia's ability to access international credit markets—mostly concessional loans from multilateral financial institutions, which would be extremely limited, in the absence of an IMF programme be extremely limited.

The IMF programme will prioritise a return to fiscal sustainability and a resolution of Zambia's debt crisis. Furthermore, a return to macroeconomic stability and the fostering of inclusive growth will be targeted. The programme has the following major objectives: first, employing fiscal adjustments and a successful debt-restructuring deal to restore fiscal sustainability; second, ensuring sufficient fiscal space for social spending programmes; and third, reducing corruption and strengthening governance structures by improving public financial management.

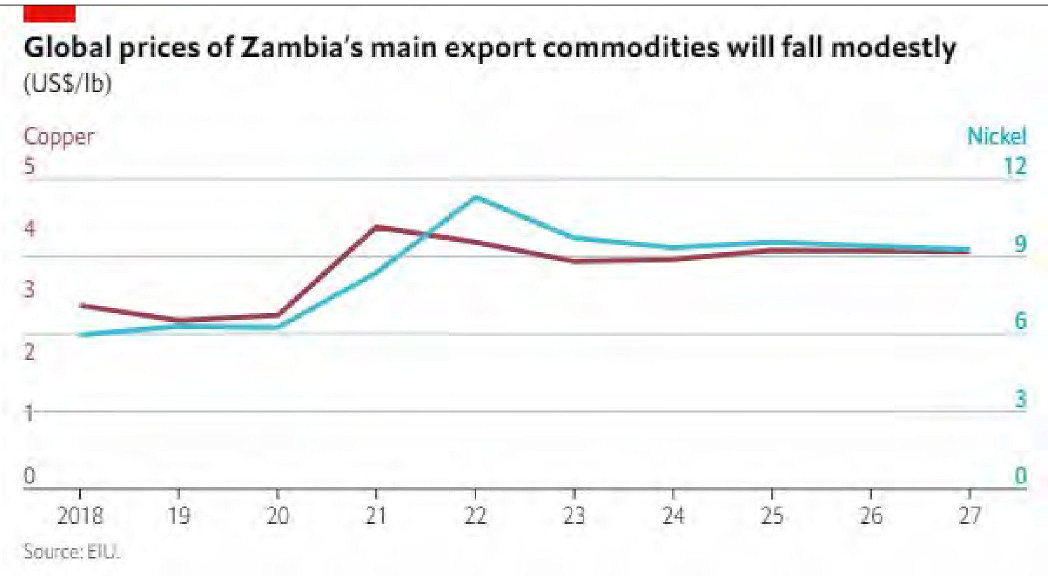
Despite our forecast of successful implementation, the ECF programme will not be easy to pursue. The IMF is demanding that Zambian fuel subsidies, which have expanded over the course of 2022 in response to high international oil prices, be phased out before year-end. The IMF also requires the streamlining of farm subsidies, which is a hot political topic in Zambia. The new government, led by the president, Hakainde Hichilema, has political capital to draw on following his landslide win in 2021, but **fiscal adjustments—which the IMF has said will come with safety-net spending as mitigation—will be deep and prove to be unpopular**.



Copper exports will remain strong

Copper is the main driver of Zambian economic growth, accounting for about 70% of its total exports. Mr Hichilema has said that his government intends to triple copper production by 2030, from a level of 800,696 tonnes in 2021. Demand for copper is set to surge globally, owing to rising demand for electric vehicles and the wider use of green energy sources such as solar and wind, the infrastructure for which is copper-intensive. As a result, the global copper price will remain high in 2023. In early May the board of Canada's First Quantum Minerals (FQM) approved a US$1.25bn expansion of the Kansanshi copper and gold mine in north-western Zambia, owned by Kalumbila Minerals (a Zambian subsidiary of FQM). This is the largest investment in the Zambian mining sector since 2012. It is in line with our forecast that, owing to a recently implemented business-friendly policy, combined with significant growth in global prices, **the Zambian mining sector is set to receive significant investment in 2023-24**.

The investment by FQM demonstrates that the Zambian government's efforts to create a business-friendly environment are working. For example, earlier this year the government reinstated the deductibility of mineral royalties for corporate income tax assessment purposes, in effect removing a source of double taxation. The Zambian government took a risk by implementing these policies. Although the government wants higher economic growth, it also requires a larger sum of revenue in order to ensure that it remains on track to achieve fiscal sustainability.



Growth in nickel-mining will add further support to Zambia's external position

The Enterprise Nickel mine was officially opened in late July and will begin productive operations in 2023. The stand-alone open-pit mine, owned by Canada's FQM and situated in the Kalumbila district, is the largest nickel mine in Africa and has the productive capacity to become one of the ten largest nickel mines globally, by output. The mine will leverage proximate copper-mining infrastructure to reduce the cost of nickel production, thus ensuring a significant return on investment and large profit margins in the early period of production as the global nickel price remains high in the short term. **Nickel production will support Zambia's real GDP growth during the forecast period, and export growth will strengthen Zambia's external position.**

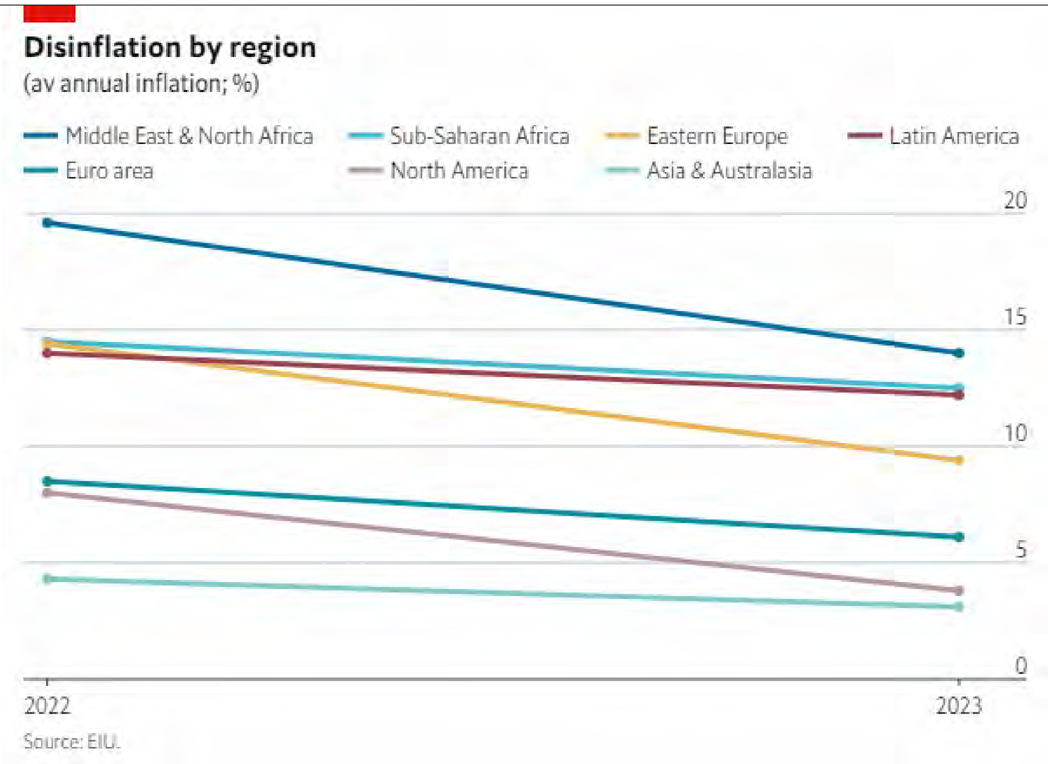
The nickel market is set for prolonged tightness in 2022-26 as global demand remains structurally higher than supply. This will ensure a high rate of return and thus incentivise further investment in Zambia's nascent nickel sector. Furthermore, recently introduced business-friendly policy will facilitate increased investment in the sector.

Inflation in Africa will ebb slowly in 2023

December 15, 2022

Average annual inflation in Sub-Saharan Africa (SSA) in 2022, at 14.5% year on year on aggregate, is estimated to have been higher than in any other region of the world except the Middle East and North Africa, where the rate was pushed up by spiralling inflation in Iran and Lebanon. In 2023 we forecast that disinflation in SSA will be slower than on all continents barring Latin America and Asia and Australasia, and that SSA inflation will average 12.5%. Again this will be second only to the Middle East and North Africa.

The SSA inflation shock in 2022 has resulted from higher consumer goods prices since Russia invaded Ukraine, excess liquidity from pandemic-related stimulus in 2020-21 and currency depreciation against the US dollar as a result of a flight from speculative assets. Goods prices will fall in 2023 as demand pressures ease and global energy markets rebalance to some extent, but price growth is embedded in services categories of the consumer price basket for most countries.



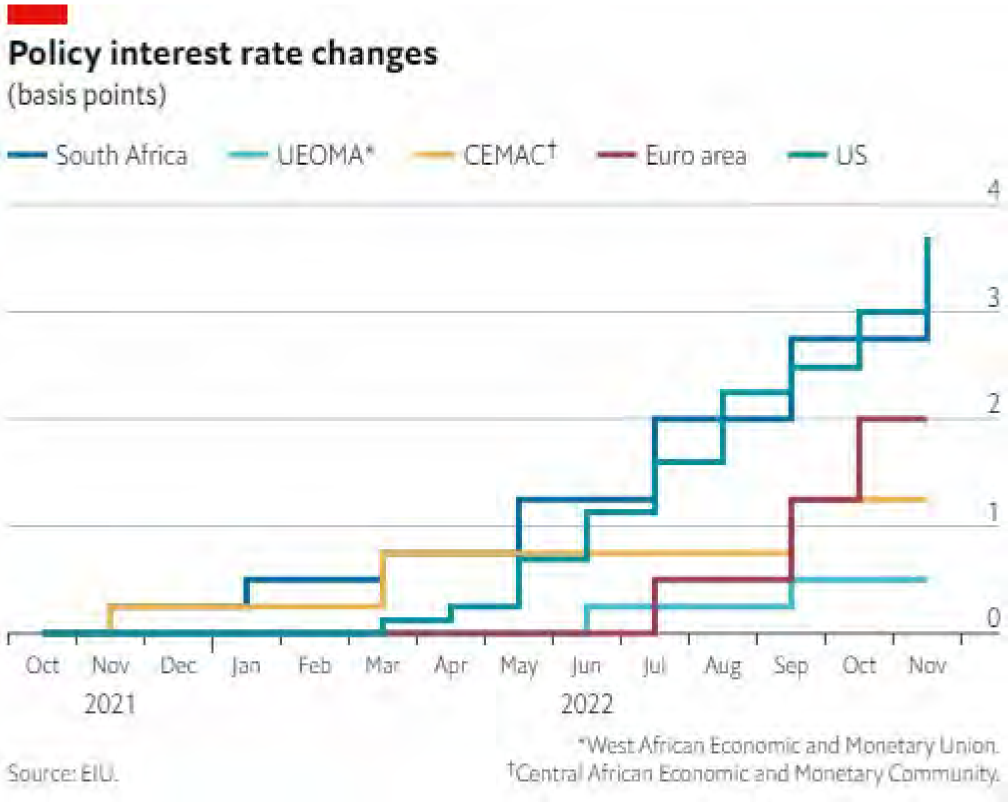
Policy clarity is key

Calming core inflation will remain a challenge as many central banks lack the degree of independence needed to focus solely on their price stability mandate, or do not have effective inflation-targeting policies or tools for policy implementation. Generally, the worst-affected economies will be those with the most monetary sovereignty. An exception is the South African Reserve Bank which first acted with rate hikes in late-2021, pre-empting the tightening cycle in advanced markets and price pressures before they intensified. Inflation in South Africa, at under 8%, has been kept well below the SSA average, and will be anchored there and in the Common Monetary Area (economies with currency pegs to the rand) into 2023. We expect inflation of 5% in South Africa in 2023, which is on target.

In the set of six countries (Ethiopia, Ghana, Nigeria, Malawi, Sierra Leone and Zimbabwe) on the other side of the spectrum that have been registering inflation of 20% or more, central banks have mostly been tightening but unorthodox measures often operate in parallel. Fiscal deficit monetisation or other direct lending interventions are a common theme, rendering formal monetary stances ineffective. Nigeria, Malawi and Zimbabwe provide examples of where policy rate rises have only made a faint impression on domestic liquidity conditions so far, with broad money supply continuing to grow strongly year on year (by 22%, 35% and 350% respectively in the latest data for each). Money supply growth in Ghana accelerated to a seven-year high of 45% year on year in October, despite the policy rate having been raised by 1,350 basis points since the third quarter of 2021.

Slow starters

Even where inflation is lower, many central banks have been too reactive to inflation. This is not dissimilar to missteps made by central bankers in advanced markets in early 2022, but the correction has been pursued less forcefully. Central banks in Africa's two euro-pegged monetary unions (the Central African Economic and Monetary Community and the West African Economic and Monetary Union) have erred on the side of inaction, raising rates at a slower clip than the European Central Bank despite comparable price growth between the euro zone and the West African Economic and Monetary Union. Other central banks have been largely neutral to price shocks, such as in Botswana where the policy rate remains close to a record low despite inflation of 13.6% in November, a decadal high. Our view is that second-round pass-through effects will prompt a belated shift to greater hawkishness in 2023 in countries where the response has been delayed in 2022, and the fight against inflation will take longer than it otherwise would have.



Ongoing currency pressures

Frontier-market currencies will also continue bearing the brunt of ongoing monetary tightening by systemic central banks. Losses in 2022 and continued depreciation for those currencies yet to find a floor will set affected countries up for more inflation in the year ahead. In summary, there will have to be continued tightening during 2023 for much of Africa, lasting for longer than the cycle in the US, where we expect the federal funds rate to peak at 4.75% by the first quarter, up from 3.75% at present. Partly because of costlier credit, we forecast that economic growth in SSA will fall to 2.8% in 2023, from an estimated 3.3% in 2022.

Africa-US summit hits the reset button—but will it work?

December 22, 2022: Overview

- **The latest US-Africa Leaders Summit marks a potential change in direction of US foreign policy towards Africa that entails much more active and targeted engagement with the continent by the US government and corporate sector.**
- **Major immediate outcomes from the summit include new substantial financial commitments from the US to Africa, signed and sealed business deals in a range of sectors, greater US support for Africa's long-term development aims and a boost for Africa's diplomatic voice at international forums.**
- **There is appetite for stronger relations with the US, but at the same time complicating factors mean that the authorities on both sides will have to work hard to ensure that plans and pledges are fully implemented and the real benefits of proposed initiatives come to fruition.**

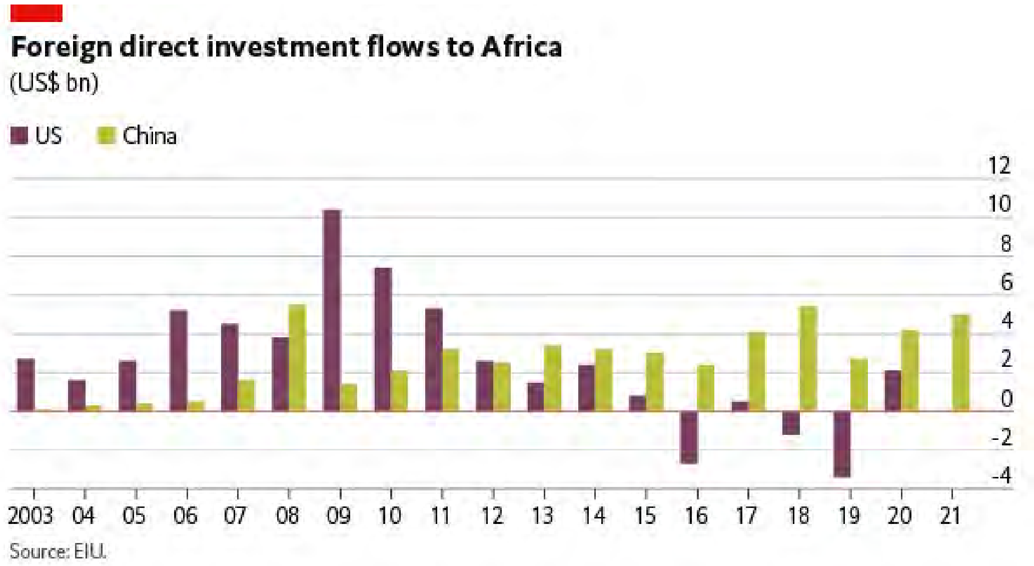
The US president, Joe Biden, welcomed delegations from 49 African states—including heads of state and government—and the African Union (AU), alongside business and civil delegations, at the US-Africa Leaders Summit held in Washington, DC, from December 13th to December 15th 2022. The summit is part of the Biden administration's attempts to reset relations with Africa and reassert the US's commercial and political influence across the continent in the face of stiff competition from other major global powers—especially China, Russia and the EU. From the standpoint of African states, the summit was another opportunity for them to leverage the so-called new scramble for access to Africa and further rebalance their network of international relations. The summit has raised the prospect of a step change in US foreign policy towards Africa and could be a major win economically and politically for the continent should US and

African leaders follow through with pledges and promises.

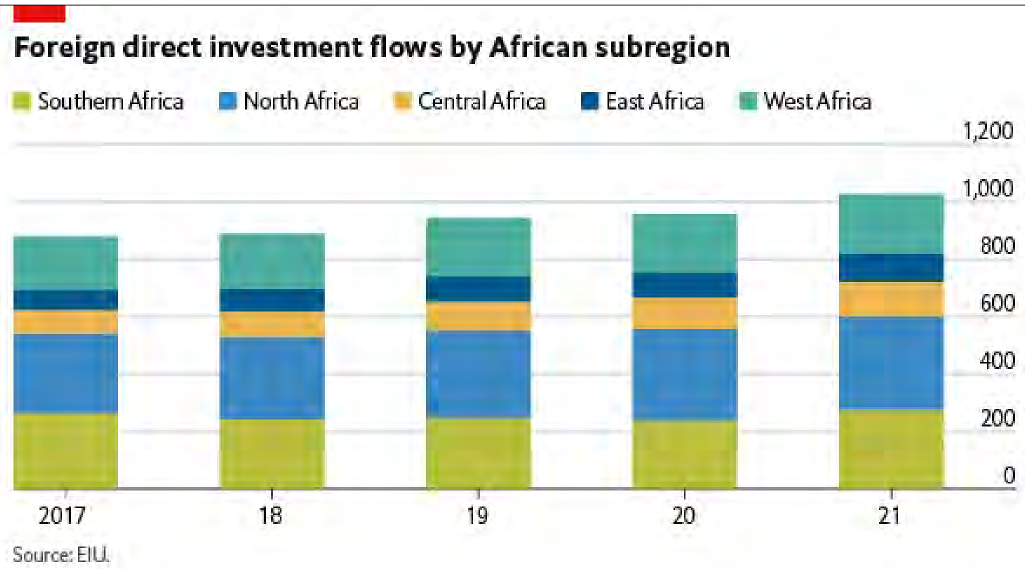
What were the major outcomes?

The summit ended with encouraging developments in four major areas: new and substantial financial commitments from the US to Africa; numerous commercial agreements between US corporates and African counterparts; US support for Africa's long-term economic development objectives; and US support for African diplomatic interests on the international stage. In addition, the summit set out tentative plans for Mr Biden to embark on an official multi-country visit to Africa in 2023 and the creation of a new official role within the US government with the specific remit of implementing ideas and initiatives discussed at the summit.

Financially, the US pledged US$55bn over the next three years in the form of foreign direct investment (FDI)—potentially as much as 50% of the total pledge—official development assistance through so-called global funds that largely target health and food programmes, and credit allocated through the IMF and the World Bank. This amount compares favourably to the US$40bn pledged by China at the eighth Ministerial Conference of the Forum on China-Africa Co-operation (FOCAC) held in Dakar, the capital of Senegal, and online in 2021, while only a quarter of the Chinese pledge was to be delivered through FDI.



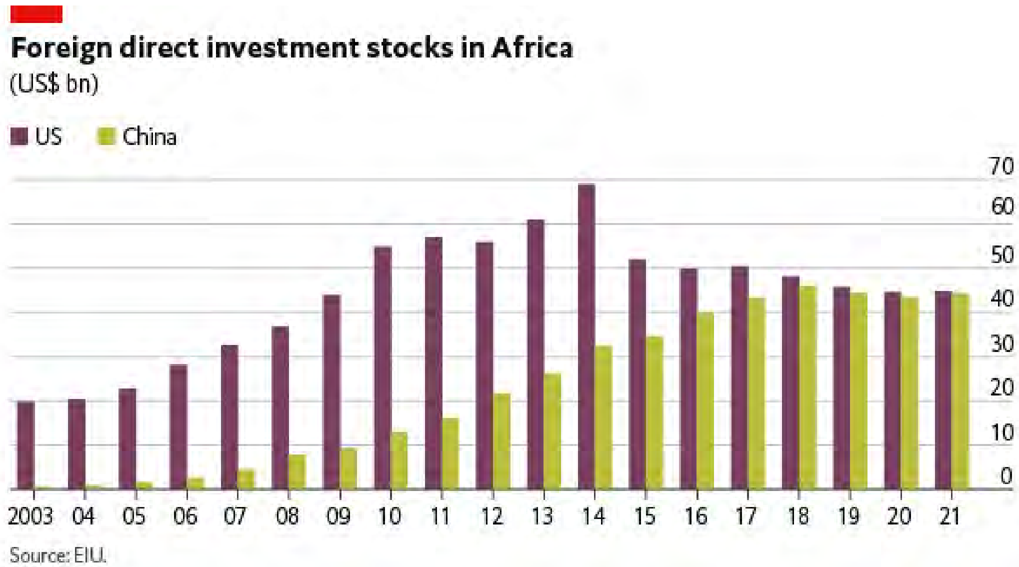
At a commercial level, the US government reported that US and African firms had reached deals valued at over US$15bn at the summit in areas such as agri-business, renewable energy, healthcare systems, digital connectivity, infrastructure projects and financial services. In addition, representatives from the US Chamber of Commerce and the Secretariat of the African Continental Free Trade Area (AfCFTA) signed a Memorandum of Understanding (MoU) to set up a working group tasked with helping to advance trade and investment ties between the US and Africa and ensure a strong private-sector voice as implementation of the AfCFTA advances. The working group will have a particular focus on the digital economy, trade facilitation, customs modernisation and value-chain development.



On the diplomatic front, the US announced that it will support the permanent inclusion of the AU in the G20—currently this international body comprises representatives from 19 of the world's largest economies and the EU—something that China also advocates through the creation of an expanded G21. In addition, the US will now support the allocation of a permanent seat for Africa at the UN Security Council for the first time—currently the council has five permanent members (the US, China, France, Russia and the UK) and ten non-permanent members elected for two-year terms where Africa is currently represented by Gabon, Ghana and Kenya.

What is driving the reset?

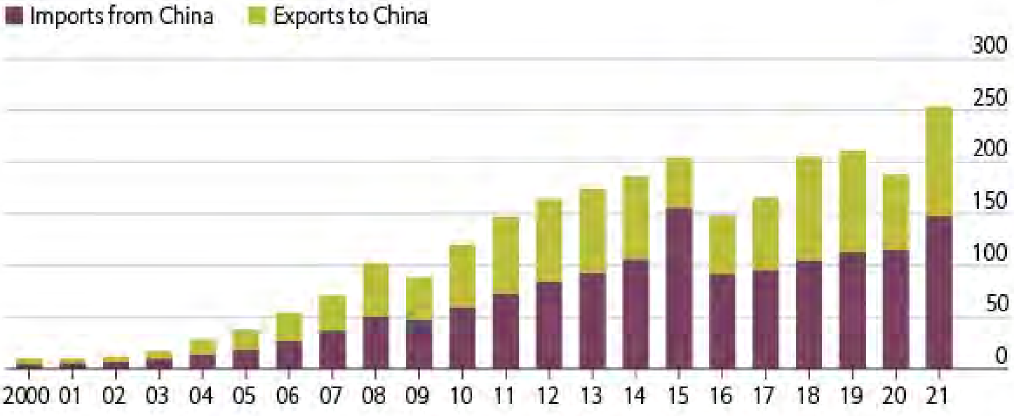
The US has clearly lost ground commercially and politically on the continent over the past decade and appears intent on reasserting its commercial and political influence across the region amid a "new scramble for Africa". The US is seeking to counter the increasing role of China and Russia in Africa, which can stifle commercial opportunities for the US and complicate US foreign policy—not least by influencing votes in the General Assembly of the UN as shown by the reluctance of many African states to openly support US-led initiatives against Russia's invasion of Ukraine. In addition, the EU has re-engaged with Africa and is seeking to cement its role on the continent with an eye on long-term economic gains.



China has become the largest single two-way trading partner with Africa and has extensive reach across the continent—Chinese-African bilateral trade in goods surpassed US$250bn in 2021 and was four times larger than Africa's bilateral trade with the US. The region plays an important role in China's plans to build its global presence economically and politically in the years ahead, which was highlighted at the eighth Ministerial Conference of the FOCAC in 2021. Meanwhile, Russia has invested heavily in strategically important commercial and security initiatives to build influence in Africa.

African trade with China

(merchandise goods; US$ bn)



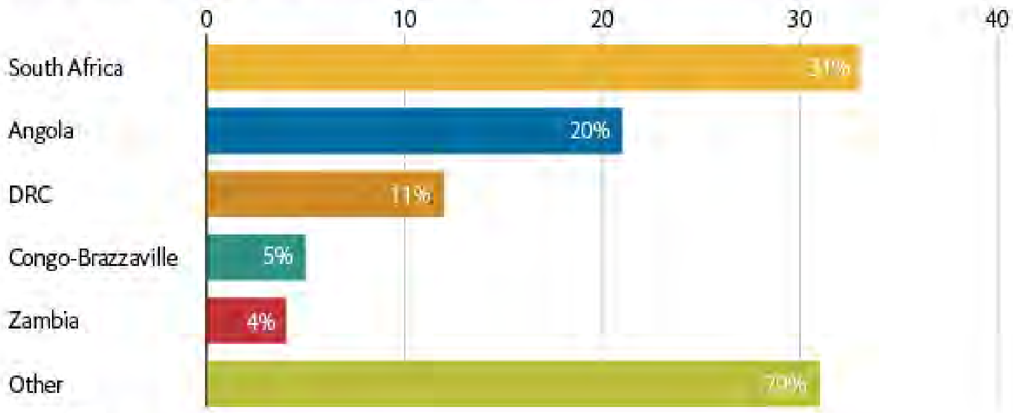
Sources: UN Comtrade, 2010-15; General Administration of Customs, China, 2016-21.

In the case of the EU, the sixth EU-AU Summit was held in February 2022, which saw the Europeans dedicate more funds to Africa through the Global Gateway (Africa) Investment Package—valued at about €79bn (US$84bn). The EU is specifically focusing on assistance for the green and digital transition in Africa, and to help to deliver sustainable growth and jobs, improved healthcare and education systems, and sustainable finance, which align well with the AU's overarching development strategy for Africa (the so-called Agenda 2063).

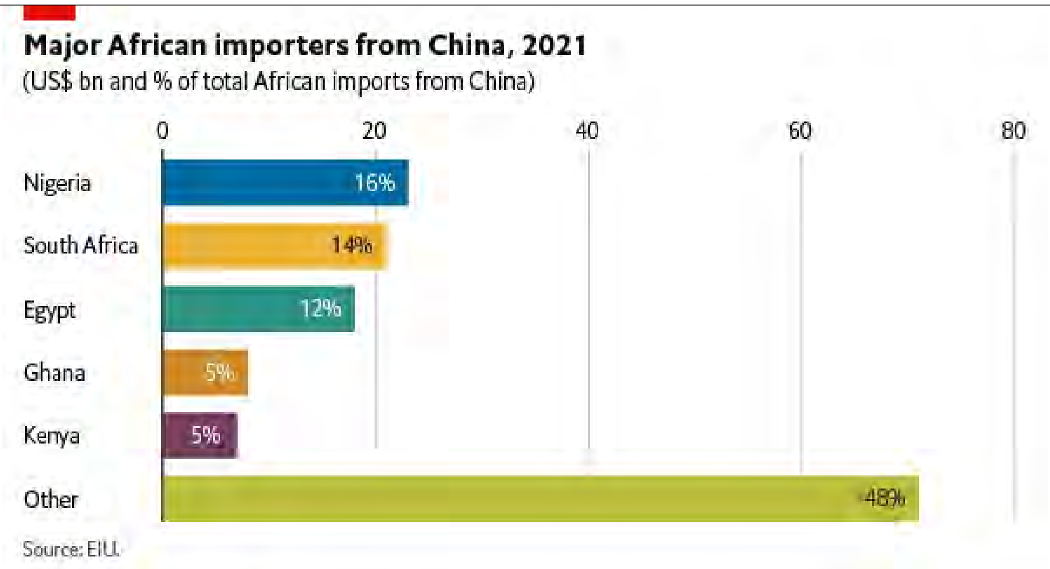
For an African point of view, there is clearly appetite within official circles and the business community to do much more business with the US, but increasingly on their own terms. Africa has enormous business potential for the US private sector, given its fast-growing population of about 1.3bn, which is expected to reach almost 2bn by 2035, rapidly emerging urban consumer markets and industrial clusters, and plans to create one of the world's largest free-trade areas—the AfCFTA. Africa is home to vast hydrocarbons and industrial metal deposits, underutilised agricultural zones and strategically important supplies of minerals that are key to the development of advanced technology sectors and the transition to zero-carbon futures. Understandably, African leaders are much more bullish about what they can offer international partners and will drive a harder bargain with counterparts from the US and other regions—especially if they are able to present a collective and united front under the banner of the AU.

Major African exporters to China, 2021

(US$ bn and % of total African exports to China)



Source: EIU.



What can be achieved?

Past experience shows that Africa + 1 Summits—including recent events held between Africa and the EU, the UK, France, China, Russia, the Middle East and Turkey among others—can produce grand plans and ambitious targets that prove difficult to get off the ground or gain momentum once practicalities and wider geopolitics enter the fray. This is undoubtedly the case for the latest US-Africa Leaders Summit, not least because of the fragmented nature of US governance—which means that presidential pronouncements must navigate the complex landscape of Congress and the US corporate world—a lack of true unity across AU members, intense competition for access to Africa and an inclination across much of the continent for a multi-polar world.

However, there does appear to be enthusiasm from both sides of the Atlantic for a new form of international partnership between the US and Africa that bodes well for a step change in relations. Importantly, and sitting comfortably in the background, is a large and vibrant African diaspora in the US with commercial connections to the continent and an increasingly large number of Africans that identify with US principles of democratic governance, an empowered civil society and accountable governance.

Progress is likely to be made on all four of the major fronts identified earlier—financial assistance, increased trade and investment, development support and diplomacy—but both sides will need to work hard to refine the details and build the relationship at a pan-African and individual state level, which will take time. The true impact of attempts to reset relations will not be evident for several years, although the prospect for increased US-African commerce in mutually beneficial areas and a greater voice for Africa at an international level seem realistic short- to medium-term goals.

Africa chart of the week: IMF support and debt restructuring

February 17, 2023: External debt

Africa: IMF programmes, food shock support and debt restructuring

Source: EIU.

- Although global fuel and food prices have begun to ease—we forecast that in 2023 oil prices will fall by 13% and grain prices by 10%—they remain at elevated levels and continue to be a major source of financial, inflationary and political strain in Africa. Continuing conflict in Ukraine, reduced fertiliser use due to high costs and inadequate rainfall in the context of accelerating climate change all raise sustained concerns over food supply in 2023.
- Such has been the negative impact of high food prices and supply constraints—principally stemming from Russia's war in Ukraine—on the balance of payments in vulnerable African countries that last October the IMF approved a new "food shock window" under its existing rapid credit facility (RCF) and rapid financing instrument (RFI) arrangements. This will be open during 2023 to provide low-condition emergency loans to help countries cope with food shortages and rising costs. Already Guinea, Malawi and South Sudan have accessed this facility and we expect more will follow.
- Although such emergency funding is welcome, many African countries continue to face debt distress and a number need restructuring to put their finances back on a sustainable footing. Twenty-one African countries currently have 3-4-year IMF programmes—with more pending. For most, the combination of financial support and implementation of economic reforms are expected to put debt back on a sustainable path. However, for some, debt restructuring is unavoidable.
- Currently Zambia (having already defaulted), Chad, Ghana and Malawi are actively pursuing debt restructuring, the latter two as a prelude to securing an IMF programme (the Fund cannot lend into an unsustainable debt position). However, there are concerns over the protracted nature of restructurings, and worries that more countries, particularly those with low incomes, will slip into debt distress. Without early interventions, risks of damaging debt defaults will rise.
- Worryingly, the international architecture of debt restructuring is now considered inadequate, leading to damaging delays—evident in Zambia's prolonged restructuring negotiations. Increasingly, sovereign creditors, like China, are not members of the Paris Club of official

creditors, and commercial borrowing (not bonds) has been undertaken on undisclosed terms, but often involving physical assets as collateral. Large government recourse to domestic debt has also meant the need for domestic restructuring. All of which is delaying reaching comprehensive agreements.

- The G20 group meet in late February, and we expect some progress to be made on accelerating implementation of its Common Framework for Debt Treatment. This should benefit debt restructurings under way in Zambia and Ghana, and eventually Ethiopia, as all three have requested treatment under this framework. However, the more complex composition of African debt means that we expect continued challenges in implementing debt-restructuring agreements.

MAURITANIA

Integrated Country Strategy

MAURITANIA

FOR PUBLIC RELEASE

Originally Approved: March 25, 2022
Reviewed and Updated: March 14, 2023

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1. Chief of Mission Priorities

The U.S. Mission in Mauritania supports the United States' security and prosperity by bolstering Mauritania as a committed and effective partner in a region of significant security concerns. Specifically, our goals are to help Mauritania become more secure, democratic, and prosperous—all of which will make it a more stable U.S. partner. We build on a considerable foundation of cooperation, particularly related to security. Limited economic opportunities, fragile democratic institutions, and internal tribal divisions (racial and ethnic) present major challenges to advancing U.S. objectives. Our goals of security, democracy, and prosperity are mutually reinforcing—but they rely primarily on Mauritania's commitment to reform rather than on U.S. resources to achieve our shared objectives.

Strengthen partnerships to enhance regional security and stability towards a safer world for Americans and Mauritanians

Our chief goal is to enhance security for citizens of both the United States and Mauritania, especially by bolstering partnerships that leverage Mauritania's role as host to the G5 Sahel Secretariat. Mauritania sits at the crossroads of the Maghreb and sub-Saharan Africa, a region impacted by violent extremist groups, notably in neighboring Mali. Mauritania is also the headquarters of the G5 Sahel Executive Secretariat and G5 Defense College, an important African-led regional effort that takes ownership of shared security and stability threats in the Sahel through four strategic pillars: defense and security; resilience and human development; infrastructure; and governance. The president of Mauritania and other senior officials regularly cite security cooperation with the U.S. as a major factor in Mauritania's success in preventing domestic terrorist incidents, which have not occurred on Mauritanian soil since 2011. Support for bilateral security cooperation is strong among all sectors of Mauritanian society.

Over half of U.S. direct-hire personnel in Mauritania (Defense Department, Diplomatic Security, and others) are dedicated to our shared security goal, as is the majority of our assistance funding—including assistance we provide to the G5 Sahel via our bilateral relationship with Mauritania. To build upon and advance our cooperation:

- We will continue our excellent collaboration with military, law enforcement, judicial, and prison officials, focusing on shared priorities and assistance that reflects and reinforces U.S. priorities, including stronger land and maritime borders.
- We will encourage Mauritania's growing diplomatic and security engagement with regional states and status as a United Nations (UN) peacekeeping contributor.
- We will expand our efforts to reduce the appeal of extremism—vital in a nation where more than half the population is under 20 with high youth unemployment. Our programs will provide technical and professional training while furthering Mauritanian government messaging of tolerance and moderation and supporting the rehabilitation and reintegration into society of former members of violent extremist organizations.
- We will continue to provide efficient and vigilant consular services as the first line of homeland defense, as facilitators for legitimate travelers, and as service providers to the American community in Mauritania.

Promote sustainable economic growth and shared prosperity through an improved business climate, diversification, and increased U.S. investment

Mauritania's economy is highly dependent on resource extraction, historically focused on minerals and fisheries. The discovery of significant offshore hydrocarbon resources will generate new government revenue that may spur economic growth and development for Mauritania and its trade partners, to include the United States, if properly managed. However, economic rewards have been highly concentrated among traditional elites, with the government distributing economic benefits to key supporters and patronage networks. Greater prosperity coupled with optimal and transparent management of the country's significant strategic resources could contribute to the processes of strengthening security, achieving a more inclusive society, and furthering democratic governance. To address these conditions and advance these aims:

- We will continue to make the case to the Government of the Islamic Republic of Mauritania (GIRM) that Mauritania's future depends on a more transparent and equitable distribution of wealth, greater diversity of an open and entrepreneurial economy, and a more concerted focus on inclusive education and development.

- We will seek to leverage U.S. government (USG) assistance to incentivize the GIRM to more aggressively address concerns over human and labor rights and support the government's efforts to transition the country out of a system that allows hereditary slavery to exist.
- We will focus efforts on the country's youth, using available programming opportunities to build technical and professional skills, including English language capabilities.
- We will continue efforts to address Mauritania's chronic health challenges, including those related to child and maternal health and food insecurity.

Further democratic development and good governance; promote a just, resilient, and inclusive society; and end slavery

Mauritania completed its first peaceful, democratic transition of power from one elected president to another in 2019. Marking an important step in the fight against the country's widespread corruption, the former president went on trial for corruption related charges in January 2023 (trial outcome pending as of this ICS update). Parliamentary elections in 2023 and presidential elections in 2024 will be a significant test of the country's democratic institutions, media, and civil society. To support the development of institutions that advance the peaceful transition of power:

- We will promote policies that advance education, youth development, antislavery, and integration of refugees, stateless persons, and marginalized communities.
- We will encourage Mauritanian progress in promoting rule of law by supporting increased prosecution of crimes, including violent crimes and terrorist acts; prevention of trafficking of drugs and people, including slavery; and efforts to combat corruption and money laundering.
- We will call for a peaceful and fair legislative election in 2023 and presidential election in 2024, and we will seek USG assistance to support the outcomes of fair national elections.

- We will seek to further Mauritania's democratic governance and internal stability by encouraging the channeling of grievances over issues such as slavery, discrimination, corruption, and unresponsive public administration into legitimate political processes, including upcoming elections.
- We will work with all partners—the business community, local and international non-governmental organizations (NGOs), and other donor nations—to provide programs and active encouragement to meet the government's stated intention to address the reality and legacies of current and hereditary slavery, as well as the deep societal divisions that are the legacy of centuries of slavery.
- We will share our positive and powerful message about the United States' own effort to address our ongoing legacy of slavery, and the importance of curbing discriminatory practices that provoke deeper social tensions, with negative implications for the country's peace and stability.

2. Mission Strategic Framework

Mission Goal 1: Strengthen partnerships to enhance regional security and stability towards a safer world for Americans and Mauritanians

- **Mission Objective 1.1:** Expanded military/security cooperation helps counter terrorism and secure Mauritania's land borders and vital maritime domain
- **Mission Objective 1.2:** Development and adoption of plans to prevent and counter violent extremism solidifies Mauritania's fight against terrorism
- **Mission Objective 1.3:** Increased export of Mauritania's best security practices to the region, especially through leadership in and reform of the G5 Sahel, improves regional stability
- **Mission Objective 1.4:** Augmentation of Post consular analytics enhances American security by strengthening visa adjudications

Mission Goal 2: Further democratic development and good governance; promote a just, resilient, and inclusive society; and end slavery

- **Mission Objective 2.1:** Encouragement of inclusive political participation, robust civil society, and open media leads to stronger democratic institutions and free and fair elections in 2023 and 2024
- **Mission Objective 2.2:** Citizens are empowered through policies promoting education, youth development, abolishment of slavery and its effects, and integration of refugees, stateless persons, and marginalized communities
- **Mission Objective 2.3:** Increased prosecution of crimes such as TIP, slavery cases, and corruption reflects Mauritanian progress promoting rule of law and support GIRM efforts to end hereditary slavery

Mission Goal 3: Promote sustainable economic growth and shared prosperity through an improved business climate, diversification, and increased U.S. investment

- **Mission Objective 3.1:** Encouragement of economic reforms leads to fair, open, and diverse markets that meet international standards and attracts increased U.S. trade and investment
- **Mission Objective 3.2:** Concrete steps by Mauritanian institutions promote inclusive economic security, boost entrepreneurship, and bolster public health

Management Objective 1: Quality and efficiency of International Cooperative Administrative Support Services (ICASS) to embassy customers is improved per annual ICASS Surveys and Service Standards metrics

Management Objective 2: DEIA goals are advanced through Management practices and programs that support Mission-wide efforts to incorporate DEIA aims and principles

3. Mission Goals and Objectives

Mission Goal 1: Strengthen partnerships to enhance regional security and stability towards a safer world for Americans and Mauritanians

Description: With U.S. support, Mauritania has not suffered a terrorist attack since 2011. Building on a strong record of bilateral cooperation, the embassy will continue to design and implement targeted programs to assess and strengthen Mauritanian security forces and border security, including Mauritania's maritime borders. We will also continue to support Mauritania's own efforts to prevent and counter violent extremism. The Mission will work with Mauritania bilaterally to bolster regional stability and support Mauritania's leadership on security issues in regional forums, including the G5 Sahel. These actions, together with robust consular services, will counter transnational threats and target them at their source, preventing them from reaching our borders or causing harm to the American people.

Mission Objective 1.1: Expanded military/security cooperation helps counter terrorism and secure Mauritania's land borders and vital maritime domain

- **Justification:** Mauritania remains a relatively stable country in a highly volatile region; however, continued military/security cooperation will help consolidate advances Mauritania has made in combatting Violent Extremist Organizations (VEOs) and transnational threats. Given the increased instability in the region, the likelihood of threats attempting to transit Mauritania's land borders continue. Additionally, Mauritania continues to address threats posed by Illegal, Unreported, and Unregulated (IUU) fishing and drug smuggling in its maritime domain. Its territorial waters are poised to be fertile ground for future threats against its nascent offshore energy infrastructure. All these factors combine to threaten the physical and economic security of the country. Increasing cooperation as contemplated in Objective 1.1 will help Mauritania properly address these threats, especially new ones like those to offshore energy. This will be achieved through formal capabilities assessments; the development of uniform standards and integrated strategies for information sharing; formal training in the U.S. and in Mauritania; and key leader engagements between Post and the Mauritanian military to emphasize and support the importance of coordinated responses to these threats.
- **Linkages:** This Mission Objective links to and supports:
    - Interim National Security Strategy Guidance: Protect the security of the American people from violent extremists
    - Department of State (DOS) and USAID Joint Strategic Plan Draft FY2022-26 (State-USAID JSP) Objective 1.4 - Peace and Security: Revitalize U.S. alliances and partnerships to prevent, deter, and resolve conflicts and address international security challenges
    - State-USAID JSP Objective 2.2 - Inclusive and Sustainable Economic Growth: Support inclusive and sustainable economic growth and opportunity for communities around the globe

- DOS/Bureau of African Affairs (AF) Joint Regional Strategy Draft (JRS) Objective 1.2: Improve the capacity and will of security forces, including defense and civilian sector actors, to identify and respond to ongoing transnational threats posed by terrorism and violent extremism, organized crime, maritime insecurity, and border insecurity

- **Risks:** If this Objective is not achieved, Mauritania will be more susceptible to the effects of these threats, including kinetic, economic, and humanitarian risks. A weakened economy will reduce job opportunities and exacerbate humanitarian issues within the region. It will also make the country more receptive to competitor influence. Potential risks to the advancement of this Objective include changes to senior leadership in the Mauritanian military impacting the Mauritanian military's willingness to provide funding. Mauritanian reliance solely on USG funding without domestic sustainment programs could reduce the chance of receiving future USG assistance. Post will mitigate these risks by continuing to engage with the Mauritanian military, sending military students to International Military Education and Training (IMET) courses addressing relevant topics, and through local engagements focusing on the best ways to improve operations in these domains.

Mission Objective 1.2: Development and adoption of plans to prevent and counter violent extremism solidifies Mauritania's fight against terrorism

- **Justification:** Some analysts believe Mauritania's success in preventing domestic terrorist attacks since 2011 is due solely to its military posture; however, in 2010, the GIRM designed a holistic CVE strategy that combines the use of military and non-military approaches to control and eliminate the threat. One successful initiative under this comprehensive strategy has been the increased engagement of the Ministry of Islamic Affairs (MOIA) with mosques, "mahadras" (Koranic schools), ulama and fuqaha to promote a "moderate" narrative. Prior to this, evidence suggests some mahadras had been used to instill extremist views and a strict interpretation of Islam which may have helped convince dozens of Mauritanians to join extremist and terrorist groups in Asia, the Middle East, and Africa. Thousands more were persuaded to espouse these views as norms. Since 2016, Post has cultivated a relationship of trust and cooperation with the MOIA in support of its efforts. Thanks to this partnership, the USG has access to an otherwise difficult-to-reach audience in Mauritania, i.e. Imams, fuqaha and ulama. The USG also maintains direct access to youth from marginalized communities through programming and partnerships with Civil Society Organizations (CSOs). Post will leverage such relationships to support ongoing GIRM and CSO efforts to develop and implement CVE strategies to address these threats.
- **Linkages:** This Mission Objective links to and supports:
    - <u>Interim National Security Strategic Guidance</u>: Protect the security of the American people; continue to build partnerships in Africa, investing in civil society and strengthening long-standing political, economic, and cultural connections; help African nations combat the threats posed by climate change and violent extremism, and support their economic and political independence in the face of undue foreign influence
    - <u>DOS/AF JRS Goal 1</u>: Advance peace and security in Sub-Saharan Africa through U.S. leadership and revitalized alliances and partnerships to address challenges in

security, stability, and democracy, including through long-term efforts to address immediate causes of violence and build resiliency

- State-USAID JSP Overview: Supporting global stability by reversing state and societal fragility, CVE, and other forms of violence, implementing the Global Fragility Act, fostering inclusion and empowerment through initiatives such as Women, Peace and Security, and preventing atrocities

- **Risks:** Failing to build Mauritania's capacity to prevent and counter violent extremism poses a weakness and potential threat to the cohesion of the country. This could result in the establishment of a more conservative society, less open to the world and less compliant with international norms and standards of human rights and dignity. In a worst-case scenario, it could foster internal and exported terrorism. Events in neighboring Mali are a reminder of Mauritania's fragility and vulnerability. Potential risks to achieving this Objective include changes to senior leadership at the MOIA. Post will attempt to mitigate these risks by working with the elements beyond the MOIA in the GIRM and CSOs in order to broaden and adapt activities to changing circumstances.

Mission Objective 1.3: Increased export of Mauritania's best security practices to the region, especially through leadership in and reform of the G5 Sahel, improves regional stability

- **Justification:** Mauritania has remained relatively stable in an unstable region. Therefore, its senior leaders are well positioned to share Mauritania's lessons learned and best practices in the fight against VEOs and trans-national crime. Currently, the G5 Sahel Defense College hosts students from other G5 Sahel member countries for training on serving in a multi-national headquarters. As a result, the G5 is well-placed to propagate lessons learned and can develop itself to reach a larger audience. Other institutions within Mauritania have been successful but are not resourced to host regional partner students. Addressing this, e.g. by supporting the Mauritanian Air Force in its regional leadership efforts, will help put a stable partner in the lead of developing other regional partners' ability to combat VEOs and ultimately decrease reliance on foreign assistance. This objective will be achieved through formal capabilities assessments, bilateral best practice exchanges, key leader engagements between Post and the Mauritanian military, and the signing of an MOU to provide equipment and training.
- **Linkages:** This Mission Objective links to and supports:
    - Interim National Security Strategy Guidance: Protect the security of the American people from violent extremists
    - State-USAID JSP Objective 1–4 - Peace and Security: Revitalize U.S. alliances and partnerships to prevent, deter, and resolve conflicts and address international security challenges
    - DOS/AF JRS Objective 1.1: Strengthen the capability of multilateral and regional organizations, government institutions, and civil society to prevent worsening state fragility and the emergence of armed conflict
    - DOS/AF JRS Objective 1.2: Improve the capacity and will of security forces, including defense and civilian sector actors, to identify and respond to ongoing transnational threats posed by terrorism and violent extremism, organized crime, maritime insecurity, and border insecurity

- **Risks:** If Objective 1.3 is not achieved, Mauritania will not be able to share positive lessons learned with neighboring countries whose stability would benefit from the Mauritanian example. Potential risks to the completion of this objective include changes to senior leadership in the Mauritanian military and the military's willingness to provide its own funding and a long-term sustainment plan in support of shared goals. As in Objective 1.1, Mauritanian reliance solely on United States government funding without domestic sustainment programs could reduce the chances of receiving future USG assistance. Post will mitigate these risks by helping the G5 Defense College staff develop its curriculum to ensure it propagates these lessons as much as possible.

Mission Objective 1.4: Augmentation of Post consular analytics enhances American citizen security by strengthening visa adjudications

- **Justification**: Visa adjudication at Embassy Nouakchott has a long history of high refusal rates, high overstay rates, fraudulent documents, and high rates of questionable asylum claims and other applications for adjustment of status, including occasional issues related to official GIRM and LE staff travel. The consular section (CONS) has had staffing gaps and was previously staffed by first-tour officers. An in-depth analysis of visa adjudication history will create a guide for future staffing and adjudication in the Consular section and thus enhance American security.
- **Linkages:** This Mission Objective links to and supports:
  - State-USAID JSP Strategic Objective 5.2: Facilitate legitimate travel
  - Bureau of Consular Affairs (CA) Goal 3: Facilitate legitimate travel while ensuring secure U.S. borders
- **Risks:** Risks to completing this Objective are whether the Consular Section will have sufficient time to complete these validation studies and the willingness of different offices in CA to support these studies. Post will attempt to mitigate these risks by staffing the Consular Eligible Family Member (EFM) position and stressing to CA the role of these validation studies in the bilateral relationship.

Mission Goal 2: Further democratic development and good governance; promote a just, resilient, and inclusive society; and end slavery

Description: Mauritania's upcoming parliamentary (2023) and presidential (2024) elections are an opportunity to consolidate and advance Mauritania's democratic transition following the country's first peaceful democratic transfer of power between two elected leaders in 2019. We will seek to further Mauritania's democratic governance and internal stability by encouraging increased political discourse and debate (over issues such as corruption, public administration, slavery and discrimination) in legitimate political processes, including the upcoming elections, and by promoting a free and objective press. On slavery, we will work with all partners—including the GIRM, civil society, the business community, international NGOs, and other donors—to provide programs and active encouragement to meet the government's stated intention to address the existence of and end hereditary slavery, as well as the deep social divisions that stem from it. Strengthening inclusive democracy in Mauritania and ensuring equal opportunity for all citizens will help promote a more stable and prosperous country.

Mission Objective 2.1: Encouragement of inclusive political participation, robust civil society, and open media leads to stronger democratic institutions and free and fair elections in 2023 and 2024

- **Justification:** The 2019 election of President Ghazouani marked the first peaceful transition of power in Mauritania from one democratically elected president to another. While the 2019 election is considered to have been mostly free and fair, there are many Mauritanians who contend the system was rigged. Elections in 2023 and 2024 will offer Mauritanians the chance to hold inclusive elections from which the people will respect the results regardless of outcome, because they have faith in the country's democratic system including its media. Stronger democratic institutions will allow citizens to have increased confidence in the State and will offer an alternative to tribal and/or extremist ideologies that have historically caused security concerns in the country.
- **Linkages:** This Mission Objective links to and supports:
    - Interim National Security Strategy: Strengthen our commitment to development, health security, environmental sustainability, democratic progress, and rule of law
    - State-USAID JSP Goal 3: Strengthen democratic institutions, uphold universal values, and promote human dignity
    - DOS/AF JRS Objective 3.1: Promote accountable, transparent, and democratic governance
- **Risks:** If Mauritanian political stability falters, democratic gains in the country could be threatened. Capacity building to advance Mauritanian democracy, overcome tribal and ethnic divisions, and strengthen electoral and media institutions will be key to mitigating this risk.

Mission Objective 2.2: Citizens are empowered through policies promoting education, youth development, abolishment of slavery and its effects, and integration of refugees, stateless persons, and marginalized communities

- **Justification:** Although the GIRM is making efforts to provide all Mauritanian citizens with civil status documents, many young Mauritanians from underserved communities are excluded from school at an early age because they have no access to civil registration. Approximately 40% of youth complete primary school; the remaining majority have limited options and thus can potentially be lured into illicit activities including violent extremism. These youth need support to enter the workforce and productively engage in civic life. Awareness campaigns to assist Mauritanians to obtain civil registration will improve student retention rates and offer a more promising future of economic opportunities and livelihoods afforded by education. If awarded funding, activities will be undertaken to increase civil registration, track progress on education, and promote other socio-economic areas of growth for youth and other underserved populations.
- **Linkages:** This Mission Objective links to and supports:
    - State-USAID JSP Performance Goal Statement 1.5.3: By 2026, we will improve our ability to more effectively persuade foreign publics to adopt behaviors linked to expanding prosperity and opportunity
    - State-USAID JSP Performance Goal Statement 1.3–4 - Reducing Statelessness (State): By FY 2026, the United States reduces statelessness by encouraging implementation of Member State commitments made at the 2019 High-Level Segment on Statelessness
    - State-USAID JSP Performance Goal Statement 3.5–2 - Strengthen Educational Outcomes (USAID): By September 2026, children and youth—including females and people with disabilities—in 25 countries will experience improved educational outcomes

- **Risks:** The risk of not extending civil liberties to all citizens denies the full potential of prosperity and shared values with the U.S. and puts Mauritanians at risk of violent extremism by pushing excluded citizens into at-risk behavior for perceived lack of choice. The challenges associated with this risk are being able to reach the stateless populations, many of whom live outside the public sphere. Post will mitigate these risks by coordinating efforts to target and use proven methods to raise awareness within targeted populations considering the sensitivities of their cultural environment and drawing from lessons of work conducted by the USG in this space from the recent past.

Mission Objective 2.3: Increased prosecution of crimes such as TIP, slavery cases, and corruption reflects Mauritanian progress promoting rule of law and support GIRM efforts to end hereditary slavery

- **Justification:** In previous years, Mauritania's lack of progress towards combatting TIP significantly hampered relations with the United States. Ensuring Mauritania prioritizes prosecution of crimes such as TIP, slavery, and corruption (by a judiciary that reflects Mauritania's diversity) will help avoid future economic sanctions and open the door to increased economic ties through the Africa Growth and Opportunity Act (AGOA) and the Millennium Challenge Corporation (MCC). Increased rule of law will contribute to citizens' faith in the state and will also ensure that historically marginalized communities will be less likely to turn to extremist organizations to seek redress of grievances.
- **Linkages:** This Mission Objective links to and supports:
    - Interim National Security Strategy: Confronting corruption
    - State-USAID JSP Strategic Objective 3.3: Combatting Corruption
    - DOS/AF JRS Sub-Objective 1.4.1: Publicize policies that prevent, investigate, and address trafficking in persons
    - DOS/AF JRS Sub-Objective 3.1.2: Ensure accountability for endemic corruption
- **Risks:** Although there is increased political will to prosecute crimes such as TIP, slavery, and corruption, resources dedicated to these efforts remain limited. If Mauritania becomes subject to assistance restrictions based on its TIP status, capacity building efforts would significantly diminish. Widespread corruption and a certain degree of cultural acceptance for TIP (including slavery) could cause progress towards these efforts to move slowly. Efforts to mitigate these risks could include substituting virtual training programs for in-person activities and ensuring international partners are willing to focus on similar objectives so their assistance resources can mitigate any U.S. assistance restrictions.

Mission Goal 3: Promote sustainable economic growth and shared prosperity through an improved business climate, diversification, and increased U.S. investment

Description: Greater prosperity and optimal management of the country's strategic resources will further democratic governance, strengthen security, and address slavery and discrimination. Economic proceeds have been highly concentrated among traditional elites, with the government historically distributing economic benefits to key supporters and their patronage networks. Mauritania's economy is highly dependent on resource extraction, focused on minerals and fisheries. If properly managed, the recent discovery of significant offshore hydrocarbon resources, along with the promise of large "green energy" projects in the short-term, will generate new government revenue that may spur economic growth and development for Mauritania and its trade partners, including the United States. If managed well, this growth should also enhance citizen access to basic services such as public health and the right to participate in economic growth through entrepreneurship.

Mission Objective 3.1: Encouragement of economic reforms leads to fair, open, and diverse markets that meet international standards and attracts increased U.S. trade and investment

- **Justification:** Broad economic reforms in this emerging market are necessary to address market inefficiencies, correct overdependencies on food imports and extractive industries, and attract necessary investment and expertise from foreign firms. The combined impact of these actions will increase prosperity, distribute wealth more evenly within Mauritania, encourage a virtuous cycle of innovation and local entrepreneurship, and secure optimal management of the country's strategic resources against misappropriation and malfeasance—furthering democratic governance. Through positive diplomatic engagement, targeted foreign assistance in support of regulatory and budgeting best practices, and increased commercial advocacy (especially in support of clean energy), Embassy Nouakchott can continue to support the opening of the Mauritanian economy and provide the GIRM with tools to combat patronage and corruption to boost investment.
- **Linkages:** This Mission Objective links to and supports:
    - Interim National Security Strategy: Expanding economic prosperity and opportunity
    - DOS/AF JRS Objective 2.1: Encourage improvements to business enabling environments and enhanced trade and investment between the United States and Africa through whole-of-government engagement.
    - DOS/AF JRS Objective 2.3: Improvement of economic governance and regional integration for trade and investment, including the implementation of the African Continental Free Trade Agreement
    - U.S. Strategy on Countering Corruption, National Security Study Memorandum (NSSM-1) Strategic Pillar Four: Preserving and Strengthening the Multilateral Anti-Corruption Architecture
    - NSSM-1 Strategic Pillar Five: Improving Diplomatic Engagement and Leveraging Foreign Assistance Resources to Advance Policy Objectives
- **Risks:** There are several risks that may jeopardize this Objective over the next several years: the growing disparity of wealth and economic opportunities within society; the potential

spillover of regional insecurity into Mauritania given its overreliance on essential imports from neighboring countries; weak government institutions; limited infrastructure and poor resource management; and corruption and patronage systems. To mitigate these risks and improve the outcome for the country's economy, Post will provide expert guidance and technical assistance to concerned government entities and private businesses involved in the public sector to improve existing infrastructure. Post will continue to highlight the importance of fighting corruption to the country's judicial, economic, and political institutions, and emphasize how systems of personal patronage inhibit trade expansion between the United States and Mauritania. Post will also continue to support the modernization of Mauritania's financial system by providing expertise, technical assistance, and facilitating communication with the U.S. financial sector.

Mission Objective 3.2: Concrete steps by Mauritanian institutions promote inclusive economic security, boost entrepreneurship, and bolster public health

- **Justification:** Mauritanian institutions need to ensure more extensive basic services such as public health, including reproductive health, in order for the country's population to achieve demographic dividends and enjoy increased economic security. Inequitable economic growth and distribution of resources stifles opportunities and increases social costs. We aim to support an enabling environment that allows all citizens to access public health services and engage in economic opportunities such as entrepreneurship that will increase the country's economic security and well-being.
- **Linkages:**
  - State-USAID JSP Performance Goal Statement 2.2.4: Inclusive and Sustainable Economic Growth (State) - By 2026, U.S. leadership in multilateral and bilateral discussions and negotiations will result in international and regional environmental, health, and scientific agreements and processes, laws, policies, and regulations that promote shared goals, leverage resources, and utilize expertise to achieve inclusive and sustainable economic gains
  - State-USAID JSP Performance Goal Statement 3.5.1: Strengthen Health; Water, Sanitation and Hygiene (WASH); and Food and Nutrition Services (USAID) - By 2026, increase the number of countries with improved access to quality health, WASH, food, and nutrition services for women, youth, and marginalized groups
- **Risks:** The risk of not extending assistance to ensure economic security, opportunities and support to public health is to push people into situations where they may feel compelled to seek alternative and illicit means to cover these needs for lack of better options. The risks to achieving this Objective include the GIRM's limited human resources being overwhelmed by the COVID pandemic, polio outbreaks, malnutrition, and other health related emergencies. Post will mitigate these risks by supporting the GIRM with tools, technical assistance and equipment to strengthen the health system with sustainable practices.

4. Management Objectives

Management Objective 1: Quality and efficiency of ICASS services to embassy customers is improved per annual ICASS Surveys and Service Standards metrics

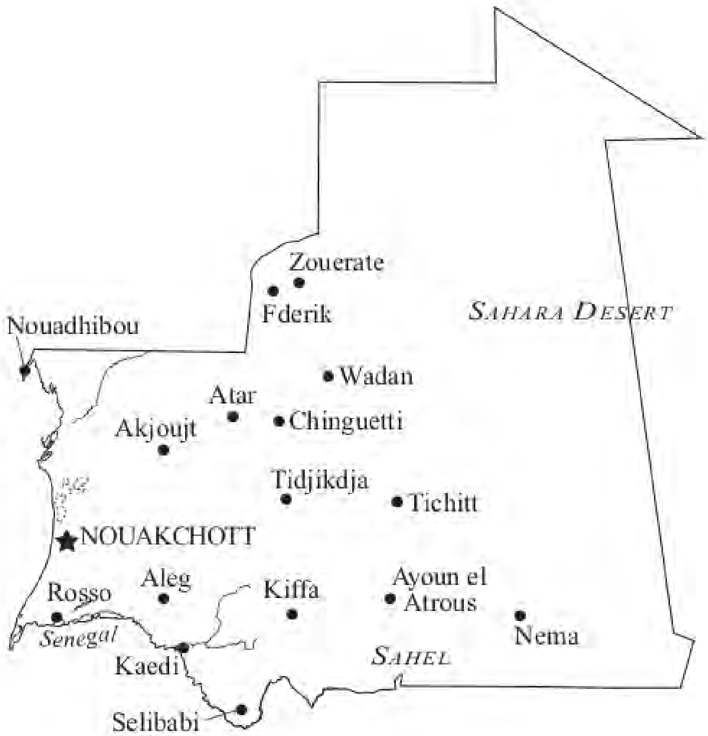
- **Justification:** Embassy Nouakchott achieved its highest ever ICASS score in 2021, but the score is still below the worldwide average. In numerous areas, including IRM and LE staff HR, ICASS scores are below average for AF. In addition to customer input, ICASS Service Standards (ISS) establish minimum baselines for quality service delivery. Using ICASS scores and ISS metrics in concert ensures that Management (MGT) section performance is measured for both quality and efficiency of services that will enhance embassy staff morale and productivity in this HDS Post.
- **Linkages:** ICASS services support all Mission Objectives and their related linkages as detailed herein.
- **Risks**: Failure to provide ICASS services in a timely and efficient manner impedes the ability of the Mission to deliver on overall Mission Objectives. From motor pool support to community morale, shipping logistics to financial management, all aspects of Management deliverables rely on effective performance of ICASS responsibilities. The greatest risk to implementation of this Objective is the challenge of promoting change in a local culture often averse to new ways of working. Post will attempt to overcome this challenge with training and messaging that conveys the shared benefit to the Mission, its members, and our Goals if we modernize our ways of working.

Management Objective 2: DEIA goals are advanced through Management practices and programs that support Mission-wide efforts to incorporate DEIA aims and principles

- **Justification**: Incorporating DEIA goals into Management practices, including promotion of equity and fairness in recruiting, will ensure a diverse workforce better able to draw on differing backgrounds, experiences and skillsets. This will aid in the quality, efficiency and fairness of overall Mission service delivery while maximizing and reflecting contributions from all sectors of Mauritanian society.
- **Linkages:** This Mission Objective links to and supports Performance Goals from the State-USAID JSP as follows:
  - E.O. 14035: Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce
  - E.O. 13583: Establishing a Coordinated Government-wide Initiative to Promote Diversity and Inclusion in the Federal Workforce
  - E.O. 13988: Preventing and Combating Discrimination on the Basis of Gender Identity or Sexual Orientation
  - E.O. 13985: Advancing Racial Equity and Support for Underserved Communities Through the Federal Government
  - E.O. 14020: Establishment of the White House Gender Policy Council
- **Risks**: Failing to address DEIA goals may have a number of negative ramifications for the Mission. Host country relations could be affected, as a perception exists that the embassy only hires from certain segments of the population. Operations would also lack the diversity of community contacts and experiences that having a broad section of Mauritanian society would offer. The greatest risk to implementation of this Objective is the inherent imbalance in skills (particularly language skills) which exists in the wider context of Mauritanian society in conjunction with a lack of desirability for USG employment among under-represented ethnic groups. Post will attempt to mitigate this risk by expanding and targeting advertising to additional groups of applicants.

CultureGrams™ World Edition 2023

Islamic Republic of Mauritania



Boundary representations are not necessarily authoritative.

BACKGROUND

Land and Climate

The Islamic Republic of Mauritania is slightly larger than Egypt, or slightly smaller than the size of the U.S. states of Texas, Oklahoma, and Kansas combined. Of the three main geographic regions (Sahara, Sahel, and Riverine), the Sahara takes up the northern two-thirds; it is characterized by shifting sand dunes, large rock outcroppings, little rain, and limited vegetation. The semiarid Sahel, to the south, supports savanna grasslands suitable for nomadic cattle and goat herds. The fertile soil of the Riverine region, along the Senegal River, supports rice, tropical vegetation, and crops for the country. Fishing grounds along the coast are among the richest in the world and, along with iron ore mined in the north, are one of the country's main natural resources.

Mauritania is hot and dry, although winter temperatures are somewhat cooler. During the hottest time of the year (which peaks in May), daytime temperatures reach well over 100°F (38°C), and dusty harmattan winds blow from the northeast. The coast is generally cooler but more humid than the rest of the country. Desertification has intensified in the last 30 years, and the expanding desert threatens farms and the grasslands.

History

Early History

Tribes known as the Imazighen (Amazigh, singular) settled in the region in the third and fourth centuries AD. Their use of camels allowed for extensive trade by caravan. Traders transported enslaved West Africans, gold, and ivory north to present-day Morocco and Algeria in exchange for salt, copper, and cloth. Important trade towns were established in Chinguetti, Wadan, Walata, and Tichitt. During this time, Moors from the north of Africa also entered the region and introduced Islam. The term *Moor* was coined by the Romans and refers to people of mixed Amazigh and Arab bloodlines.

In the 10th century, the great Ghanaian Empire controlled much of the southern region of present-day Mauritania. Arabs gained control in the 16th century. Islam flourished and the region became a center for Islamic scholarship and literacy.

The French established trade outposts in West Africa as early as 1659 but did not assert sovereignty over the area until the early 1900s. In 1903, after establishing territories in Algeria and Senegal, France extended a protectorate over present-day Mauritania. In 1905, the French announced the abolition of slavery in the region; however, little effort was made to enforce the law, and slavery continued. Despite resistance from Arab leaders, by 1920 Mauritania was fully integrated into a federation of French colonial territories known as French West Africa. More interested in coastal trade ports in Senegal and other colonies, France invested little in Mauritania, and the territory remained underdeveloped for decades.

Daddah Era

Pressured by independence movements in neighboring territories, France granted more autonomy and rights to its West African colonies. In 1960, Mauritania declared its independence, electing Moktar Ould Daddah as president. Daddah held office for the next 18 years. During this time he nationalized the iron mines and created a unique Mauritanian currency, the *ouguiya*.

Daddah also expanded the nation's territory in 1975 by annexing the southern third of the Spanish colony Western Sahara (Morocco claimed the northern two-thirds) after Spain withdrew from the colony. In response, the Polisario Front, a guerrilla force favoring independence for Western Sahara, began attacking Nouakchott (the capital of Mauritania) and the country's railroad. Costs associated with the war, in addition to a series of severe droughts, crippled the economy. Daddah was ousted in a military coup in 1978 and imprisoned until 1979, when he left the country. Mauritania relinquished its claim to Western Sahara that same year. In 1981, Mauritania became the last country in the world to abolish slavery; however, it did not pass any measures to prosecute slaveholders, and the practice of hereditary slavery persisted.

Ethnic Tensions

Following a number of coups, Maayoua Ould Sid'Ahmed Taya came to power in 1984. Taya sought to improve diplomatic ties with Morocco and expressed neutrality in the ongoing Western Sahara conflict. Regardless, tension in the region remained high, and in 1989 violence erupted along a disputed border with Senegal. Moors clashed with Black Africans over land, cattle, and other issues. Race riots broke out between migrant Mauritanian Moors and Black Africans in Senegal. In response, Taya's regime supported the killing or torture of Black Africans. Both countries expelled each other's citizens, resulting in the displacement of tens of thousands of people.

Elections and Coups

In the early 1990s, Taya repatriated some of those who had been expelled; he also sponsored democratic reforms and developed a multiparty system. He was reelected in 1992 in the country's first multiparty presidential election. Taya's party continued to dominate in the 1996 multiparty legislative elections that followed. Taya was reelected in 1997 and 2003, although opposition parties disputed his victories.

The Western Sahara conflict, drought, and poor trade caused economic problems that eroded Taya's popularity. In August 2005, when Taya was out of the country, military officers staged a bloodless coup and formed a military government under Colonel Ely Ould Mohammed Vall. Many Mauritanians welcomed the end of Taya's rule. Sidi Ould Cheikh Abdallahi won democratic presidential elections in March 2007, but he was deposed by another military coup just 17 months later. The coup's leader, General Mohamed Ould Abdel Aziz, won elections in July 2009 and 2014.

Under Aziz, conditions for some Mauritanians improved. Although his regime brought economic stability to the region and improved living conditions for the poor, it also faced allegations of corruption. Despite fears that he would attempt to remain in power, Aziz endorsed Ould Ghazouani, who went on to win the 2019 elections in what marked the first democratic peaceful transfer of power in Mauritania.

Mauritania Today

Although Mauritania has made significant progress toward political stability, the nation still faces many challenges. Despite slavery being criminalized in 2007, tens of thousands of people, mostly from the Haratin ethnic group, remain enslaved in a hereditary system of slavery. Mauritania also faces problems of government corruption, extreme poverty, and security threats from Islamist insurgents in the Sahel region.

THE PEOPLE

Population

Mauritanians identify closely with those from their region and tribe. Moors, many of whom still live in the desert as herders, make up the majority of the population. They are divided between White Moors (30 percent of the total population) and Black Moors (40 percent). White and Black Moors share the same language, culture, and values, but they are not well integrated with each other. Both groups have mixed Arab and Amazigh ancestry. In White Moors, this ancestry is dominant, while Black Moors also descend from enslaved sub-Saharan Africans. Black Moors tend to live in poorer circumstances than Whites; however, they are represented in government and are working for greater equality.

Black African ethnic groups make up the remaining 30 percent of Mauritania's population. These include the Pulaar, Soninke, and Wolof. The Pulaar and a related group called the Halpular (or Toucouleur) form the nation's largest minority. The Pulaar are traditionally cattle herders and dairymen, but the Halpular are farmers. The Soninke are farmers and traders, who live primarily near the Mauritania-Senegal-Mali border. The Wolof inhabit the coastal areas and are often fishermen. Moors and Black Africans are divided by history, language, and culture. Relations between the two groups are often tense. Most people live along the coast or in the Senegal River region.

The Sahara has a long history of slavery, and Mauritania was the last country in the world to formally abolish it (in 1981). While enslaved people were indeed viewed as property to be bought and sold, they were taken into a family and treated as members of that family. Nevertheless, they were consigned to lives of heavy or menial labor without hope for freedom. Today, vestiges of the system remain, and some people are still kept as forced house servants.

Language

Arabic is the official language. The majority of the population speaks the Hassaniya dialect. The Pulaar speak Pulaar (also called Fulani); the Halpular speak Fulfulde, a dialect of the same language. The Wolof speak Wolof and the Soninke speak Soninke. Most of these indigenous languages incorporate some French and Hassaniya terms. Black Africans speak their own tongue and usually also speak French. Moors speak Arabic. French and Arabic are the languages of business and higher education.

Conflict often arises over Arabic and French. Moors generally prefer Arabic and often suggest that French should no longer be prominent in the country. Black Africans tend to favor French and resent Moor marginalization of the language.

Religion
Nearly all Mauritanians are Sunni Muslims. Muslims keep the Five Pillars (or guiding principles) of Islam: professing one's faith; praying daily; giving alms; fasting between dawn and dusk during the holy month of *Ramadan*; and making a pilgrimage to Mecca, Saudi Arabia. Faithful Muslims pray five times each day. Friday is the day of worship. Islam in Mauritania also reflects the influence of Indigenous African beliefs about the existence of ghosts, spirits, and supernatural powers. Some *marabouts* (Islamic teachers and leaders) make charms (*gris-gris*) to ward off evil, bestow curses, grant fertility, and so on.

General Attitudes
Moors tend to be considered stoic and reserved, while Black Africans are often seen as more animated and gregarious. Mauritanians from all groups greatly value friendship, family ties, honesty, politeness, modesty, and respect for elders. In some areas, social rank and caste are more important than material wealth.

Moors are ordered by a caste system; the families of *marabouts* (Islamic teachers and leaders) have the highest rank, enslaved and formerly enslaved peoples have the lowest. In between are various other castes, including warriors, herders, blacksmiths, and *griots* (storytellers). A similar system exists among Black Africans. Social discrimination associated with caste is pervasive in society. People from higher castes generally dominate the government and economy. In some communities, such as the Soninke, separate cemeteries are reserved for people from higher castes. More modern Mauritanians do not emphasize the caste system, especially if they belong to a less desirable caste.

A strong sense of loyalty to one's ethnic group is paramount. The needs of an individual are usually less important than those of the community. Poverty is a relative term, as the low standard of living is offset by sharing. Competition is generally not encouraged, and people usually feel obligated to help one another. Many Muslims believe that life is controlled by God, often saying *Inshallah* (God willing) to acknowledge that circumstances are beyond their control. This worldview may allow some Mauritanians to accept hardships in their lives. Many people associate modernization with Westernization, which some—particularly older generations—see as a threat to traditional Islamic values.

Personal Appearance
Men typically wear a *boubou*, or *dara'a* (a long, draping robe in white or blue), over a *chia* (a pair of baggy pants). Turbans are wrapped in various ways about the head and/or face to protect against the sun and blowing sand. A *boubou* may be decorated with intricate embroidery. Black Africans are more likely to wear brightly colored clothing or Western-style attire. Babies and toddlers generally wear Western clothing. As they get older, children and youth start wearing traditional clothing.

Moorish women typically wear a *mulafa*, a large piece of colored cloth that is wrapped around the body and draped over the head. A skirt and possibly a shirt are worn beneath the wrap but not seen in public. Black African women usually wear a *pagne* (wraparound skirt) along with a colorful *boubou* and head wrap. Many women value and wear jewelry, especially gold. On special occasions, particularly before a wedding, many women pay to have their skin decorated with henna (a plant dye). While the dye itself is not expensive, having it applied can be costly.

CUSTOMS AND COURTESIES

Greetings
Mauritanians shake hands with people of the same gender but offer only verbal greetings to people of the opposite gender. Greetings can be lengthy, and men might hold hands while talking. After an initial greeting with an elder, one often touches the right hand to the heart. The most common initial greeting is *Assalaam ʿalaikum* (Peace be upon you), to which people reply *Wa ʿalaikum assalaam* (And peace be upon you). Moors might also say *Iyak labass* (On you no evil), to which one responds *Labass* (No evil).

In Soninke, people greet with *An moho* (How are you?); the response is *Jam* (Fine). Similarly, for the Wolof, the greeting is *Nanga def*, and the response is *Jam rekk*. Among Pulaar speakers, one says *M'bda*, to which the response is *Jam tan*. Throughout Mauritania, *Al-hamdu lillah* (Praise be to God) is a standard response to good news.

In greeting an elder or social superior, a Moor may place the elder's right hand on his own head as an act of respect and submission. The elder gently tries to withdraw his hand from the person's head but eventually allows it to remain.

Gestures
Mauritanians use the right hand for making all gestures, eating, touching others, and passing objects. The left hand is reserved for personal hygiene. It is considered impolite to establish eye contact with an elder. A person makes a clicking sound with the tongue to show he or she is listening to or agrees with the speaker. To disagree, one sucks air through the teeth with the lips pursed. Friends of the same gender may hold hands, but public displays of romantic affection are unacceptable.

Visiting
Paying frequent visits to friends and relatives is an important social obligation and a main form of recreation. Guests may drop by at any time and might stay several days. Mauritanians tend to be generous to guests; wealthy hosts may even slaughter a goat for special visitors. People returning to a rural village after an extended time away are expected to bring back gifts, especially if they received a parting gift before taking their journey.

When entering a house or tent, Mauritanians remove their shoes. Hosts offer guests something to drink, such as water, juice from a baobab tree, or *zrig* (milk, water, and sugar whipped together with a whisk). Later, they prepare mint tea, which is served among Moors in small glasses and sipped quickly. It is offered to guests in three ceremonial rounds. With each round, more sugar and mint are added to the tea to symbolize three aspects of life: bitter like life, sweet like marriage, and sweetest like having children. Guests arriving at mealtime are expected to stay and eat. After the midday meal, everyone usually takes a nap. Men lounge together on palm mats. Women are more likely to lounge with other women. Most visiting occurs outdoors because it is too hot indoors.

Eating

Most people eat three meals a day: a light breakfast, often bread and mint tea, in the morning followed by more substantial meals for lunch and dinner. Mauritanians eat with their right hand from a communal platter or bowl placed on the ground. Prior to eating, they wash their hands in a water basin. Men and women eat from separate platters; in some homes, they eat in separate rooms. Diners eat the portion of food directly in front of them but take meat from the center of the plate. They form balls of food in the hand before placing them in the mouth. Hosts often encourage guests to eat more. After the meal, people lick their fingers clean and then wash again in the water basin.

LIFESTYLE

Family

Structure

Extended families are very close and often live within the same home. Often each nuclear family occupies one bedroom. If a man has more than one wife, each wife has her own bedroom. Anyone with an income is expected to share earnings with the extended family. An urban wage earner might support an entire family in a remote village. Family members share responsibility for most chores related to the shared areas of the home, such as cooking, washing dishes, and doing laundry. Each nuclear family takes care of its own room. Members of the extended family help one another with childcare when needed. Wealthier Mauritanians are more likely to live as nuclear families.

Parents and Children

Parents strive to have as many children as possible, as large families bring them respect in the community and help ensure they will be cared for in their later years. Young children tend to help with chores, including caring for animals, tending a garden, and carrying water; urban children might also sell candy or other small items. Women generally live with their parents until they marry. Young men often leave the family home soon after adulthood to seek employment. The eldest son usually assumes responsibility of caring for his aging parents.

Gender Roles

The father is considered the head of the family, followed by the eldest son. The father provides money, clothing, and other necessities. In many families, the father leaves the home village to find work and sees his family only occasionally.

Women are responsible for the household and the children. Many families have maids, who usually come from lower social castes. Women with maids usually maintain responsibility for the cooking and for the shopping. In families without maids, the bulk of household chores fall to the oldest daughter. More traditional women do not work outside the home, and women used to be expected to quit their jobs after marriage. A growing number of women choose to continue working after they marry and have children. Most market vendors are women, many of whom form cooperatives to help one another open shops and buy merchandise. Although the role of women has changed in recent years, women's status in society remains lower than that of men. While women exert considerable influence in the home, they have very little power in broader society.

Housing

Urban

Urban homes are generally made of concrete. Interior walls are painted white, and the exteriors are often blue, white, tan, or pink. Homes of the wealthy may be surrounded by gardens. In some large compounds, the bathrooms and kitchen are in separate buildings from the rest of the home. Urban homes are more likely to have couches, tables, and chairs. Interior doorways are often covered with long pieces of brightly colored fabric. Few homes have closets, so people often store their belongings in boxes and suitcases. Decorations typically include ornate verses of the *Qur'an* (Islamic holy book) and pictures of the president, local religious leaders, or holy Muslim sites.

Many cities have electricity, but power outages are common. Most urban homes have a refrigerator as the only appliance. The wealthy have air-conditioning units. Urban homes may have a small gas burner, which is used for making tea but not for cooking, as families try to use gas sparingly. In urban areas, the availability of running water can be irregular during the hot season. Most homes, even those with running water, keep a 200-liter drum of water inside the house for use when the water supply is off. Urban homes often have access to an outdoor water faucet, but few homes have indoor plumbing.

The urban poor live in slums, where residents construct homes from whatever materials they can salvage (such as tree branches, fabric, and pieces of metal). Electricity and running water are rare in these communities.

Rural

Rural homes are generally smaller than urban homes. Most rural homes are made of mud bricks and have thatched roofs. In the north, rural homes may be built of rock and have a clay roof. A fence is constructed around the family compound. Rural residents usually paint interior walls white. Home exteriors are usually not painted because rain quickly washes paint off the mud brick. Many people in rural areas grow gardens on their property to provide food for the family and a little extra to sell.

Homes tend to be sparsely furnished and decorated. Most people sleep on mats. People usually sit on long cushions (called *matelas*) covered in various fabrics and topped with smaller pillows. Rural homes generally do not have electricity. People in these areas use flashlights at night and may also have a battery-operated radio. Cooking is usually done on charcoal grills or open fires. Some families have televisions, which they power with generators. Running water is rare in rural areas.

Nomadic families live in large camel-hair tents (*khaima*). In the south, Fulani herders live in *ruga*, temporary dome-shaped huts. Because nomads are continually relocating, most have few belongings and very little furniture.

Home Life

The extended family most often lives together in a compound surrounded by a high wall. The average house has two to three bedrooms, a kitchen, and a latrine. Some homes may have more rooms, depending on the size of the extended family.

Homes may also include an open yard area, where families keep livestock and hang laundry. Mauritanians spend much of their time in this outside area when temperatures are too warm indoors. The family sets up a tent on a concrete patio, and they sleep, eat, and relax in the tent during the warm season. Tents are made from layers of cloth, thatch, or camel hair and a layer of plastic sheeting to keep moisture out. During the warm season, one room of the house is used as a living room, where the television is kept and guests are received, while the rest of the house is used mainly for storage. During the cold season, all rooms of the house are used for sleeping.

Ownership

Home ownership is greatly valued. Most people hope to own their own homes before starting families. In rural areas, most people build their homes on ancestral land. Urban housing is generally expensive compared to the average income. Mortgages are not available, so people must save up in order to pay cash for a home.

Dating and Marriage

Dating and Courtship

Dating in the Western sense does not exist, and openly dating is frowned upon. Young people often meet at school, at community events (like weddings and holiday celebrations), and at *maisons des jeunes* (youth centers). Boys and girls are separated for most activities, but the growing use of cellular phones makes it much easier for young people to interact and arrange meetings without their parents' knowledge.

Marriage Arrangements

Many traditional families arrange marriages, and it is not uncommon for a couple to meet for the first time at their wedding. But a growing number of young people choose their own partners. If a young man wishes to express interest in a young woman, it is considered proper for him to visit her at home, usually accompanied by an older relative. The woman serves tea to her family and the visitors, and the group gets to know one another. If this meeting goes well, the couple becomes engaged. If a couple becomes acquainted on their own and wishes to marry, their families usually negotiate the marriage rather than the couple doing so directly. If both families agree, wedding preparations begin.

Marriage in Society

Women generally marry in their late teens or early twenties. Men usually marry their first wife in their late twenties or their thirties. Islamic law allows men to have as many as four wives, as long as they can provide for all equally. Existing wives must agree to the addition of more wives. Many Black Africans in rural areas have two or more wives. Moors and urban residents generally have one wife.

The groom is expected to pay the bride's family a cash bride-price according to his family's social rank and wealth. The bride-price is generally expensive, and men must save up or borrow money from friends and family to pay it. It is the bride's family's responsibility to provide home furnishings for the couple.

Sexual relations between same-sex partners are illegal, and same-sex marriage is not legally recognized.

Weddings

Many Mauritanian weddings include both a Muslim ceremony and a traditional celebration. Muslim ceremonies are generally small and need only include the groom and two male witnesses. The bride is not required to be present. After the ceremony is performed by an *imam* (religious leader), the groom and the witnesses sign the marriage certificate. The Muslim ceremony is followed by a traditional wedding celebration, which can last as long as three days and involves feasting and dancing. Often, the entire village or community is invited. After the Muslim ceremony, the couple may register their marriage with the government; however, few couples complete this step, as the religious wedding is considered more important.

Divorce

Divorce is becoming more common throughout the country. People do not find it difficult to remarry after a divorce; in fact, divorced people may be more sought after than those who have never been married, because they are seen as experienced in relationships. Infidelity is widespread among men, who often travel away from their families in search of work.

Life Cycle

Birth

It is improper to ask a woman about her pregnancy or when her baby is due, as this is believed to bring harm to the baby. Instead, one asks the woman about her health in general. If she is in good health but pregnant, she will say that she is sick.

The birth of a child is followed by seven days of celebration. The first night after the birth, only women visit the house to celebrate. Female family members cook dinner for those visiting. One at a time, each woman presents a gift of money, food, or clothing to the mother and says a blessing. The following nights, men and older children visit the mother and child and celebrate with the women of the village, usually with singing and dancing. Celebrations culminate in a naming ceremony held on the seventh day after the birth. An *imam* (religious leader) pronounces the baby's name (which the parents tell him beforehand), and then the child is officially presented to the community. Seven days after the birth, the father kills a goat, sheep, or camel. He then gives bowls of meat to the elders and other people of importance in the village.

Milestones
Boys born in a hospital are often circumcised immediately after the birth. When a *marabout* (Islamic teacher and leader) visits a village, he may circumcise the boys around age three who have not been circumcised. Though female circumcision is illegal, it remains fairly common; however, educational programs and anti–female circumcision movements have met with some success in discouraging the practice.

Mauritanians are considered adults at age 18. After this age, young people are given greater responsibilities in the home, though they are still expected to obey traditional customs and respect the decisions of their elders. For young women, wearing the *mulafa* (headscarf) is an indication of womanhood. Girls usually begin wearing it between the ages of 14 and 16. Fatness is considered an attractive female quality, so young women are often encouraged to gain weight to prepare for marriage.

Death
After a person dies, the immediate family prepares the body for burial and prays and grieves in the home. The men perform the burial, as women are not allowed in the cemetery. Each grave is marked with two large stones, one of which bears the name of the deceased. Members of the family and close friends pray through the night to ensure a safe path for the deceased to *Allah* (God). In cities, the male family members and close male friends pray at the mosque together. If a prominent person has died, prayers might be broadcast over the mosque's loudspeaker. For three days after the death, people who knew the deceased offer condolences and present gifts of food and money to the family.

Diet
Most Mauritanians eat rice or *couscous* on a daily basis. *Couscous* is made from sorghum flour carefully sifted and rolled into tiny balls and then steamed. *Idhin* (a kind of butter) is often poured on *couscous*. In the south, a typical diet also includes fish and millet. Corn and vegetables (such as carrots, lettuce, potatoes, and onions) are added in season. Bread is eaten in the morning or for a snack. Mauritanians may eat porridge or bread and butter in the morning, rice with dried fish or a peanut or tomato sauce in the afternoon, and steamed millet flour with beans or milk in the evening. Along the Senegal River, mangoes are abundant in season; guavas, limes, and other citrus fruits are also seasonally available. Dates grow in northern oases.

Recreation
Sports
Soccer is the most popular sport in Mauritania and is played mainly by men and boys. Boys of all ages gather after sunset, when temperatures are cooler, to play soccer in open spaces in the city or village. During the hottest time of the year, these games start as late as 10 p.m. The boys play by the light of the moon with makeshift soccer balls made from old tires or an old, deflated soccer ball stuffed with sand, rags, or rubber. People also enjoy watching professional soccer matches on television, particularly between European teams. Children also enjoy basketball and volleyball. Men enjoy camel racing. Women do not often play sports, but girls in urban areas are increasingly interested in sports.

Leisure
People enjoy taking walks in the evenings, often visiting friends or going to the market. Families often gather to watch television. Mexican and Turkish television shows are particularly popular. Those who do not have a television often watch at a neighbor's house while they drink tea and socialize. Men may gather to play card games. Women tend to get together to embroider, have tea, or braid hair. Children often make their own fun, drumming on pans and washtubs, singing, and dancing. They may fashion their own toys out of whatever materials they can find, but inexpensive modern toys are now also widely available. A growing number of children enjoy video games, particularly among the wealthy. People may also gather together to listen to a visiting *marabout* (Islamic teacher and leader).

Many Mauritanians love to dance, particularly on special occasions. Families often come together in a circle to sing and dance. Young people enjoy concerts at community centers. People of all ages enjoy singing around the house, and children are encouraged to sing and dance along with the adults.

Vacation
Few rural Mauritanians can afford to travel for pleasure. They generally travel only for business or in emergencies. Urban families often visit relatives in rural areas at certain holidays and during the summer, when school is out. Visits may be planned to coincide with the date harvest.

The Arts
Because Mauritanian society is rigidly segmented, many of its arts reflect those same divisions. Special castes exist for artisans and musicians, who often have wealthy patrons. Poetry and song are believed to have special, sometimes magical, powers. Islamic holidays and celebrations are the most common venues for traditional music and dance. Instruments such as the *tidnit* (a four-string lute) and the *ardin* (harp) accompany vocalists in traditional musical performances. Orators known as *ighyuwa*, or *griots*, sing praise poetry and recite oral histories and other forms of poetry. Another caste of artisans traditionally is involved in the production of art and handicrafts. Women work leather, make pottery, weave, and sew. Men are responsible for smithing (iron, gold, or silver), firing pottery, and woodworking. Artisans sell their wares in markets.

Holidays
National holidays include New Year's Day (1 January), International Women's Day (8 March), Labor Day (1 May), Islamic New Year, and Independence Day (28 November). The most widely celebrated holidays are Islamic. The dates of these holidays are determined according to the Islamic lunar calendar, so they do not correspond to fixed dates on the Gregorian calendar, which most of the Western world uses.

Ramadan and Eid al-Fitr
During the holy month of *Ramadan*, devout Muslims fast during the day. This is a time of special prayer, and most

mosques stay open all night. The end of *Ramadan* is celebrated with *Eid al-Fitr*. People prepare for weeks in advance. On the day of *Eid al-Fitr*, people arise early for a special prayer at the mosque. Then the women begin preparing the feast. Everyone dresses in their best clothes, and a prayer is said as soon as the sun goes down, after which the feast begins. The first part of the meal is eaten at home, and then people go out visiting, eating a small amount at each house they visit. The mood on the streets is festive and friendly. Strangers and friends alike are wished a happy holiday with the expression *Eid Mubarak!* (Happy Feast!).

Tabaski

People are expected to return to their home villages to celebrate *Tabaski* (also called *Eid al-Adha*, commemorating Abraham's willingness to sacrifice his son to God). Celebrations last three days, but preparations begin well in advance, as people must arrange transportation, purchase gifts for younger family members, and obtain a sheep for the feast. Each family slaughters a sheep as part of the celebratory feast. Sons are expected to provide the sheep for the family. They may purchase the animal in the city and carefully transport it home to the village, as an injured or ill animal is not considered suitable. Wealthier families help poorer families buy a sheep. On the day of the feast, the mutton is cooked and each family dresses in their finest clothes for the meal. People then visit friends and relatives, bringing a plate of food to each home.

Al-Mawlid al-Nabawi

Most people get three days off for *al-Mawlid al-Nabawi*, or Muhammad's birthday. Celebrations are similar to those at *Tabaski*, but on a smaller scale. People make a special meal at their homes, wear nice clothes, and visit people in their neighborhood.

Independence Day

The most important non-religious holiday is Independence Day. Official celebrations usually include speeches and dedicating new government buildings. However, few ordinary Mauritanians do much to celebrate it. Instead, it is treated as simply a day off from work. International Women's Day is celebrated in each regional capital with a fair at which women's cooperatives from the surrounding area display and sell their goods. A ceremony is held and includes speeches by government leaders. Many development organizations present awareness campaigns. In the north, many people celebrate the Getna harvest festival. Families travel to rural areas, where they camp in tents and enjoy freshly harvested dates.

SOCIETY

Government

Mauritania's president is head of state. A prime minister is head of government. The country's unicameral parliament consists of the 157-seat *Al Jamiya Al Wataniya* (National Assembly). National Assembly members are directly elected. The voting age is 18.

Economy

Mauritania is one of the world's poorest countries, with more than 30 percent of the population living in poverty. Half of the population relies on subsistence agriculture and animal husbandry. Wealth is concentrated in the hands of a few. Livestock is the key measure of traditional wealth in Mauritania. Iron ore is a major export. Fishing is also an important industry, but fishing waters risk being overexploited.

Mauritanians often work in other African nations as traders. With caravan trade a part of their heritage, many Moors buy goods from distant villages or countries and return to sell them in Mauritania's markets. Traders are esteemed over laborers, the latter being associated with lower castes and even slavery. This notion creates a glut of underemployed traders and a lack of skilled or motivated labor. Women often form cooperatives to make mats, grow gardens, and produce crafts.

The government is trying to overcome currency devaluation, foreign debt, and the inefficiency of state-run enterprises. Some industries are being privatized. The Mauritanian currency is the *ouguiya* (MRO).

Transportation and Communications

Paved roads connect major cities, but the majority of roadways are unpaved. Dirt roads are often impassable in the rainy season. Although transportation is difficult, one can get most places by "bush-taxi," a network of crowded cars that travel on set routes with variable schedules. The railroad transports iron ore from Zouerate to Nouadhibou when sand is not covering the tracks. In rural areas, some people travel by camel.

Cellular phones are far more widespread and affordable than landlines. Postal service is unreliable. Internet cafés operate in urban areas, but internet use in Mauritania is comparatively low, though it is growing. Most people get their news from radio and television stations. The government runs its own network of television and radio stations. Several private television and radio stations also operate in the country. Newspapers, which are subject to government censorship, are only available in Nouakchott.

Education

Structure

In Mauritania, primary school lasts six years, and about 80 percent of children are enrolled. Secondary school begins at age twelve and lasts six years. It is divided into junior and senior levels. Less than a third of eligible students are enrolled in secondary school. Though primary school is mandatory, some children stay home to help with family chores or contribute to the family income. Parents may also keep their children home because they distrust formal education.

Access

Public schools do not charge tuition, but students must provide their own school supplies. These costs are affordable for most families. However, many challenges affect education in Mauritania. Rural areas often lack schools. Classrooms are usually overcrowded, so some students may have to sit on the floor. Schools also lack teachers. In some rural areas, there is a single teacher for the entire school. Textbooks and school supplies are also scarce. Teachers may make do with one textbook, from which they copy the lessons onto the blackboard. Male and female enrollment rates are similar in primary and secondary school; however, wide disparities exist in enrollment rates between urban and rural children and children of different income levels. Many girls marry early, and few continue schooling after marriage. Families often place little value on educating girls, and girls are given more responsibilities at home.

School Life

The teaching style is generally authoritative. Students are expected to listen quietly and write down what the teacher tells them. The curriculum relies heavily on memorization. Homework is rarely assigned, as students generally do not have their own textbooks and most schools lack the ability to send materials home with students. Better-off families often send their children to private schools or hire teachers for private tutoring after school. Students must pass exams to advance to the next grade and to enter middle school, high school, and university. If they do not pass, they can repeat the previous grade and try again the next year.

The language of instruction is either French or Arabic, depending on the decision of the individual village. Young boys often learn some math and Arabic by attending *Qur'anic* school (Islamic school) before starting primary school. Since *Qur'anic* school is held before or after regular school hours, some boys continue attending after they begin primary school. Corruption in schools is widespread. Wealthy and well-connected parents are often able to bribe or pressure teachers and school administrators to raise their children's grades and allow their children to advance without passing the necessary exams. Sharing answers in school is widespread and generally not seen as dishonest. As in other aspects of society, competition is not widely encouraged in education. A student who is doing well sees sharing answers as a way of helping other students reach the same level.

Higher Education

Nouakchott is home to Mauritania's one major university, as well as most institutes of higher education in the country. For students in public schools and those whose families cannot afford private tutors, the pass rate for the university entrance exam is low. Students who pass are generally accepted. Only a small percentage of Mauritanians attend college. People may also attend vocational or technological schools to learn a trade.

Health

Hospitals and clinics exist in larger cities, such as the 12 regional capitals, but they often lack supplies, electricity, water, and medicine. Clinics with foreign doctors are available only to the wealthy. Most outlying areas have no access to medical care. Many people suffer from the lack of fruits and vegetables in their diets. People along the Senegal River are especially at risk for malaria and dengue fever. Intestinal parasites are common throughout the country.

AT A GLANCE

Contact Information

Embassy of Mauritania, 2129 Leroy Place NW, Washington, DC 20008; phone (202) 232-5700.

Country and Development Data

Capital	Nouakchott
Population	4,161,925 (rank=127)
Area (sq. mi.)	397,955 (rank=28)
Area (sq. km.)	1,030,700
Human Development Index	158 of 189 countries
Gender Inequality Index	161 of 162 countries
GDP (PPP) per capita	$5,300
Adult Literacy	72% (male); 62% (female)
Infant Mortality	50.99 per 1,000 births
Life Expectancy	63 (male); 66 (female)
Currency	Ouguiya

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Mauritania - Military

Last updated: 29 Jul 2022

Armed forces

Last updated: 29 Jul 2022

Executive summary

Last updated: 14 Mar 2023

	Total strength	Army	Air force	Navy
Active personnel	17,000	16,000	300	700
Reserves	35,000	unknown	unknown	unknown

- The main role of the armed forces is to defend the country's territorial integrity. Security concerns have varied over time from tension with the Polisario over Western Sahara, to border clashes with Senegal, and to fears of insurgent and criminal penetration from Algeria and Mali. Mauritanian troops have been increasingly deployed to the eastern border with Mali following the instability in that country, which became more pronounced with the takeover of the north of Islamist insurgents following a coup in the capital, Bamako, in early 2012, and the ensuing conflict.

- A number of successful military operations against heavily armed non-state forces in the early 2010s in Mauritania and Mali indicated a level of preparedness and adaptability greater than has previously been the case. That said, the army remains over-sized, underfunded, and not particularly well-equipped given the size of the country. The air force, meanwhile, has invested heavily in C4ISR assets, increasing its ability to monitor the country's vast, sparsely populated territory.

- Mauritania has increasingly focused on regional co-operation. It fields supplies troops to the G5 Sahel force, an initiative that also includes Burkina Faso, Chad, and Niger. The main objective of the force is to secure border zones, one along the frontier between Niger and Mali, another between Mali and Mauritania, and a third straddling the borders between Burkina Faso, Niger, and Mali. Despite budgetary shortfalls, operations have been conducted under the G5 Sahel umbrella. However, their effect has been limited with militant groups still active. For example, in June 2018 Al-Qaeda-linked groups under the Jama'at Nusrat al-Islam wal-Muslimin (JNIM) umbrella attacked the headquarters of the G5-Sahel force in Sévaré, central Mali. Following this attack, Mauritanian Army General Hanena Ould Sidi was appointed as commander of the force, replacing the Malian General Didier Dacko.

- From a political standpoint, Mauritania's armed forces have been an important actor since the country's independence from France in 1960. The political role has most often been manifested through coups, with the army last seizing control of the country in August 2008. The return of military rule set back the development of democracy in Mauritania and, once again, confirmed the military's role as the key arbiter of power in the country.
- Mauritania's military expenditure as a percentage of the GDP was 2.4% in 2021.

Threat environment

Last updated: 14 Mar 2023

The primary threats facing the Mauritanian armed forces are Islamist insurgent groups that move around the Sahel region, particularly near the border with Mali, where Jamaat Nusrat al-Islam wal-Muslimin (JNIM) is based. Al-Qaeda in the Islamic Mahgreb (AQIM) - which merged with other AQ-affiliated groups to form JNIM in March 2017 − had previously threatened attacks inside Mauritania, and in May 2011 security forces intercepted three vehicle-borne improvised explosive devices (VBIEDs) that were allegedly en route to the French Embassy and Mauritanian government targets.

Since 2011 Mauritania has not witnessed any major incidents. However, it remains a target for militant Islamist groups. AQIM has previously released a statement specifically mentioning Mauritania and notifying Western companies, particularly French, that they are “legitimate targets for the Mujahedeen”. This is most likely due to Mauritania's greater role in joint counter-terrorism operations, including the basing of the G5 Sahel organisation's permanent secretariat in Nouakchott.

Islamic State-aligned cells have also attempted to build a foothold within Mauritania. In July 2015 a cell of Mauritanians and Algerians was dismantled in Nouakchott. However, the main risk is still represented by groups already established in the area.

Doctrine and strategy

Last updated: 14 Mar 2023

Mauritania has no overriding military doctrine. The armed forces were established and trained with French assistance according to foreign legion practice in the Sahara, but have also come under other foreign influences. US assistance since early 2004 is likely to have adapted the doctrine of some specialised units towards counter-insurgency (COIN) and patrol capabilities.

The practice of garrisoning troops in dispersed locations makes sense in the desert environment and also serves as a potential counter to army mutinies at the centre.

Military capabilities assessment

Last updated: 14 Mar 2023

Mauritania capability assessment.

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Mauritania capability assessment. (Janes)

- The persistence of threats posed by militant groups has led to the steady development of the armed forces into a fairly competent body, if still unlikely to cope well with any major conflict. This was expected given that the Mauritanian army has traditionally been a mobile light infantry force, well-adapted to operations in the remote and barren interior of the country.
- That said, for the tasks it is expected to perform, the army is oversized and underfunded. While the volume of equipment is considerable, most of it is more than 20 years old and will become increasingly unserviceable over the next decade. Deliveries of armoured vehicles since 2015, including Otakar Cobra's in 2016, have gone some way in rectifying this.
- Mauritania's air force has a limited combat capability limited provided by a few SF-260EU Warrior armed trainers, a handful of Tucanos received from France in 2010-11, and two Super Tucanos that were delivered in 2012. One weakness of the force remains its transport capability, limited to single units of the HAI Y-12 and Basler Turbo-67 aircraft.
- It fares better on the C4ISR front. The Mauritanian Islamic Air Force (Force Aerienne Islamique de Mauritanie: FAIM) has increased its ability to monitor the country's vast, sparsely populated territory by upgrading its Basler Turbo BT-67 with an L-3 Wescam MX-15HD1 electro-optical (EO) turret and associated mission systems in 2014 so it can carry out regular surveillance as well as transport duties. Two Cessna 208B Grand Caravans have also been fitted with identical Wescam EO systems, enabling them to perform surveillance tasks in addition to serving as utility transports.
- Meanwhile, the Mauritanian Navy has one of the largest fleet between Morocco and Nigeria, with recent investment in the service. Two 60 m vessels were commissioned into service in May 2016. That said, Mauritania is still a long way from forming a credible resources-protection capability due to the sheer size of the country's exclusive economic zone, which measures 235,000 square kilometres.

Triservice interoperability

Last updated: 14 Mar 2023

Clashes between AQIM-affiliated insurgents and Mauritanian troops involved the successful co-ordination of the country's army and air force. This was particularly evident in joint operations with Mali in the Wagadou forest region.

Multinational interoperability

Last updated: 14 Mar 2023

G5 Sahel: The fight against militants and smuggling networks operating in the Sahara/Sahel region has led to an increase in military co-operation between regional partners and Western allies. In 2014 Mauritania joined Burkina Faso, Mali, Chad, and Niger to create the G5 Sahel, with the aim of improving co-operation on development policies and security matters in the region. In February 2017, leaders of the G5, together with French President Emmanuel Macron, announced the formation of a force known as the G5 Sahel Force, tasked with fighting transnational armed groups.

5+5 Defence Initiative: Mauritania is also part of the 5+5 Defence Initiative involving local partners along the North African coastline (Algeria, Libya, Morocco, and Tunisia) and southern European countries (France, Italy, Malta, Portugal, and Spain). The initiative was set up in 2004 by the defence ministers of the 10 countries with a view to improving security in the western Mediterranean by “developing multilateral co-operation to reinforce mutual understanding and confidence”. Mauritania regularly participates to 5+5 military exercise, like the naval manoeuvres ‘Seaborder 17' which took place in October 2017 off the coast of Toulon, France, and focused on search-and-rescue (SAR) operations.

African Union and UN Missions: Mauritania's membership of the African Union was suspended following the coup in August 2008. This suspension and related sanctions were lifted on 1 July 2009 when steps to restore democracy with a presidential election began. Mauritania has also started contributing troops to UN missions, deploying a contingent to the UN mission in the Central African Republic in January 2016 which numbered 450 troops as of December 2022.

Defence structure

Last updated: 14 Mar 2023

The army is the senior service, with the air force and navy (including marine infantry) subordinate to it. The National Gendarmerie (Gendarmerie Nationale) is a military police force of around 3,000 personnel with wide-ranging powers, which comes under the control of the Ministry of Defence (MoD). It is responsible for maintaining public order in urban and rural areas, especially in areas where the national police force does not have a presence.

There is also a National Guard (Garde Nationale), which comes under the aegis of the Ministry of the Interior. It has 2,000 uniformed personnel, plus another 1,000 auxiliaries who can be called up in time of national emergency. The National Guard is deployed to secure land borders, maintain public order, and carry out internal security duties.

A two-year period of military service is obligatory for all young men on reaching 18 years of age, but it is believed that the majority of servicemen are volunteers. Service in the air force and navy is voluntary.

Chain of command

Last updated: 14 Mar 2023

President and Supreme Chief of the Armed Forces:	General Mohamed Ould Ghazouani
Minister of National Defence:	General Hanena Ould Sidiani
Chief of Staff, National Army:	Major General Mokhtar Bolle Chaabane
Chief of Staff, Land Forces:	Rear Admiral Isselkou Cheikh El Wely
Chief of Staff, Air Force:	Brigadier General Hamady Ely Mouloud
Commander of the Navy:	Admiral Med Cheikhne Taleb Moustaf

Strategic forces

Last updated: 17 Mar 2023

Janes does not hold information on Mauritania strategic forces.

Country Report

Mauritania

Generated on June 8th 2023

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Symbols for tables

"0 or 0.0" means nil or negligible;"n/a" means not available; "-" means not applicable

Mauritania

Summary

Economic structure

Outlook for 2023-24

Recent analysis

Politics

Economy

Briefing sheet

Editor: **Pratibha Thaker**

Forecast Closing Date: **May 24, 2023**

Political and economic outlook

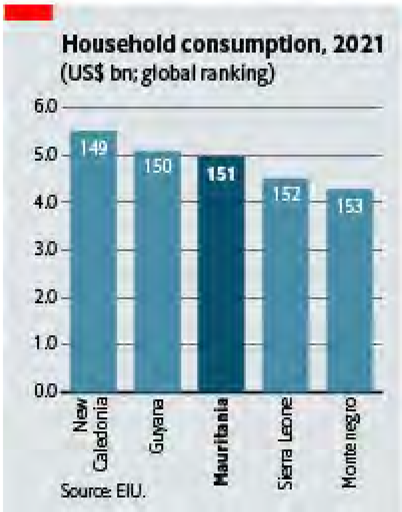
- The services sector is the largest component of Mauritania's economy, but rising mining output and the start of gas production from late 2023 will drive the country's economic expansion over the 2023-24 forecast period.
- The president, Mohamed Ould Ghazouani, will remain in power in 2023-24, further consolidating his authority with a probable victory for the ruling party in the May 13th 2023 parliamentary election. He will also probably win the presidential election in 2024. The risk of social unrest remains high, given limited economic opportunities.
- Economic policy will focus on revenue mobilisation and attracting foreign investment in the country's large untapped natural gas reserves and in green hydrogen production. Fiscal and monetary policy will be guided by a new extended credit facility from the IMF, which will run for 42 months.
- Economic growth will accelerate in 2023-24, and especially in 2024, as mining output rises and gas production from the Grand Tortue Ahmeyim gasfield begins at end-2023. The launch of gas production and investments in renewable energy will boost long-term growth prospects.
- The current-account deficit will narrow sharply in 2024 as gas exports commence from the Grand Tortue Ahmeyim project. The goods trade account will record a surplus in that year, offset by a large service import bill related to major investments in natural gas and renewable energy.
- Mauritania's fiscal position is better than that of many of its regional peers, owing to currently strong commodity prices. The fiscal balance turned negative in 2022, but upcoming gas revenue will support a narrowing of the shortfall from 2024.
- There is a risk that the Western Sahara conflict between Morocco and the Polisario Front (a group seeking independence for the disputed territory) will spill over into Mauritania or increase refugee inflows. The conflict is likely to escalate, as tensions are rising, and no real progress has been made in recent peace efforts.

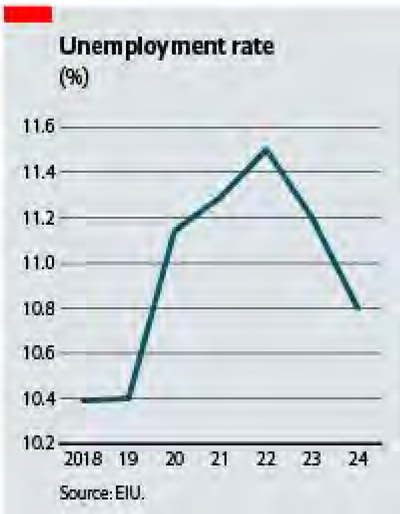
Key indicators

	2021[a]	2022[b]	2023[c]	2024[c]
Real GDP growth (%)	2.4	7.1	5.0	8.0
Consumer price inflation (av; %)	3.6	9.5[a]	4.8	3.5
Government balance (% of GDP)	2.1	-3.3	-3.4	-2.5
Current-account balance (% of GDP)	-8.1	-22.0	-10.4	-1.7
Money market rate (av; %)	5.5	6.0	6.5	7.0
Unemployment rate (%)	11.3	11.5	11.2	10.8
Exchange rate UM:US$ (av)	36.1	37.0	33.9	34.1

[a] Actual. [b] EIU estimates. [c] EIU forecasts.

Market opportunities





Key changes since January 18th

- Although consumer price inflation rose to 10.2% year on year in March, prices were stable month on month. Given the rise in local policy interest rates in December, EIU expects consumer prices to rise by 4.8% in 2023, down from 6.1% in our previous forecast.
- In view of a surge in imports reported in locally published data in 2022 and strong services imports, we have revised our estimate for the current-account deficit in that year to 22% of GDP from 15.2% of GDP previously. Higher gas exports will lead to the deficit narrowing sharply in 2024.
- Strong gold and iron ore prices are supporting the ouguiya, which has appreciated since the end of 2022. As we expect gold prices to strengthen, we expect the ouguiya to firm to an average of UM33.9:US$1 in 2023 from UM39.5:US$1 previously.

The quarter ahead

- **May 10th—Consumer price inflation (April; Agence nationale de la statistique et de l'analyse démographique et économique):** We expect the recent rise in interest rates and lower global fuel and food prices to help to ease consumer price inflation from the annual rate of 10.2% recorded in March.
- **May 15th—Quarterly economic bulletin (first quarter 2023; Agence nationale de la statistique et de l'analyse démographique et économique):** Data on production and exports of iron ore, gold and copper will be published. We will incorporate full-year government finance

data for 2022 in our forecasts.

Basic data

Land area

1,030,700 sq km

Population

4.9m (2022, UN estimate)

Main towns

(CIA World Factbook estimates, 2021)

Nouakchott (capital): 1,372,000

Kiffa: 377,700

Nouadhibou: 145,900

Climate

About 80% desert (less than 200 mm rainfall per year); only the southern extremity supports rain-fed vegetation; temperatures average more than 25°C, with wide daily and seasonal fluctuations

Weather in Nouakchott (altitude 21 metres)

Hottest month, September (24-34°C); coldest month, December (13-28°C); irregular rains occur from July to October

Languages

Arabic (official), French, Pular, Soninké, Wolof

Measures

Metric system

Currency

Ouguiya (UM); UM37:US$1 (2022 average)

Time

GMT

Public holidays

Fixed: January 1st (New Year), May 1st (Labour Day), May 25th (African Unity Day), July 10th (Armed Forces Day), November 28th (Independence Day)

Variable: all Muslim holidays are observed in accordance with the Islamic or hijri calendar, based on the lunar year, which is about 11 days shorter than the Gregorian year. The month of Ramadan (March 22nd-April 22nd 2023) is not a public holiday but significantly shortens the working day. Eid al-Fitr (marking the end of Ramadan, April 22nd), Eid al-Adha (Feast of the Sacrifice—the tenth day of the haj, or pilgrimage, June 29th 2023), Moharram (Islamic New Year, July 19th 2023) and Eid al-Maouloud (the Prophet's birthday) are public holidays

The weekend is Friday-Saturday

Political structure

Official name

République islamique de Mauritanie

Form of state

Arab and African Islamic republic

Legal system

Based on the 1991 constitution, strongly influenced by sharia (Islamic law)

National legislature

The unicameral parliament consists of the National Assembly; 176 seats from May 2023

National elections

Municipal and National Assembly elections were held in September 2018; the next parliamentary election is due in May 2023; the most recent presidential election was held in June 2019; the next presidential election is due in June 2024

Head of state

President; currently Mohamed Ould Cheikh Ahmed Ghazouani

National government

On June 22nd 2019 Mr Ghazouani was elected as president for a five-year term. Mr Ghazouani appointed Mohamed Ould Bilal as prime minister in a government reshuffle in August 2020

Main political parties

The main political parties are Parti El Insaf; Parti républicain pour la démocratie et le renouveau; Rassemblement des forces démocratiques; Union des forces du progrès; Alliance populaire progressiste; Union pour la démocratie et le développement; Rassemblement pour la démocratie et l'unité; Parti mauritanien pour l'union et le changement (Hatem); Front populaire mauritanien; Pacte national pour la démocratie et le développement; Union des forces démocratiques; Alliance pour la justice et la démocratie/Mouvement pour la rénovation; Tawassoul Party; el-Wiam

Key ministers

Prime minister: Mohamed Ould Bilal

Agriculture: Yahya Ould Ahmed El Waghef

Culture, youth & sports: Mohamed Ould Soueidatt

Digital transformation: Moktar Ahmed Yedali

Economic affairs: Ousmane Mamadou Kane

Education: Brahim Vall Ould Mohamed Lemine

Employment & vocational training: Niang Mamoudou

Environment & sustainable development: Lalya Ali Camara

Equipment & transport: Nani Ould Chrougha

Finance: Isselmou Ould Mohamed M'bady

Fisheries & maritime economy: Mohamed Ould Abidine Ould Maif

Foreign affairs: Mohamed Salem Ould Merzoug

Health: Moktar Ould Dahi

Higher education: Mohamed Levine Ould Aboyé Ould Cheikh El Hadrami

Housing, urbanism & land planning: Sidi Ahmed Ould Mohamed

Interior & decentralisation: Mohamed Ahmed Ould Mohamed Levine

Islamic affairs: Dah Ould Sidi Ould Amar Taleb

Justice: Mohamed Mahmoud Ould Abdallahi Ould Boyé

Livestock: Mohamed Ould Abdalahi Ould Ethmane

National defence: Hanena Ould Sidi

Petroleum, mines & energy: Abdessalam Ould Mohamed Salah

Public service & labour: Zeinebou Mint Ahmednah

Social action: Khattar Ould Cheibani

Trade, industry, handicrafts & tourism: Lemrabott Ould Bennahi

Water & sanitation: Sidi Mohamed Ould Taleb Amar

Central bank governor

Mohamed Lemine Ould Dhehby

Economic structure

Annual indicators

	2018[a]	2019[a]	2020[a]	2021[a]	2022[b]
GDP at market prices (UM bn)	266.6	296.0	312.6	360.5	336.4
GDP (US$ bn)	7.5	8.1	8.4	10.0	9.1
Real GDP growth (%)	4.8	5.3	-0.9	2.4	7.1
Consumer price inflation (av; %)	3.1	2.3	2.4	3.6	9.5[a]
Population (m)	4.3	4.4	4.5	4.6	4.7
Exports of goods fob (US$ m)	1,895.0	2,319.2	2,590.8	2,913.8	3,644.6
Imports of goods fob (US$ m)	2,601.5	2,889.5	2,878.9	3,519.5	4,937.4
Current-account balance (US$ m)	-972.9	-831.1	-576.2	-807.9	-2,003.2
Foreign-exchange reserves excl gold (US$ m)	919.6	1,028.7	1,493.2	2,038.6[b]	1,676.0
Total external debt (US$ bn)	5.2	5.4	5.7	5.0	4.8
Debt-service ratio, paid (%)	16.9	13.7	9.7	12.3	12.2
Exchange rate (av) UM:US$	35.7	36.7	37.2	36.1	37.0

[a] Actual. [b] EIU estimates.

Origins of gross domestic product 2021	% of total	Components of gross domestic product 2021	% of total
Agriculture	22.0	Private consumption	49.7
Industry	23.7	Government consumption	14.6
Services	51.8	Gross fixed investment	48.7
		Exports of goods & services	39.5
		Imports of goods & services	60.9
Principal exports 2022	**% of total**	**Principal imports 2022**	**% of total**
Iron ore	35.4	Petroleum products	23.4
Gold	30.9	Food	13.5
Fish	3.5	Oil & gas exploration equipment	4.9
Main destinations of exports 2022[a]	**% of total**	**Main origins of imports 2022[a]**	**% of total**
China	41.7	Spain	11.5
Spain	10.6	UAE	8.2
Canada	8.9	Belgium	5.4
Italy	6.6	France	5.4

[a] Derived from partners' trade returns; subject to a wide margin of error.

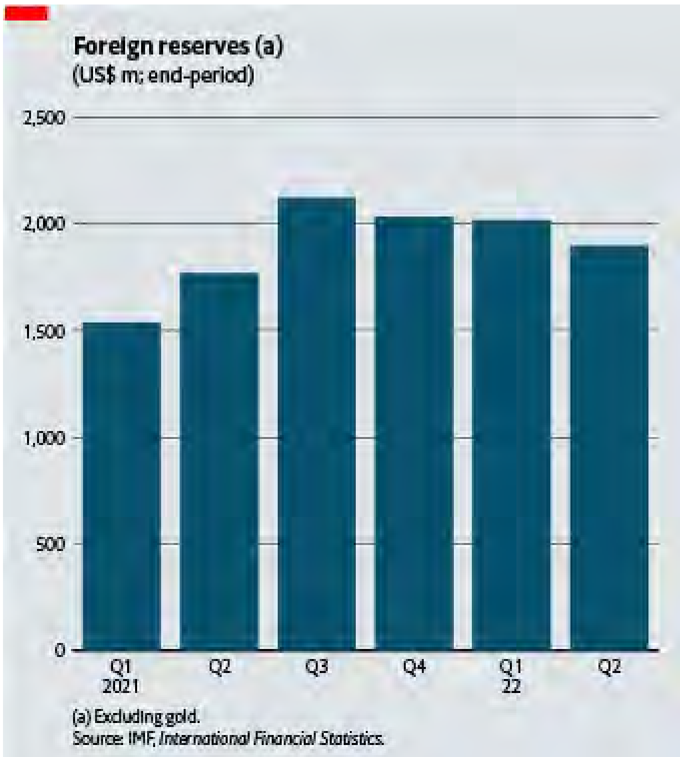
Quarterly indicators

	2021 1 Qtr	2 Qtr	3 Qtr	4 Qtr	2022 1 Qtr	2 Qtr	3 Qtr	4 Qtr
Prices								
Consumer prices (av; 2010=100)	140.7	141.5	144.0	146.5	149.5	154.0	161.5	164.0

Consumer prices (% change, year on year)	2.4	2.7	4.2	5.0	6.3	8.9	12.1	11.9
Financial indicators								
Exchange rate UM:US$ (av)	36.0	36.0	36.1	36.1	36.2	n/a	n/a	n/a
Exchange rate UM:US$ (end-period)	35.9	36.1	36.1	36.2	36.3	36.3	37.7	n/a
Foreign trade[a] (US$ m)								
Exports fob	766.1	742.1	873.4	913.1	1,133.9	773.4	735.0	695.3
Imports fob	-753.9	-853.7	-1,090.0	-1,163.3	-1,214.1	-1,224.5	-1,395.6	-1,187.8
Trade balance	12.3	-111.5	-216.6	-250.2	-80.2	-451.0	-660.6	-492.5
Foreign reserves (US$ m)								
Reserves excl gold (end-period)	1,537.4	1,770.0	2,125.0	2,038.6	2,017.9	1,898.5	n/a	n/a

[a] DOTS estimates.

Sources: IMF, International Financial Statistics, Direction of Trade Statistics (DOTS).




Foreign trade
(US$ m)
Exports fob
Imports cif
Trade balance
1,500
1,000
500
0
-500
-1,000
-1,500
Q1 2021
Q2
Q3
Q4
Q1 22
Q2
Q3
Q4
Source: IMF, Direction of Trade Statistics.

Outlook for 2023-24

Political stability

Mauritania's political system is characterised by the centralisation of power in the hands of the president, Mohamed Ould Ghazouani. EIU believes that his rebranded party, Parti El Insaf (the Equity Party), formerly known as Union pour la République, will win the upcoming parliamentary election on May 13th, and that Mr Ghazouani himself will win the 2024 presidential election and serve throughout the 2023-24 forecast period and beyond. The president's authority reflects the deep entrenchment of the military in the political system. Since 1978 Mauritania has been under military rule or led by a military leader, with the exception of an 18-month civilian-led government in 2007-08. Mr Ghazouani himself is a former defence minister and army general. The rebranding of the ruling party in June 2022 has meanwhile strengthened the party's political standing through the absorption of several smaller pro-presidential parties, and highlights the president's efforts to further consolidate political power.

Political repression, high unemployment (estimated at 11.5% in 2022) and low living standards will fuel social unrest, as has been highlighted by sporadic protests in the capital, Nouakchott. Other factors driving protests are political under-representation of the largest ethnic group—the Haratine, who are descendants of former slaves and make up about 40% of the population—alongside rising living costs, low wages and poor government services. In February protests broke out in Nouakchott about the death in custody of a human rights activist, Souvi Ould Jibril Ould Cheine, leading to the arrest of eight police officers. Political protests were also held in early 2023 opposing Mauritania's normalisation of ties with Israel, although the government has denied that it is holding talks about establishing formal diplomatic relations with Israel. Political protests of these types will continue to be reported and lead to occasional concessions on the part of the government, but we do not believe that they will coalesce into a nationwide movement that could topple the government during the forecast period.

In December Mr Ghazouani announced salary increases for soldiers, public contractors and civil servants; a bonus for all teachers; an increase in the minimum wage; and an increase in family allowances paid by the National Social Security Fund. These are part of efforts to ward off unrest in the run up to the forthcoming parliamentary election. Mr Ghazouani will continue to emphasise his commitment to tackling social injustices, a message that is aimed at the Haratine and black southerners. He will attempt to show that he is dealing with social problems, by criticising ministers for underperformance and through cabinet reshuffles, the last of which was conducted in September 2022. Once the Greater Tortue Ahmeyim gasfield comes on stream later in 2023, GDP growth and tax revenue will climb, giving the government more leeway to address social grievances.

The government will maintain a focus on fighting alleged corruption in the previous government, which was led by Mr Ghazouani's predecessor, Mohamed Ould Abdel Aziz, who was arrested on the orders of an anti-corruption judge in June 2021. Mr Abdel Aziz claims to be protected by a constitutional provision offering immunity to former presidents, but in December the Supreme Court ordered that he stand trial; the trial began on January 25th and is likely to be a lengthy process. This removes Mr Abdel Aziz as a notable political player during the forecast period.

Election watch

Presidents and all elected bodies serve five-year terms. The next legislative and municipal elections will be held on May 13th 2023, with run-offs held in a second round on May 27th, and the next presidential election will take place by June 2024. We expect Parti El Insaf, with the support of various pro-presidential political parties, to win the 2023 parliamentary election, as Mauritania's complex electoral system favours the largest party. The electoral system includes single- and multi-member constituencies where parliamentarians are chosen variously by plurality (winning the highest number of votes, although not necessarily a majority) in two-round contests or by proportional representation. In 2018 the ruling party, then known as Union pour la République, won a majority in parliament with only 19.5% of the popular vote, and a similarly skewed result is also likely in the upcoming poll. We expect Mr Ghazouani to be re-elected in the 2024 presidential poll in the face of a divided opposition.

International relations

Mauritania's foreign relations will be strongly influenced by the threat posed by Islamist militants in the Sahel region and the related competition for influence in the region between France and Russia. Jihadi extremists control parts of neighbouring Mali, raising concerns that instability could spill over the border into Mauritania. Mali has turned to the Wagner Group, a Russian private military company, for security support while terminating security agreements with France and withdrawing from the G5 Sahel joint force (a defence force formed by Burkina Faso, Chad, Mali, Mauritania and Niger to combat militant Islamism in the region). Western governments, including France, will remain concerned that Mauritania could move decisively into the Russian orbit. We believe that Mauritania, which voted at the UN General Assembly in 2022 to call for an end to the Russian invasion of Ukraine, will attempt to steer a neutral course in international affairs and is unlikely to establish significant co-operation with Russia on security matters.

Mauritania's relations with Senegal have been strained by disputes over fishing rights along their shared maritime border. However, the two countries are now committed to co-operation over exploitation of their gas reserves, with the joint development of an offshore natural gas project, Greater Tortue Ahmeyim, by a British major, BP, and a US-based firm, Kosmos Energy. We expect the first phase of the project to come on stream in late 2023. However, friction between the two countries is partly responsible for the delayed investment decision on the second phase of the project, and we now expect a decision in early 2024.

Mauritania will seek to bolster ties with Arab states, largely in order to deepen trade and aid relations. Ties with the UAE are likely to remain strong. A UAE-based renewable energy developer, Masdar, was part of a consortium including German and Egyptian companies that signed a Memorandum of Understanding (MoU) in March on a US$34bn hydrogen project in Mauritania, the first phase of which is to be completed by 2028. There are also prospects for stronger ties with the US, including increased investment by US companies in the mining and renewable energy sectors during the forecast period.

Democracy Index: Mauritania

Mauritania's ranking in EIU's 2022 Democracy Index remains stable, in 108th place out of 167 countries. The country remains classified as a hybrid regime, having moved in our model from an authoritarian regime to a hybrid regime in 2020. The score needs to be seen in the regional context, given military coups in Mali and Burkina Faso and attempted coups in Guinea-Bissau and the Gambia. Nonetheless, Mauritania is ranked 87 places below Mauritius, Africa's best performer and the only country in Africa considered to be a "full democracy". Mauritania's score is held back by repressive practices, including the arrest of opposition leaders to prevent them from campaigning and gaining grassroots support. However, opposition parties are participating in the parliamentary election due on May 13th.

Democracy Index

	Regime type	Overall score	Overall rank
2022	Hybrid regime	4.03 out of 10	108 out of 167
2021	Hybrid regime	4.03 out of 10	108 out of 167

2020	Authoritarian	3.92 out of 10	112 out of 167

A skewed electoral system

The low share of the overall popular vote required to win parliamentary elections in Mauritania ultimately reduces confidence in the democratic system. In the most recent election, in 2018, the ruling Union pour la république took 93 of the 157 seats in parliament with just 19.5% of the vote. This reflects the complexity of the voting system. Some seats are single-member constituencies, where the member of parliament is elected either by majority in the first round or by plurality (taking the largest number of votes, even if not a majority) in the second round. Other constituencies elect two members of parliament via a party-list vote, which goes to two rounds, if no party wins a majority. In constituencies that elect three or more members of parliament, the seats are allocated via proportional representation. In 2018 a further 40 legislators were returned from a single nationwide constituency, where the seats are allocated via proportional representation. An additional factor is the large number of parties standing in elections, which allowed the ruling party to emerge victorious with a relative minority of the vote. The number of seats being contested in May has risen to 176 (including 51 this time from three nationwide constituencies), and we expect the ruling party, now rebranded El Insaf, to win a handsome majority with a low share of the overall vote once again.

Despite the unusual political system, Mauritania scores relatively well for political participation as citizens remain engaged in national politics, as economic hardship prompts frequent public protests. The score for civil liberties factors in government curbs on media outlets and activists, as well as the weakness of the judiciary in upholding individual liberties. The functioning of government score is low, given weak government capacity to improve the lives of the Mauritanian people, which is acknowledged by the president, Mohamed Ould Ghazouani, to be the case. The low score for electoral process reflects the government's repeated refusal of the opposition's long-standing demand to instate a more neutral National Election Commission to ensure a transparent electoral process. The lowest score is that for political culture, in view of the apathy of the population regarding the political regime's historical ability to bypass institutional checks and balances in the face of persistent political deadlock, as well as deep divisions that exist within the political opposition.

Democracy Index 2022 by category
(On a scale of 0 to 10)

Electoral process	Functioning of government	Political participation	Political culture	Civil liberties
3.50	3.57	5.56	3.13	4.41

A free white paper containing the full index and detailed methodology can be downloaded from www.eiu.com/democracy-index.

Note on methodology

There is no consensus on how to measure democracy, and definitions of democracy are contested. Having free and fair competitive elections, and satisfying related aspects of political freedom, is the sine qua non of all definitions. However, our index is based on the view that measures of democracy that reflect the state of political freedom and civil liberties are not "thick" enough: they do not encompass sufficiently some crucial features that determine the quality and substance of democracy. Our index therefore also includes measures of political participation, political culture and functioning of government, which are, at best, marginalised by other measures.

Our index of democracy covers 167 countries and territories. The index, on a 0-10 scale, is based on the ratings (0, 0.5 or 1) for 60 indicators grouped in five categories: electoral process and pluralism; civil liberties; functioning of government; political participation; and political culture. Each category has a rating on a 0-10 scale, and the overall index of democracy is the simple average of the five category indices.

The category indices are based on the sum of the indicator scores in the category, converted to a 0-10 scale. Adjustments to the category scores are made if countries do not score a 1 in the following critical areas for democracy:

- whether national elections are free and fair;

- the security of voters;
- the influence of foreign powers on government; and
- the capability of the civil service to implement policies.

If the scores for the first three questions are 0 (or 0.5), one point (or 0.5 points) is deducted from the index in the relevant category (either electoral process and pluralism or functioning of government). If the score for question 4 is 0, one point is deducted from the functioning of government category index.

The index values are used to place countries within one of four types of regime:

- full democracies—scores greater than 8;
- flawed democracies—scores greater than 6, and less than or equal to 8;
- hybrid regimes—scores greater than 4, and less than or equal to 6;
- authoritarian regimes—scores less than or equal to 4.

Policy trends

In 2023-24 the government will focus on countering the global effects of the Russia-Ukraine conflict on the domestic economy, while expanding and diversifying industrial output to support growth. In November Mauritania reached a staff-level agreement with the IMF on an extended credit facility and an extended fund facility. The deal, worth SDR64.4m (US$86.9m) and running over 42 months, was approved by the IMF board in January, facilitating an immediate disbursement of SDR16.1m (US$21.7m). Disbursements under the arrangement will provide a financing cushion and the programmes will provide policy support to assist fiscal consolidation efforts.

Policy efforts over the medium term will be directed towards implementing government plans to expand iron ore output from an estimated 13.5m tonnes in 2022 to 25m tonnes in 2024. The government will seek to develop the country's large untapped energy potential (both conventional and non-conventional). The first phase of the Greater Tortue Ahmeyim offshore gasfield being developed with Senegal will start production at end-2023, lifting government revenue in 2024. The exploitation of this field will provide extra gas for domestic power generation and boost gas exports markedly in 2024 and beyond. Final investment approval of the second phase of the Greater Tortue Ahmeyim project has been delayed until early 2024 and could lead to the operator, BP (UK), opting to develop separate gas projects in Senegal and Mauritania instead. The 13trn-cu-ft BirAllah gasfield will be brought into production in Mauritanian waters, and we expect production to start in 2028-29.

The impact of the Russia-Ukraine war has invigorated international interest, particularly from Western companies, in developing both upstream and downstream gas facilities. In September Chariot (US) and Total Eren (France) launched feasibility studies to co-develop the US$3.5bn Nour green hydrogen. In November 2022 BP signed an agreement with Mauritania's government to explore commercial hydrogen energy developments. In March a consortium of German, Egyptian and Emirati companies signed a MoU with the government for a hydrogen project, targeting investment of up to US$34bn. The first phase of the project is to be completed by 2028. If this project proceeds, it will support major construction investment throughout the forecast period.

Fiscal policy

We estimate that the budget deficit in 2022 exceeded 3% of GDP—a marked deterioration from the surplus in the previous year. As 2023 and 2024 are both election years, the government will be under pressure to spend more. Consequently, we expect the budget deficit to widen in 2023, to 3.4% of GDP. This factors in the recent fall in global fuel prices, which will cut government fuel subsidies, limiting the expansion in the budget deficit. The IMF's imminent signing-off of a financing package for Mauritania will keep up pressure on the government to rein in the deficit. For this reason, we expect it to narrow to 2.5% of GDP in 2024. The advent of offshore gas production late in 2023 and an uptick in gold prices in 2023-24 will help to bolster government finances, with an increasing impact beyond our forecast period.

Monetary policy

The Banque centrale de Mauritanie (BCM) aims to support the government's efforts to keep inflation at a moderate level, while spurring GDP and employment growth. After holding its policy interest rate steady at 5% since early 2020, the BCM raised the rate by 200 basis points, to 7%, in August 2022, in a bid to tame inflation. The BCM raised rates by a further 100 basis points in December. We forecast that the BCM will keep the rate unchanged as inflation eases throughout 2023-24. Liquidity conditions are closely linked to external developments because of the small size of the financial sector (relative to global financial flows) and a reliance on iron ore exports for US dollar earnings, with little scope for the BCM to operate a counter-cyclical monetary policy.

International assumptions

International assumptions summary

(% unless otherwise indicated)

	2021	2022	2023	2024
Real GDP growth				
World	5.9	3.1	2.1	2.4
OECD	5.4	2.8	0.9	1.5
EU27	5.4	3.6	0.7	1.6
Exchange rates				
¥:US$	109.8	131.5	125.0	110.5
US$:€	1.184	1.054	1.096	1.128
SDR:US$	0.702	0.747	0.738	0.722
Financial indicators				
€ 3-month interbank rate	-0.55	0.34	2.75	3.61
US$ 3-month commercial paper rate	0.07	2.07	5.15	4.96
Commodity prices				
Oil (Brent; US$/b)	70.4	99.8	85.9	84.0
Gold (US$/troy oz)	1,799.6	1,800.6	1,935.8	1,977.5
Food, feedstuffs & beverages (% change in US$ terms)	36.1	22.0	-9.8	-5.9
Industrial raw materials (% change in US$ terms)	40.4	4.6	-6.7	2.2

Note. GDP growth rates are at market exchange rates.

Economic growth

Real GDP grew by 7.1% in 2022, supported by strong mining sector activity. We forecast that real GDP growth will remain firm in 2023, at 5%, driven by a scaling-up of public and foreign investment and expansion of mining and fishing output. A surge in government spending in an election year will support demand in 2023, offset by a slowdown in global demand and lower iron ore prices. Real GDP growth will rise sharply in 2024, to 8%, as the country begins to reap the benefits of gas production, which is expected to start at end-2023. Downside risks to the forecast stem from slowing growth in Mauritania's major trading partners, especially China, which accounts for the majority of Mauritania's iron ore exports, as slowing Chinese demand could adversely affect domestic output.

We expect annual growth in agriculture to remain modest, at an average of 4% a year in 2023-24. Food and fish-processing output will rise over the forecast period as the government continues to promote the development of fishing and livestock as part of an economic diversification drive. Mauritania's agri-food and food-processing sector is likely to attract foreign investment in 2023-24, reflecting growing consumer demand from an expanding population and untapped export potential. Iron ore and gold output will rise in 2023-24, as Mauritania seeks to offset a fall in iron ore prices and capitalise on high gold prices.

Industrial growth will benefit from the modernisation of iron ore mining facilities of the national mining company, the Société Nationale Industrielle et Minière; the development of two iron ore enrichment facilities in Zouerate; an increase in gold production from the Tasiast gold mine, operated by Kinross (Canada); and the coming on stream of the Greater Tortue Ahmeyim offshore gasfield. Gas production is scheduled to start in late 2023, but our forecast allows for some slippage in the schedule, and a windfall gain can be expected in 2024. The development of offshore gas and green hydrogen extraction and processing facilities will support industrial growth over the long term.

Inflation

Consumer prices broadly track global price movements for commodities, particularly food and fuel, given that such items account for a large proportion of household spending, and reliance on imports of these is high. Consumer prices rose by 10.2% year on year in March, having eased from a peak of 12.7% year on year in October, but were still above the annual average of 9.5% in 2022. The persistence of inflation has led to a tightening of monetary policy in Mauritania, which we believe will remain in place until inflation is brought under control. In month-on-month terms, prices were stable in March, however, suggesting that inflation will fall over the course of this year. Factoring in the decline in global food and fuel prices that we forecast this year, we expect annual average inflation to ease to 4.8% in 2023 and to 3.5% in 2024.

Exchange rates

Despite the government's clear preference for exchange-rate stability against the US dollar, it has moved away from a managed float system, although it continues to make some interventions in the currency market. The strong rise in gold prices that began in late 2022 will continue in 2023, supporting the ouguiya. Consequently, the currency will appreciate from an average of UM37:US$1 in 2022 to UM33.9:US$1 in 2023. In 2024 gold prices will continue to rally, but iron ore prices will continue to fall, and the ouguiya will ease to an average of UM34.1:US$1.

External sector

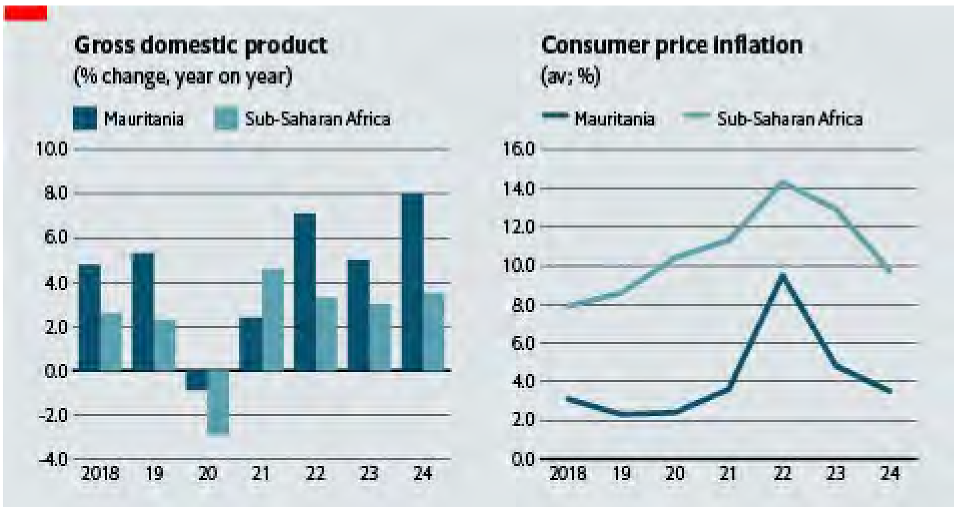
Falling commodity prices in 2023 will offset the costs of rising capital goods imports for gas and mining expansion projects in 2023-24. The trade deficit, which rose substantially in 2022, will narrow sharply in 2023, giving way to a goods trade surplus in 2024 as gas production boosts export earnings. The services deficit will remain wide in 2023 and 2024 as the major natural gas, mining and renewable energy projects under way bring in related services. A small deficit will persist on the primary income account, which will widen in 2024 in line with increasing profit repatriation from the energy sector as gas production takes off. Mauritania will continue to record a surplus on the secondary income account as citizens abroad remit funds home. Overall, we forecast that the current-account deficit will narrow from an estimated 22% of GDP in 2022 to 10.4% of GDP in 2023 and just 1.7% of GDP in 2024. Gas and mining expansion will create long-term export revenue streams that will help to narrow the current-account shortfall further, beyond 2024.

Forecast summary

Forecast summary
(% unless otherwise indicated)

	2021[a]	2022[b]	2023[c]	2024[c]
Real GDP growth	2.4	7.1	5.0	8.0
Consumer price inflation (av)	3.6	9.5[a]	4.8	3.5
Money market interest rate	5.5	6.0	6.5	7.0
Government balance (% of GDP)	2.1	-3.3	-3.4	-2.5
Exports of goods fob (US$ m)	2,913.8	3,644.6	3,981.6	4,855.0
Imports of goods fob (US$ m)	3,519.5	4,937.4	4,731.6	4,641.7
Current-account balance (US$ m)	-807.9	-2,003.2	-1,210.4	-265.5
Current-account balance (% of GDP)	-8.1	-22.0	-10.4	-1.7
External debt (year-end; US$ m)	4,993	4,787	4,846	4,714
Exchange rate UM:US$ (av)	36.1	37.0	33.9	34.1
Exchange rate UM:¥100 (av)	32.9	28.1	27.1	30.8
Exchange rate UM:€ (av)	42.7	38.9	37.2	38.4
Exchange rate UM:SDR (av)	51.4	49.5	46.0	47.2

[a] Actual. [b] EIU estimates. [c] EIU forecasts.



Recent analysis

Generated on June 8th 2023

The following articles were published on our website in the period between our previous forecast and this one, and serve here as a review of the developments that shaped our outlook.

Risk

Analysis

Global operational risk review—improvements ahead?

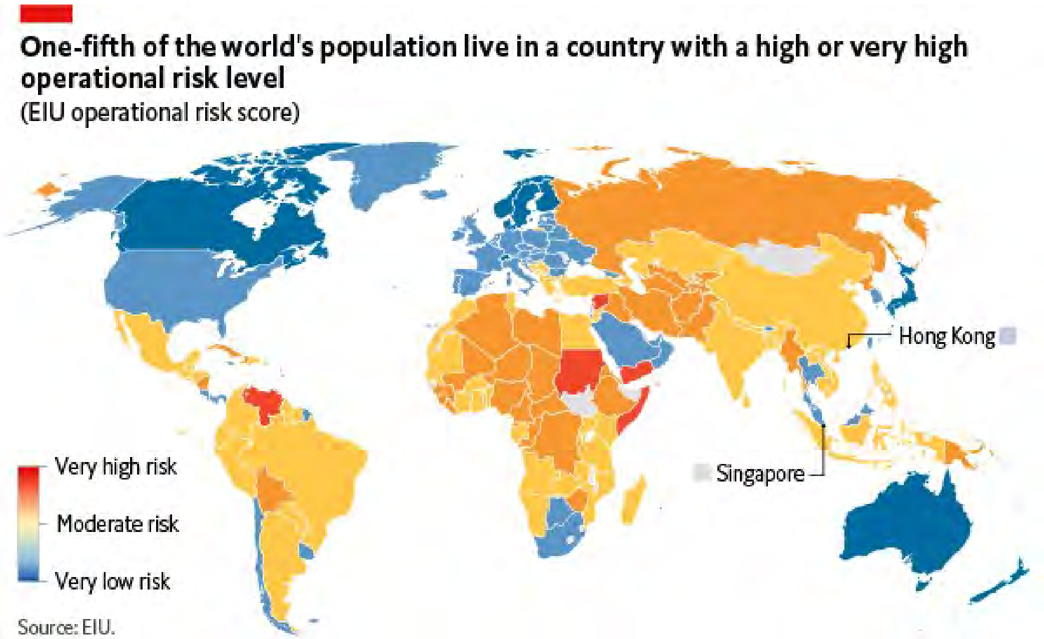
March 6, 2023: Overview

- **In 2022 the operational risk score worsened for 112 countries (out of 180), but macroeconomic risks have started to ease, improving the outlook for 2023.**
- **EIU expects that risks associated with monetary policy tightening and Russia's weaponisation of commodities will endure this year.**
- **Wages have not risen as quickly as still-high inflation, which could prompt large-scale social demonstrations.**
- **The threat of droughts and heatwaves caused by climate change will continue to fuel the risk of global food insecurity.**
- **Western democracies' continued concerns about Chinese support to Russia could also lead to a rapid decoupling of the global economy.**
- **On the positive side, risks of an energy crisis in the EU are receding. If energy demand remains moderate, this could weigh on oil prices and help to curb inflation.**

In the fourth quarter of 2022 the operational risk score improved for 40 out of 180 countries (compared with 13 last quarter) and worsened for 35 countries (compared with 73 last quarter). This was the first quarter since July-September 2021 that more countries' operational risk score improved than worsened. **An improving macroeconomic picture was the main reason for these revisions**; the macroeconomic risk score improved for 54 countries (whereas as it worsened for 65 countries in the third quarter). However, **we still expect rising interest rates and the ongoing effects of the Russia-Ukraine conflict to weigh on the global economy;** we forecast global GDP growth of 1.9% in 2023.

Negative scenario: extreme weather events provoked by climate change threaten food security

Climate change models point to an increased frequency of extreme weather events. So far these have been sporadic and in different parts of the world, but they could start to happen in a more synchronised manner. Early meteorological forecasts indicate that warming oceans could lead to record-high global temperatures again in 2023-24. The severe droughts and heatwaves last year and the potential for further disruption in 2023 will have an impact on domestic food supplies, while high prices for farm input (notably fuel and fertilisers) and imported food products will exacerbate the food security crisis playing out across many parts of Sub-Saharan Africa. **Water stress and food insecurity will remain a major driver of localised conflict, social unrest and cross-border migration,** especially in Ethiopia, Somalia and South Sudan. The war between Russia and Ukraine (two of the world's largest agricultural exporters) has also led to severe price spikes and risks creating global shortages of grains and fertilisers (which are crucial for harvests) in 2023. **The world could face a prolonged period of crop shortages and skyrocketing prices, raising the risk of food insecurity, or even famine.**



Negative scenario: still-high inflation fuels social unrest

Wages have not risen as quickly as inflation, making it harder for poorer households to purchase basic staples. **This could spark widespread social unrest,** expanding the small-scale protests seen already in Europe, India and Argentina. In an extreme scenario, protests could push workers in major economies and employed by large manufacturers to co-ordinate large-scale strikes demanding higher salaries that match inflation. **Such movements, similar to those that have affected key services in the UK (ports, postal services, barristers, healthcare and railways), could paralyse entire industries and spill over to other sectors or countries, weighing on global growth.**

Negative scenario: tensions between China and Western states could prompt a global economic decoupling

Western democracies, notably the US and the EU, are concerned about China's support to Russia since that country invaded Ukraine. In parallel, China is apprehensive of US-Taiwan relations and efforts by the US to convince other democracies to pressure it using restrictions on trade, technology and finance. The EU is becoming increasingly vocal in criticising China for its human rights abuses in Xinjiang, the unequal treatment of EU firms in China's market and China's subsidy-led industrial model. In an extreme scenario, China could initiate military manoeuvres in the South China Sea or against Taiwan, exacerbating tensions and pushing the West to unite in imposing sweeping trade and investment restrictions on China. This would force virtually all markets (and companies) to "choose" between China and the West. In retaliation, China could block exports of raw materials and goods that are crucial to Western economies, such as rare earths. **This would have disastrous economic effects, and would force companies to operate two**

supply chains and endure disruptions.

Positive scenario: global inflation eases rapidly, boosting economic growth

Global inflation could drop faster than we forecast (we currently expect it to ease from 9.2% year on year in 2022 to 6.3% in 2023). The war in Ukraine has put a floor under global energy prices, but mild winter temperatures in Europe have made it easier for the region to restock its energy reserves. Moreover, the region continues to improve its capacity to import liquefied natural gas. If European energy demand is lower than we expect in 2023-24, owing to a combination of warm weather and improved energy efficiency, **crude oil prices could fall markedly. This would affect prices along the supply chain and could prompt a faster fall in global inflation. This would boost growth in Europe and other regions, as businesses would benefit from greater consumer demand, and trade in goods and services would grow. The probability of a global recession would fall.**

Politics

Forecast updates

Russia seeks to strengthen its influence across Sahel

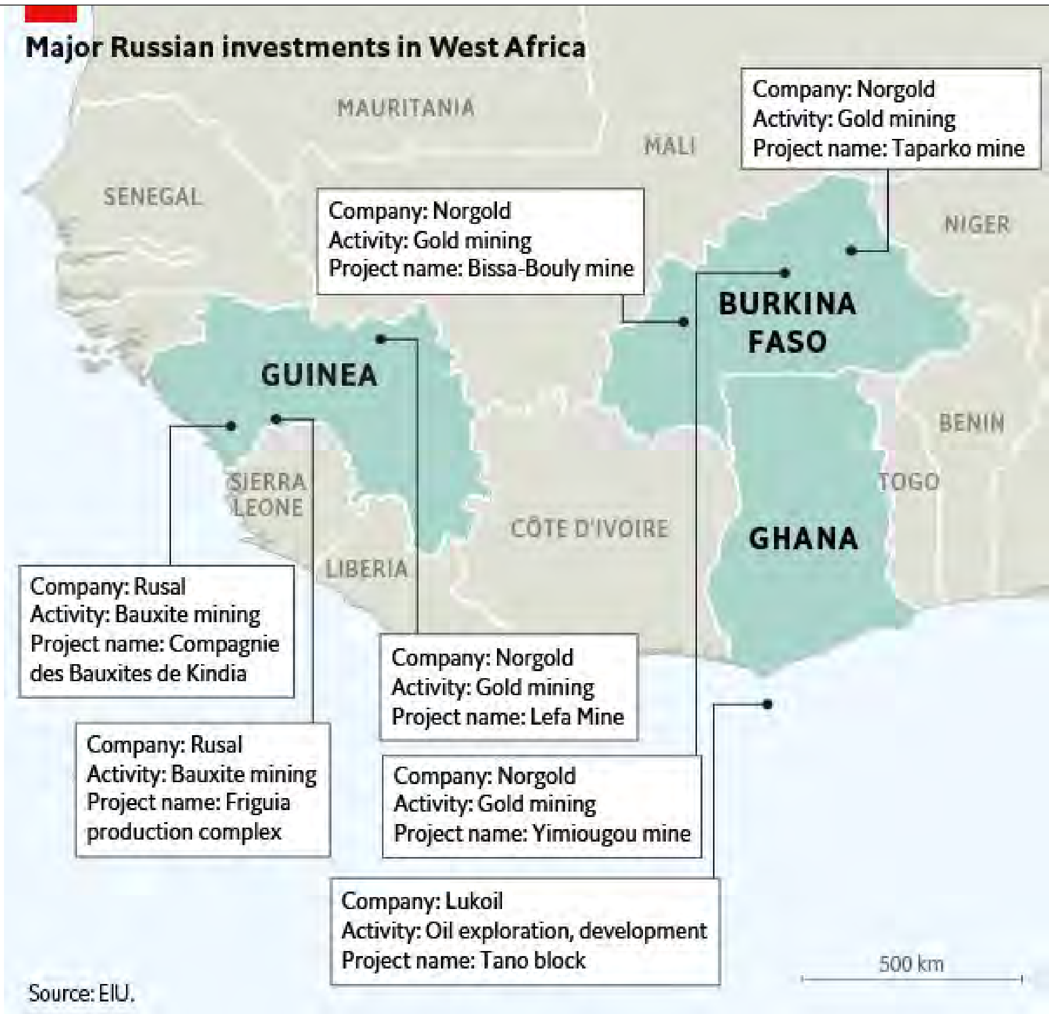
February 15, 2023: International relations

What's happened?

Russia's foreign affairs minister, Sergei Lavrov, visited Mali and Mauritania in early February—his first official visit to both countries. Russia renewed its pledge of continued military support for Mali, while exploring avenues to strengthen commercial relations through potential exports of wheat, fertilisers and petroleum products. In Mauritania, Mr Lavrov signed agreements with his counterpart to explore prospects to diversify trade and economic ties. **Russia will look to increase its regional strategic influence ahead of the second Russia-Africa Summit in July.**

Why does it matter?

The importance of Africa to Russian foreign policy has increased since Russia's invasion of Ukraine, and Mali under the current military junta has pivoted strongly towards Russia at the expense of France's geopolitical influence over the region. **Wheat, fertilisers and petroleum products are all critical imports for majority of the countries in the region, and Russia will seek to establish new export destinations for these strategic products.** The growing partnership between Russia and Mali and Mauritania will remain a concern for the West. Mr Lavrov's visit to Mauritania is also significant, as it signals Russia's desire to expand its regional influence and to explore new commercial markets to minimise the impact of Western sanctions. Russian companies already have stakes in gold mines in Burkina Faso and Guinea and aluminium mines in Guinea and Sierra Leone and will be looking to expand their commercial presence by capitalising on the general increase in anti-Western sentiment across the Sahel.



The junta in Mali authorised the deployment of Russian private military contractors from the Wagner Group since 2021, which has exacerbated Mali's poor relations with the West and the UN. The junta has described recent UN investigations implicating both the Malian army and Wagner in human rights violations as Western efforts to destabilise Mali, aligning with the junta's strategy of tapping into deep-rooted anti-French sentiment among civil society. Anti-French public feeling has grown considerably over the course of France's military engagement in Mali between 2013 and 2022 and has spread to Burkina Faso and Niger, threatening France's geopolitical supremacy in the region. Such developments are occurring at a time when the region is gaining renewed geopolitical significance for France, in light of the country's increased focus on nuclear power. Niger is a major supplier of uranium to France, and Russia's strategic encroachment into the region threatens France's long-term control of major uranium and other mineral assets.

What next?

Russia's political support for autocratic and semi-authoritarian regimes will weaken French and US influence in the region. **Russia will seek to capitalise on increased antipathy towards the West, especially among military regimes in the Economic Community of West African States, as well as Burkina Faso, Mali and Guinea.**

French president visits Africa in bid to strengthen ties

March 6, 2023: International relations

What's happened?

The French president, Emmanuel Macron, visited several African countries between March 1st and March 4th in a bid to realign France's engagement with the continent amid widespread anti-French sentiment across francophone Africa, particularly in the Sahel subregion and West Africa.

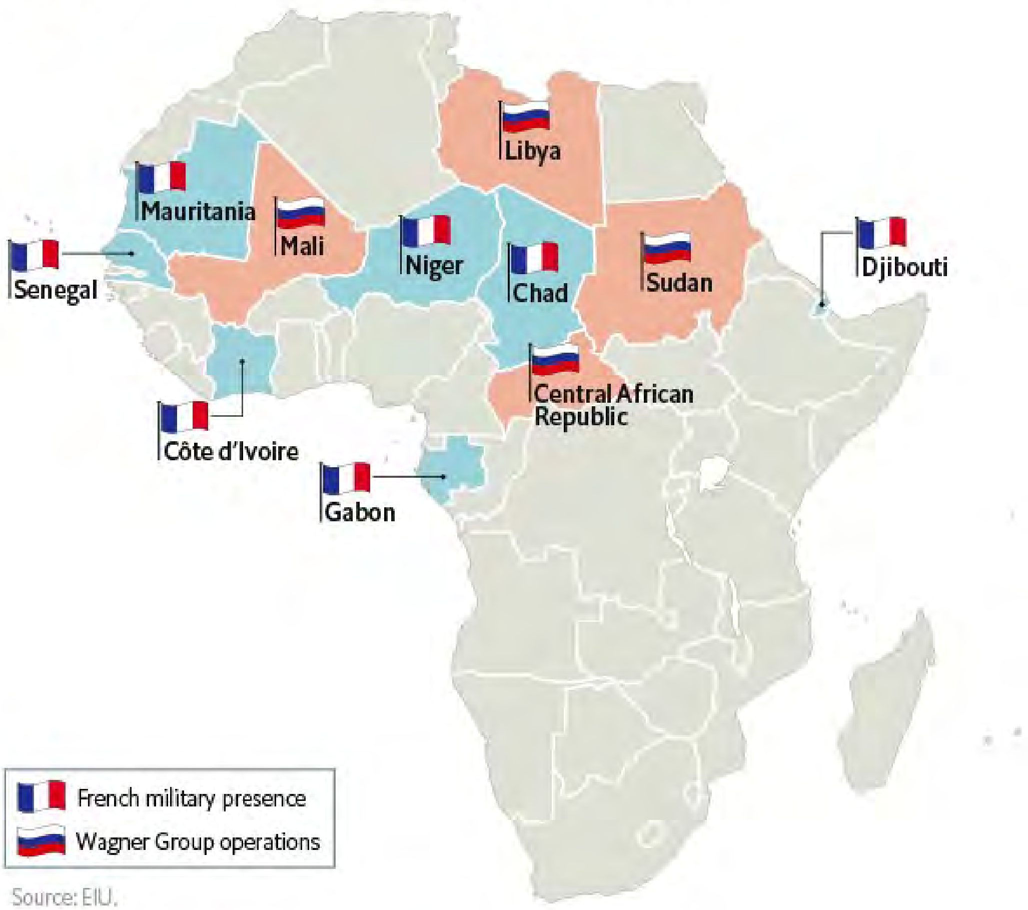
Mr Macron visited Gabon, Angola, Congo-Brazzaville and the Democratic Republic of Congo (DRC). **We expect France's geopolitical influence in Africa to continue to wane, despite efforts to reset relations, although it will remain an important partner.**

Why does it matter?

In a speech on February 27th, Mr Macron called for a "mutual and responsible relationship" with the continent and reiterated a pledge to break with former post-colonial policies. However, the reality on the ground has been turning sour. Over the past year, French troops have had to withdraw from Mali and Burkina Faso at the behest of both countries' transitional military authorities. **The recent tour primarily served as a public relations exercise aimed at bolstering France's tarnished image, especially in francophone Africa**.

The choice of countries points towards an African strategy focused on security, energy and soft power projection. France will continue to provide military support and equipment to African countries in their fight against Islamist militant groups. However, it will be a slimmed-down and more discreet presence, with less direct involvement by French troops. In addition, France announced a loan of US$107m to finance urban infrastructure, agriculture and healthcare projects in the DRC. The DRC is a potential French-speaking powerhouse offering significant investment opportunities. Gabon, Congo-Brazzaville and Angola are key oil exporters and recipients of substantial French investment. TotalEnergies, a French oil giant, has a strong presence in Angola, and Gabon and Congo-Brazzaville are long-standing trade and diplomatic partners of France.

French and Russian military deployments in Africa



Source: EIU.

Mr Macron's visit is also aimed at counteracting rising Russian influence**, especially in francophone Africa.** In February 2023 the Russian foreign minister, Sergei Lavrov, conducted his second Africa tour since the Ukraine war started. Russia remains popular in Africa and has gained considerable political leverage in recent years. The deployment of a Russian private military contractor, the Wagner Group, to the Central African Republic and Mali, and closer Burkinabè-Russian ties since the expulsion of French forces from the country in February, will weaken

France's influence in Africa.

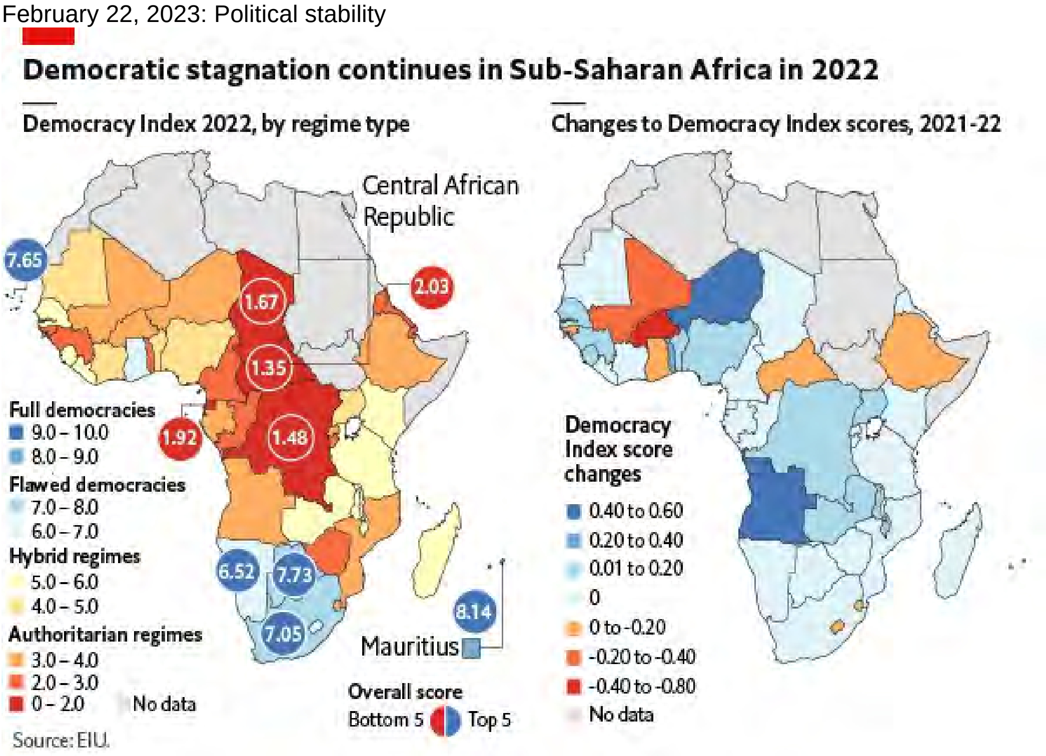
What next?

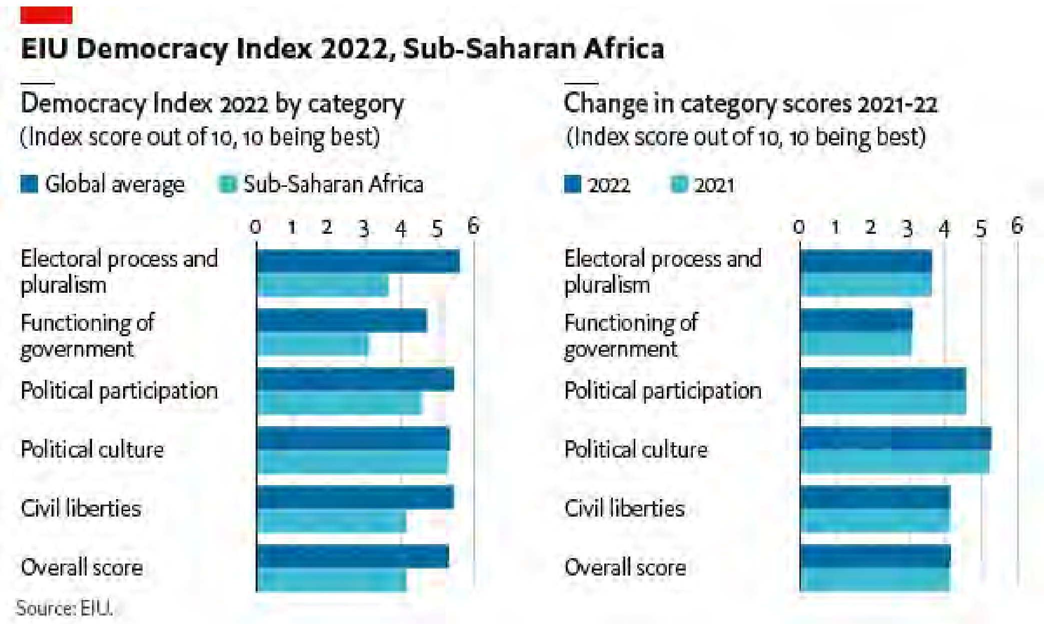
Mr Macron's Africa tour was overdue, especially following Russia's diplomatic outreach to the continent and the recent [US-Africa summit] in December 2022. France's new Africa policy is intended to put a more positive spin on French-African relations by leveraging existing cultural and historical ties and boosting trade co-operation. **However, anti-French sentiment will remain strong and the visit will be insufficient to stop the decline in France's political and economic influence in Africa**.

Analysis

Chart of the week: democracy stagnates in Sub-Saharan Africa

February 22, 2023: Political stability





- **In the EIU's 2022 Democracy Index, the score for Sub-Saharan Africa (SSA) has improved only marginally, by 0.02 points to 4.14 (from 4.12 in 2021), and the overall theme remains one of democratic stagnation,** with scores having stagnated for 50% of the 44 included countries in the region. There were no changes in regime classifications, with most countries (23) still classified as "authoritarian regimes". The Central African Republic is the lowest scoring country in SSA, with Mauritius scoring the highest (and remaining the only country classed as a "full democracy" in the region). **SSA remains the second-lowest ranked region in the world (after the Middle East and North Africa), with an average score well below the global average of 5.29.**
- The small increase in the average regional score in 2022 was largely driven by an improvement in the *political culture* category, which rose by 0.06 points from 2021, to an average of 5.27. Despite suppression of civil liberties and media freedoms across a number of countries, citizens' movements calling for deeper democratisation and accountability remained a core part of SSA's politics. Reflecting this, ***political participation*** **and** ***political culture*** **remained the best-performing categories for the region in 2022, at 4.56 and 5.27 respectively, compared with global averages of 5.44 and 5.32.**
- **Social movements remained resilient in the face of sustained coercion throughout 2022, and we expect this to continue in the near term.** The trend in African governance has generally been towards more accountability and openness, but respect for democratic principles is frequently lacking. Worsening socioeconomic conditions in some countries, driven by subdued wage growth, the rising cost of living and food security concerns, will continue to fuel public dissatisfaction and anti-government sentiment in the coming months. Upcoming elections in some notable countries, such as Nigeria, are likely to be flashpoints for disruptive civil unrest in 2023.
- **Winners: A noteworthy trend in 2022 was that of electoral institutions holding up amid heightened political volatility in the region.** Electoral institutions in Angola, Kenya and Senegal proved resilient in 2022 as they were tested against a backdrop of heightened public discontent and an anti-incumbent backlash. There was a improvement in the scores for Angola (of +0.59) and Senegal (of +0.18) following the holding of free elections in 2022. A substantial decline in the vote share of incumbent governments in Angola and Senegal highlighted citizens' desire for greater political accountability in the face of rising socioeconomic challenges and lack of representation.
- **Losers:** The region's biggest loser was Burkina Faso, which suffered the biggest score decline (of -0.76) of any country on the African continent and the second-biggest decline in score globally (after Russia), following two military coups. An entrenchment of military rule in neighbouring Mali also led to a further deterioration of its score in 2022 (by -0.25). **These examples of democratic backsliding are in part being driven by a failure of existing institutions to tackle security crises, a trend that we expect to continue over the medium term.**
- Failed coup attempts also took place in Guinea Bissau, São Tomé and Principe and The Gambia, reflecting heightened political volatility in the region. In Chad, the Transitional Military Council delayed the organising of new elections until 2024. The two-year civil war between the Ethiopian central government and the Tigray People's Liberation Front (TPLF) has been the world's deadliest conflict in recent years and has led to an erosion of civil liberties and media freedoms despite a fragile peace agreement that was struck in November 2022.
- We expect the *functioning of government* category to remain the biggest drag on SSA's overall score. In the overlapping Sahel and West Africa subregions (including in Mali and Guinea-Bissau), state control—whether democratic or military-led—over domestic territories will remain limited to the main urban centres.

Economy

Forecast updates

Gold prices surge prematurely

February 16, 2023: Monetary policy outlook

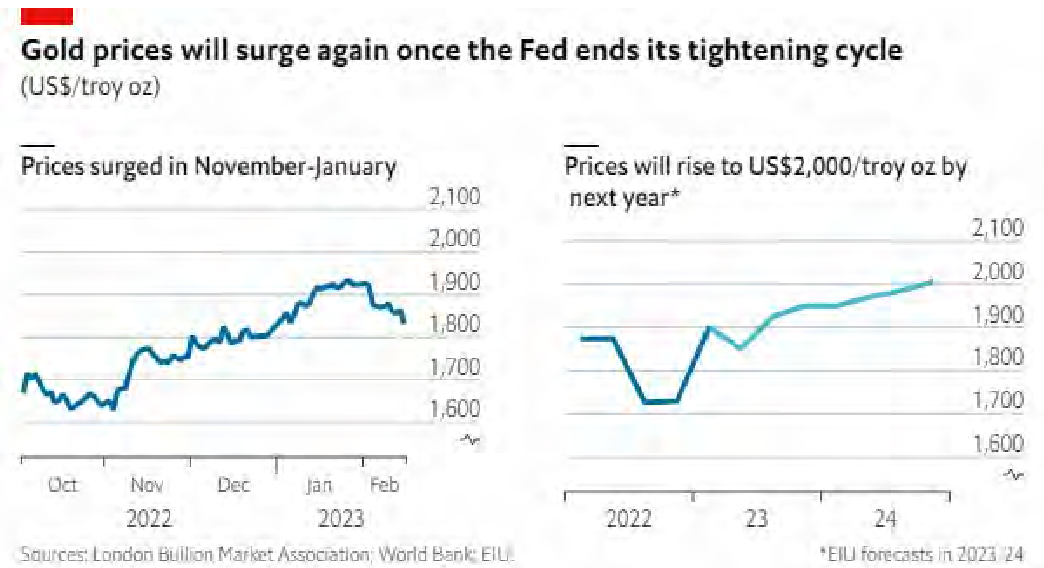
What's happened?

After falling for most of 2022, gold prices surged by more than 17% in November-January and were trading at more than US$1,920/troy oz in the first week of February. They have since eased, trading at about US$1,860/troy oz in mid-February, as market bets that monetary tightening in the US was coming to an end proved premature.

Why does it matter?

Movements in gold prices can be an early warning sign that markets are anticipating changes in the global economy. **This most recent surge was driven by the growing perception among investors that the sharp monetary policy tightening cycle of 2022 was approaching its end**. In particular, speculation has been growing about an imminent end to rate rises by the Federal Reserve (Fed, the US central bank) amid cooling inflation. Growing fears that the US economy might slip into recession have even sparked speculation about possible interest-rate cuts later this year. Gold prices tend to react quickly to perceived shifts in global monetary policy; higher interest rates often weaken gold prices, as investors shift funds to higher-yielding assets. Prices eased in early February as strong US economic data pointed to further rises to come.

The lifting of stringent covid restrictions, and the consequent rise in Chinese demand for gold, has also pushed up gold prices. China is the largest market for gold jewellery, with purchases representing about 15% of global demand. The recent policy shift there is likely to stimulate sales as a result of higher footfall in stores and as an indirect consequence of a stronger economy.



What next?

We have upgraded our forecasts for gold prices. However, **we do not expect prices to continue to rise in the next few months**, as market perceptions of an imminent halt to monetary policy tightening is likely to prove premature, and we expect further rate rises by both the Fed and the European Central Bank. **Prices will remain volatile and will continue to ease before picking up in the second half of the year, and this trend will continue into 2024** (when we expect some monetary policy easing to commence). Overall, gold prices will average at US$1,900/troy oz in 2023 and US$1,978/troy oz in 2024.

Mauritania signs huge green hydrogen deal

March 14, 2023: Policy trends

What's happened?

A consortium of German, Egyptian and UAE companies has signed a Memorandum of Understanding (MoU) with the Mauritanian government on a hydrogen project that will see investment of US$34bn. **This project alone could cover the bulk of German demand for hydrogen by the mid-century**, and prepares the country for a global shift out of non-renewable fuels.

Why does it matter?

The global shift away from non-renewable fuels—reinforced by the impetus provided by the Russia-Ukraine war—will eventually undermine the prospects of the oil and gas industry. Mauritania is currently seeing large investments in gas—in the form of the Greater Tortue Ahmeyim offshore gasfield that will come on stream in late 2023 or early 2024—but the country also plans a move into green hydrogen, which will secure Mauritania's long-term future. **We believe that Mauritania is about to enter a period of strong GDP growth as investments in both fossil fuel and hydrogen energy proceed apace.**

The deal signed on March 8th was between the Mauritanian government, the German project investment company Conjuncta, the Egyptian energy company Infinity and the UAE-based Masdar. Output from the project is expected to be exported to Germany, after the German government unveiled plans in December for investment in a 1,800-km hydrogen pipeline network by 2027 in line with Germany's decision to shift away from reliance on Russian fossil fuels. Germany's hydrogen strategy paper, published in 2020, shows the country's demand for hydrogen in 2030 will be 90-110 TWh, largely met by imports. Given the geopolitical context, these forecasts may prove conservative. By the mid-century Germany is expected to be using hundreds of TWh of hydrogen a year.

The Mauritania project, to the north-east of the capital, Nouakchott, envisages production capacity of 8m tonnes/year (t/y) of green hydrogen (or hydrogen-based products such as ammonia), with electrolyser capacity of up to 10 GW to be installed. The first phase, to be complete by 2028, will see electrolyser capacity of 400 MW installed. The output of 8m t/y when the project, over four phases, is complete is equivalent to 266 TWh. As such the project could single-handedly supply the bulk of German demand by 2050.

What next?

The first phase is forecast to be completed by 2028. We believe that Mauritania will be able to cover up to 10% of German hydrogen demand at that date, with further phases of the project **ramping up production and exports in a way that puts Mauritania in poll position to supply Germany.** The first phase will be complete beyond our 2023-27 forecast period but will **support construction spending over the forecast period once work on the project begins**.

Safe-haven demand fuels rise in gold prices

April 13, 2023: International assumptions

What's happened?

Instability in the US and European banking sectors has prompted a surge in gold prices in recent weeks. The London bullion market benchmark price soared from about US$1,830/troy oz in early March to nearly US$2,000/troy oz on March 24th after the failure of two high-profile US banks and the merger of two Swiss lenders, Credit Suisse and UBS. The Credit Suisse deal and actions by the world's major central banks calmed markets, but gold prices are still trading above US$2,000/troy oz in early April.

Why does it matter?

The recent sharp rises in gold prices reflect investor concern about the global economy. Gold prices have traded above US$2,000/troy oz only twice before—in the first few months of the coronavirus pandemic and immediately after Russia's invasion of Ukraine. Financial markets remain jittery, with investors concerned about potential contagion in the banking sector (this is not our core forecast). Vulnerable banks are at risk of significant unrecognised losses, as a result of holding long-term fixed-rate bonds that have fallen in value as interest rates have soared. Banks' exposure to potentially troubled sectors like commercial real estate is another risk. **Given the impact that tighter lending standards will have on economic growth in the US, investors are increasingly betting that the Federal Reserve (Fed, the US central bank) will start to cut rates later this year, but we still think that such bets are premature.**

Gold is a safe-haven asset, and increasing demand from investors results in rising inflows into physically backed gold exchange-traded funds (ETFs). Net inflows into ETFs were negative for most of the May 2022-February 2023 period as investors sold their gold portfolios to move funds into higher-yielding instruments following sharp monetary policy tightening by most major central banks; **however, they turned strongly positive in March**.

What next?

Even if central banks and bank regulators succeed in preventing contagion, we now expect gold prices to remain elevated in the second quarter and the benchmark London price to average nearly US$2,000/troy oz until at least mid-2025. Our baseline forecast is that the Fed and the European Central Bank are close to ending their monetary policy tightening cycles (peak rates are likely to be reached by May-June), placing a floor under gold prices in the second half of this year. **Signs of more bank instability or economic troubles could lift gold prices well above the US$2,000/troy oz mark for a prolonged period.**

Analysis

Africa chart of the week: IMF support and debt restructuring

February 17, 2023: External debt

- Although global fuel and food prices have begun to ease—we forecast that in 2023 oil prices will fall by 13% and grain prices by 10%—they remain at elevated levels and continue to be a major source of financial, inflationary and political strain in Africa. Continuing conflict in Ukraine, reduced fertiliser use due to high costs and inadequate rainfall in the context of accelerating climate change all raise sustained concerns over food supply in 2023.
- Such has been the negative impact of high food prices and supply constraints—principally stemming from Russia's war in Ukraine—on the balance of payments in vulnerable African countries that last October the IMF approved a new "food shock window" under its existing rapid credit facility (RCF) and rapid financing instrument (RFI) arrangements. This will be open during 2023 to provide low-condition emergency loans to help countries cope with food shortages and rising costs. Already Guinea, Malawi and South Sudan have accessed this facility and we expect more will follow.
- Although such emergency funding is welcome, many African countries continue to face debt distress and a number need restructuring to put their finances back on a sustainable footing. Twenty-one African countries currently have 3-4-year IMF programmes—with more pending. For most, the combination of financial support and implementation of economic reforms are expected to put debt back on a sustainable path. However, for some, debt restructuring is unavoidable.
- Currently Zambia (having already defaulted), Chad, Ghana and Malawi are actively pursuing debt restructuring, the latter two as a prelude to securing an IMF programme (the Fund cannot lend into an unsustainable debt position). However, there are concerns over the protracted nature of restructurings, and worries that more countries, particularly those with low incomes,

will slip into debt distress. Without early interventions, risks of damaging debt defaults will rise.

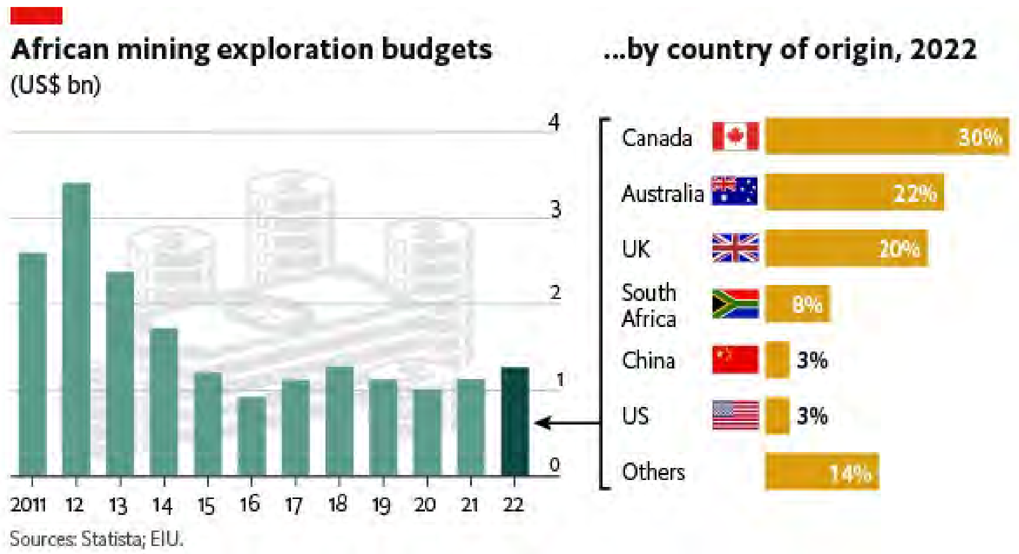
- Worryingly, the international architecture of debt restructuring is now considered inadequate, leading to damaging delays—evident in Zambia's prolonged restructuring negotiations. Increasingly, sovereign creditors, like China, are not members of the Paris Club of official creditors, and commercial borrowing (not bonds) has been undertaken on undisclosed terms, but often involving physical assets as collateral. Large government recourse to domestic debt has also meant the need for domestic restructuring. All of which is delaying reaching comprehensive agreements.
- The G20 group meet in late February, and we expect some progress to be made on accelerating implementation of its Common Framework for Debt Treatment. This should benefit debt restructurings under way in Zambia and Ghana, and eventually Ethiopia, as all three have requested treatment under this framework. However, the more complex composition of African debt means that we expect continued challenges in implementing debt-restructuring agreements.

African mining sector looks to the future

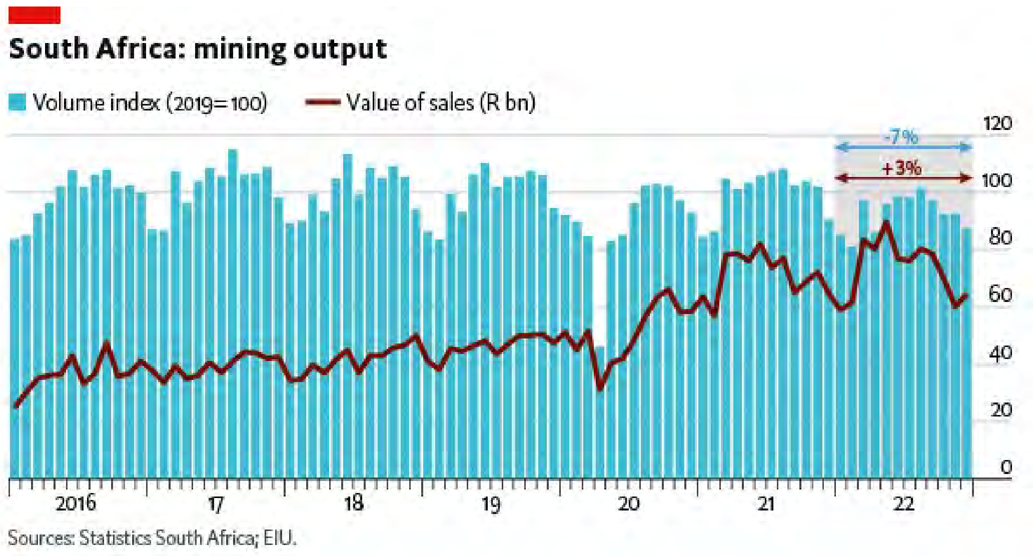
March 22, 2023

- **Africa's mining sector experienced a tumultuous year in 2022 but performed well across a number of key metrics, while the near-term outlook is reasonably promising given expected demand and price levels for Africa's main commodity groups.**
- **Longer-term trends—including the global energy transition and the emergence of new technologies—will see international companies intensify the competition for access to Africa's high-value metals and minerals.**
- **China and Russia have extended their reach across the African mining sector but still play a minor role compared with regional giants and Western-aligned multinational mining companies (MNMCs); incumbents will retain a dominant position in the African mining space.**
- **China will seek to expand its commercial ties with African mining ventures but will balance this with trade and investment elsewhere, while Russia will attempt to retain control of its current plays but could find its grip loosen owing to international sanctions linked to its invasion of Ukraine.**

Africa's mining sector performed reasonably well on a number of key metrics in 2022: high prices for many of the region's internationally traded metals and minerals helped to drive revenue growth; foreign direct investment flows held steady while merger and acquisition (M&A) activity was upbeat; and exploration budgets targeting Africa remained on an upwards trajectory and surpassed their pre-pandemic level. These outcomes were achieved despite strong headwinds in the form of higher operating and investment costs, transport and logistics bottlenecks, immense uncertainties surrounding the global economy and disruption to global supply chains and market demand. China grappled with extended covid-19 lockdowns and Europe faced an energy crisis linked to Russia's invasion of Ukraine.



South Africa—which hosts the continent's largest and most developed mining industry—best illustrates the tumultuous yet ultimately rewarding year experienced by the African mining community in 2022. Total mine output declined by 7% as disruptions took their toll. The woes of transport and energy parastatals—Transnet and Eskom—imposed on mining operations severe rail and port constraints, load-shedding and electricity shortages. In addition, adverse weather conditions, industrial disputes and unsettled global value chains contributed to a difficult operating environment and curtailed capital investment spending. Nevertheless, total mineral sales were reported at R880bn (US$54bn) in 2022, up by 3% from the previous record high of R856bn in 2021, according to Statistics South Africa. A broader measure of the value of South Africa's mining production, as reported by the Minerals Council South Africa, an industry organisation, was R1.2trn in 2022, up from R1.1trn in 2021. The FTSE/JSE mining index and related market capitalisation experienced a rollercoaster ride but ended the year on a high, while the number of M&A transactions announced involving South African mining companies returned to pre-pandemic levels and posted a record deal value of over US$9bn in 2022.



Major challenges but near-term outlook is positive

Subdued global demand, high energy prices, higher borrowing costs and disruption to global value chains will continue to present major challenges for mining ventures in Africa during 2023 and 2024. However, we expect prices for Africa's major metals and minerals exports to remain high, although there will be great variation between individual export commodities. Some base metals (including lead, tin and zinc) and bulk minerals (including iron ore, bauxite, chromite and coal) could underperform because of a slowdown in OECD markets and troubles facing China's real estate and, by association, construction sectors. Conversely, the outlook appears brighter for gold, platinum group metals (PGMs)—namely iridium, osmium, palladium, platinum, rhodium and ruthenium—battery minerals (including lithium, copper, cobalt, nickel and graphite) and rare earth elements (REEs), which are subject to supply constraints and face increasing demand for use in high-tech consumer, industrial and defence products.

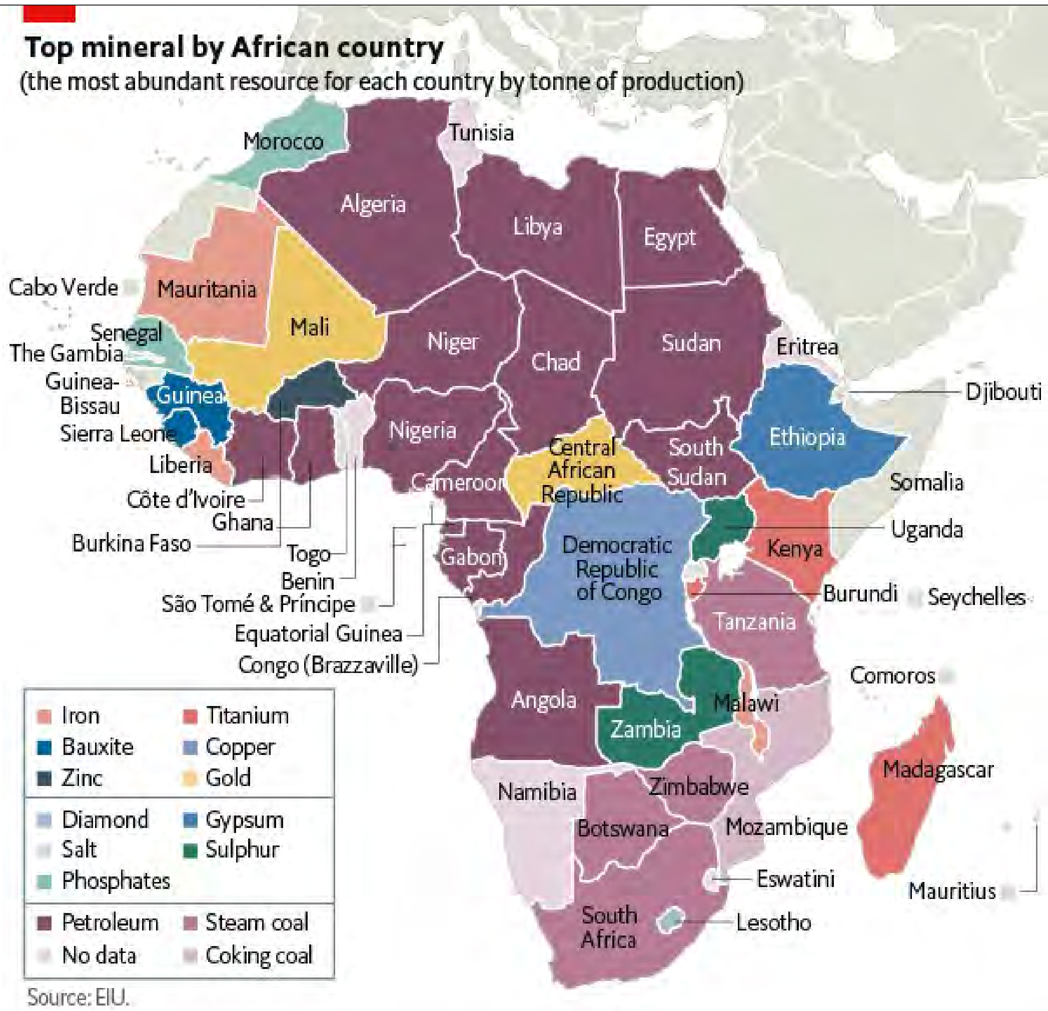
PGMs, copper and cobalt, iron ore, gold and coal are Africa's major mining revenue earners and the relatively positive near-term outlook for most of these mining products bodes well for corporate revenue and fresh rounds of investment in 2023-24. In addition, the search for and production of high-value battery metals and REEs should help to support new investment and acquisitions by mining companies, investors and traders in Africa's mining sector. Already, there is a healthy pipeline of projects seeking to exploit favourable market conditions and Africa's abundant reserves of copper and cobalt, gold and PGMs.

Mining companies are likely to focus on improvements to operating efficiency and implement hedging initiatives to tackle heightened cost pressures, address volatile commodity markets, account for unstable local exchange rates and protect profit margins in 2023-24. Electrification, automation, and digitalisation are ongoing trends that are playing out in the mining sector, as are corporate responses to the challenge posed by global environmental, social and corporate governance (ESG) requirements.

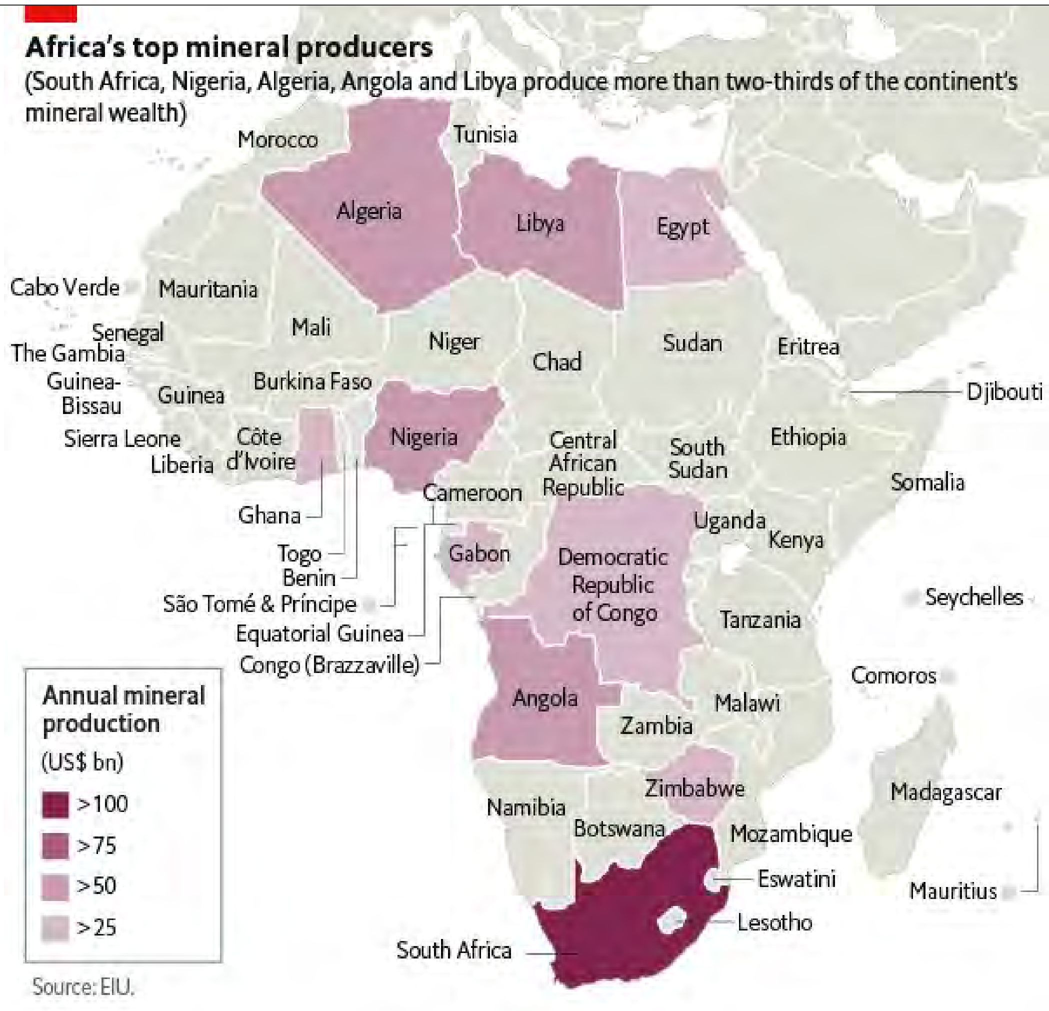
Enormous long-term potential for African mining

Mining companies will continue to make acquisitions and investments in Africa with an eye on the future. Whatever turbulence the mining sector encounters in the near term caused by geopolitics, trade tensions and inflationary pressures, these factors will do little to erode the medium- to long-term material demands of the global economy, especially the much-needed supply of metals and minerals to facilitate the global energy transition and technology trends.

Africa is well placed to leverage medium- to long-term trends given the abundance of untapped deposits of high-value metals and minerals that are essential to the energy transition and the manufacture of high-tech products. Africa will play a crucial role in bridging the gap between the supply and the demand of technology-critical metals and minerals, which will see international mining companies intensify their competition by expanding existing mines, developing new ones and designing more efficient extraction and production facilities. Already, Africa is a leading global producer of bauxite, copper and cobalt, chromium, graphite, manganese, gold, diamonds, tantalum, uranium and PGMs, and has enormous potential as a supplier of REEs.



China holds a dominant position in the global supply of REEs—with an estimated 60% of global production and 85% of processing capacity. REEs are crucial for the manufacture of electronics, renewable energy technology and national defence systems. Demand for REEs for these uses will gain momentum in the decades ahead and require a massive ramp-up in production volumes. Geopolitical tensions between the US (and Western allies) and China will create a window of opportunity for African countries with a large endowment of these key commodities, especially South Africa, to increase exploration budgets, raise capital investment and generate new income streams.



Significant barriers constrain mining potential

Africa's mining sector is beset by a range of factors that will continue to hinder its development and hold back its investment potential unless suitably addressed. Uncertainty surrounding licensing arrangements and regulatory frameworks can prove problematic, and MNMCs executives appear concerned about the possibility of further resource nationalisation—specifically increased and predatory taxation, contract reviews and renegotiation, export restrictions and forced equity transfers. In addition, the length of time and financial outlays needed to develop new projects and address transport and power infrastructure gaps can be a major hurdle for final investment decisions, while specific crime, corruption and security challenges are commonplace in major African mining countries.

Africa's mining sector has received just 10-15% of the global exploration budgets of MNMCs over the ten-year period from 2013 to 2022. Indeed, Africa's share of global exploration budgets has declined steadily from about 15% in 2013 to about 10% in 2022—despite Africa having an abundance of metal and mineral deposits at numerous sites across the region, vast untapped mining reserves and governments that actively pursue foreign partnerships and direct investment. This outcome partly reflects the difficulties encountered while operating and investing in mining operations in Africa, something that governments are already attempting to address to improve the investment climate while ensuring maximum national benefit from their resources—a fine balancing act that will continue to play out in the decade ahead.

Incumbents will dominate Africa's mining space

MNMCs have been at the forefront of Africa's mining operations for decades and this will remain the case for the foreseeable future. Western-based MNMCs partly withdrew from Africa during the 2010s to rebalance their portfolios and risk exposure, but that process has run its course and interest in African ventures will be driven once again by market forces, security of supply concerns and geopolitics. Currently, Canadian, Australian, UK and South African-based mining companies retain a dominant position in developing mining ventures in Africa, which is highlighted by their ownership or control of production sites and large exploration budgets. US-based companies play a smaller role in the mining sector across the continent, as do companies from China, Brazil, India and Russia—although these so-called BRIC countries have expanded their presence in Africa substantially over the past decade.

China has a strategic presence and expanding footprint

China is by far the largest single buyer of African mining output; in 2020 China bought US$8.7bn or 43% of Sub-Saharan Africa's minerals exports and US$16.6bn or 32% of the region's ores and metals exports. Chinese traders, investors and mining companies have been particularly interested in Africa's base metals and bulk ores—including copper, cobalt, bauxite, chromite, iron ore, manganese and zinc—as well as uranium and gold. This interest has been driven largely by demand for these metals and minerals in China's fast-growing economy and has prompted Chinese entities to invest in mining sites across the continent.

Chinese investment in Africa, 2021

Source: EIU.

Chinese enterprises control 6-8% of African mining sector production by value, although this control varies considerably by country and is much higher in some states. For instance, China has a large footprint in the Democratic Republic of Congo, where it controls about 25% of mineral and metal production; it has a dominant position in Eritrea, where it partners with the Eritrean government on a 60-40 split on the country's mining ventures; it controls about 37% of mining production by value in Guinea and 12% in Zambia; it controls about 25% of manganese production in Gabon; it holds the concession for the only industrial mine in Congo-Brazzaville; and it controls smaller shares in Ghana, Namibia and South Africa, although the total values of production in these countries are relatively large.

The future level of Chinese involvement in African mining operations will hinge on a few overarching economic and political factors: How will China's demand for mining sector output develop in the years and decades ahead? Will the Chinese government continue to target Africa as part of its push for improved security of supply? Will tighter financing conditions and a rebalancing of risk-reward calculations stifle some new investments in Africa? And will Africa's mineral-rich host countries encourage greater involvement of Chinese firms or become more critical of Chinese investments?

Chinese demand for metals and minerals will probably continue to increase in the next 5-10 years as the Chinese economy expands, albeit at a slower pace than during most of the 2000s and 2010s. Tighter environmental standards in China, the push to decarbonise its economy and a greater focus on high-tech industries in China will spur demand for foreign mining output, including traditional base metals and bulk ores from Africa. In addition, metals and minerals essential to the energy transition and the manufacture of high-tech products will spur Chinese investment in Africa. China's nuclear ambitions will also support uranium demand, benefiting Namibia in particular. However, competition for access to Africa's resources will be fierce and governments will be keen to leverage global rivalries to extract the best possible deals, which could see China pursue alternative supplies from other regions—specifically Russia, Central Asia and Latin America—at the expense of some African ventures.

Russia loses its grip on African mining assets

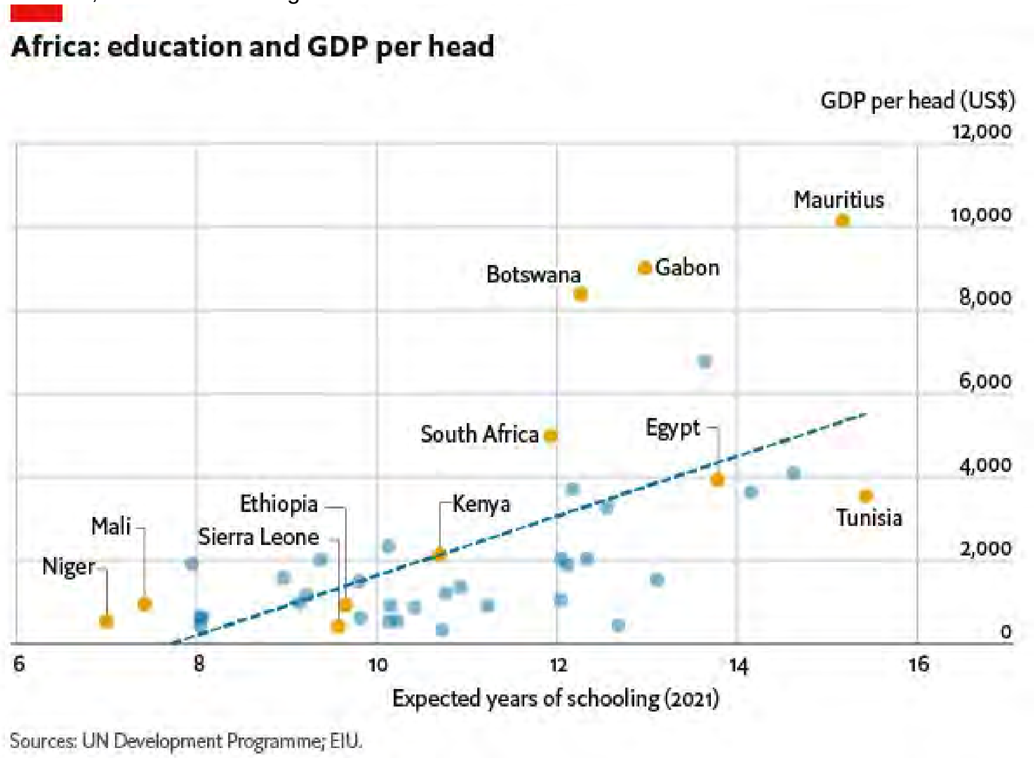
Russian mining companies have their own sizeable investments in metal, energy and mineral concessions in Africa. The concessions are largely concentrated in poorly governed and authoritarian states, namely Sudan, Guinea, the Central African Republic and Mozambique. Most Russian mining operations in Africa are joint ventures that rely in part on Russian financing, which means that international sanctions imposed by the US, the EU and aligned states will disrupt mining operations and output levels as Russian funding is limited or cut off entirely. We expect the disruption to projects in which Russian mining companies own stakes to be temporary, and the high prevailing price of most commodities will ensure that there is no shortage of buyers in the market for these concessions. Russia's grip on African ventures may loosen but the country has put enormous effort into building its political and commercial ties on the continent and will fight hard to maintain a foothold.

Mining sector ESG has a growing role

Mining companies operating and investing in Africa have the opportunity to help the continent to confront its ESG challenges, besides providing the metals and minerals essential for the global energy transition. Embedding ESG principles in business models has been part of the African mining scene for years, but has had mixed results, and this aspect of mining operations will become increasingly important as the region is affected by climate change and as stakeholders and investors demand more accountable, responsible and sustainable returns. Key areas where some progress has been made and that will be a focus for future development include mining site power supplies and water usage, fuelling options for transport and logistics, local community healthcare and environmental degradation. For instance, Africa has enormous potential for renewable energy—solar, wind and hydroelectric—that could provide the bulk of mining site power supplies and reduce reliance on stretched and expensive state utility provision. The deployment of hydrogen trucks and the creation of hydrogen infrastructure at mining sites is already a target of some of the largest mining companies operating in Africa, which could be achieved in the early 2030s. Mining companies will increasingly look at ways to better use available water supplies—including water recycling and treatment—to reduce the impact on groundwater levels and supplies for local communities.

Africa chart of the week: educate to prosper

March 29, 2023: Economic growth



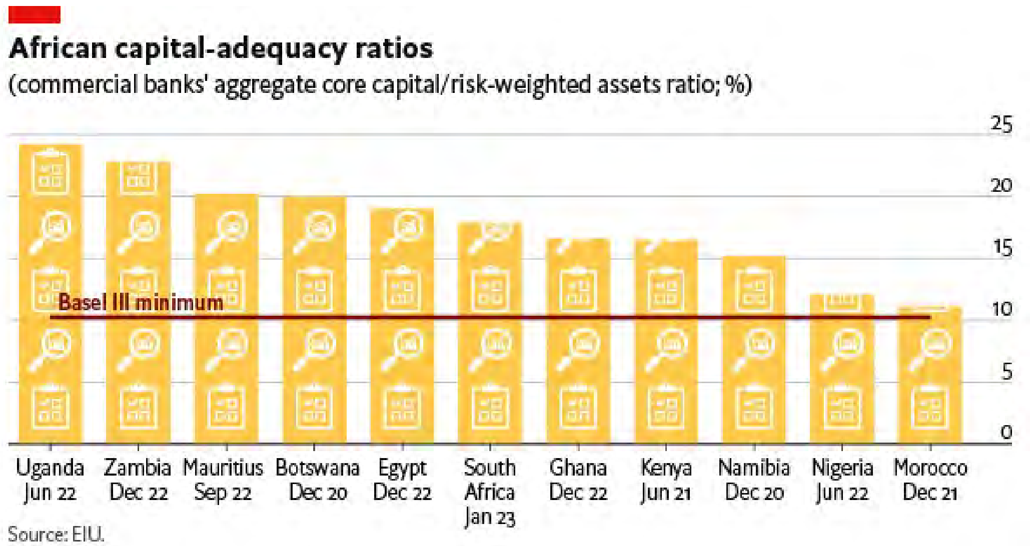
- Education is critically important for individual personal development and, as asserted by the UN, "is a fundamental human right and essential for the exercise of all other human rights". It is also highly correlated to a county's economic development. Although there are methodological challenges and offsetting factors (level of natural resource endowment, political instability, poor governance), studies have proven that a better-educated population translates into a wealthier, more developed economy.
- A crude snapshot looking at expected years of schooling, as compiled by the UN Development Programme (UNDP), and EIU estimates of income per head for African countries confirms this trend (see chart). At the bottom end with low years of schooling and correspondingly low income per head there are Niger and Mali, running up to Mauritius with high years of schooling and high income per head. Trend divergences can be explained by resource endowments (oil in Gabon, diamonds in Botswana) and the adverse impact of political instability and weak governance (Tunisia, for example, where years of schooling are high).
- Although the benefits are clear, Africa, or more specifically Sub-Saharan Africa, continues to struggle to comprehensively educate its expanding population. This has been made even harder by the impact of the covid-19 pandemic, which heavily disrupted schooling. A flurry of recent reports from UN agencies and the World Bank highlight the challenges.
- The UN Educational, Scientific and Cultural Organisation (UNESCO) estimates that 98m children between the ages of six and 18 remain out of schools in Sub-Saharan Africa, while the *State of Global Learning Poverty: 2022 Update* reports that nearly nine in ten children in Sub-Saharan Africa are unable to read and understand a simple text by the age of ten. The UNDP's Global Multidimensional Poverty Index 2022 (education is one of the three dimensions, along with health and standard of living) also reports that the number of poor people is now highest in Sub-Saharan Africa (579m) for the first time.
- Africa's medium- to long-term growth and development outlook will be heavily influenced by how quickly this education deficit is addressed. The global economy is increasingly oriented towards knowledge and digital skills without which many may struggle to find productive work, with attendant risks of social unrest. Despite ongoing economic pressures in many countries, we expect that support for education will be a priority, even as some countries seek to restructure debts and put spending on a sustainable path.

African banking sector at risk

April 13, 2023: Overview

- **African banks are largely shielded from the direct and immediate impacts of the crisis unfolding in North American and European banking sectors, which reflects the fact that most African banks are tightly regulated and conservatively managed and have sufficient capital and liquidity buffers.**
- **The African banking sector's non-interest income and profitability could take a hit should the developed country banking crisis escalate to the extent that global financial market turmoil and weaker global economic growth would have negative impacts on African export trade, inflows of foreign investment and the cost of domestic and international capital.**
- **The region's major and most internationally integrated financial hubs—found in South Africa, Mauritius, Nigeria, Uganda, Botswana, Namibia, Ghana, Kenya, Morocco and Egypt—will face increased pressure in 2023, while their central banks grapple with a disrupted global financial system and vulnerable economies.**

African banks have a degree of protection from the direct and immediate impacts of the financial sector instability affecting North American and European banking institutions. Importantly, the region's major banking hubs—in South Africa, Egypt, Kenya, Nigeria, Morocco and Ghana—have comfortable capital and liquidity buffers. For instance, the South African banking system had a capital-adequacy ratio of 17.9% in January 2023 and a liquidity coverage ratio of 145.3% in September 2022, which were comfortably above the respective regulatory thresholds of 10.25% and 100% as set out under Basel III requirements. At an individual bank level, the region's largest banking groups reported capital-adequacy ratios, liquidity coverage ratios and net stability funding requirements well above Basel III minimum thresholds at the end of 2022.



However, there is a sizeable risk of a deterioration in global financial conditions that could result in less affordable or less accessible international finance and greater risk aversion among African banks that depress private-sector lending across African economies. In addition, buffers are only one side of the security rails, with the other being the ability of governments and central banks to effectively intervene by propping up financial institutions and guaranteeing deposits in times of need. This is something that African institutions will struggle to achieve without support from the international financial community—public finances are much more stretched across many African markets following the covid-19 pandemic, public-sector debt levels are elevated and debt servicing is a major burden.

South Africa's largest banking groups

Banking group	Reporting date	Capital-adequacy ratio* (%)	Liquidity coverage ratio (%)	Net stability funding requirement (%)
		Basel III min=10.25	Basel III min=100	Basel III min=100
Standard Bank	Dec 22	13.5	146.8	124.1
FirstRand	Dec 22	12.6	121.0	120.0
Absa	Dec 22	12.8	124.6	113.4
Nedbank	Sep 22	12.2	155.9	118.5

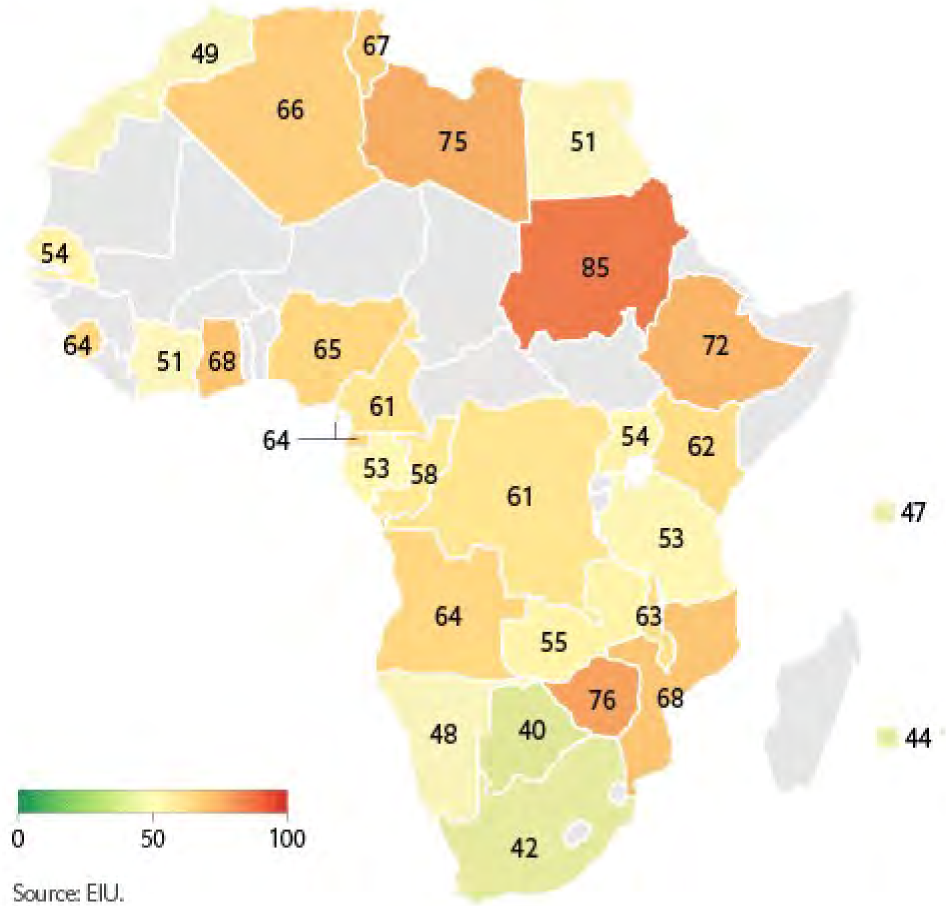
Source: EIU. *Common Equity Tier 1 capital.

Limited direct exposure to troubled banks

African banking sectors have little to no direct exposure to the three failed US regional banks or Credit Suisse, which militates against direct investment losses that could negatively affect income statements or balance sheets. Some banks, such as Africa's largest banking business, Standard Bank Group, have operations in the US and Europe, but these are small compared with overall business and mostly limited to facilitating trade, investment and transfers with African counterparts. The collapse of Silicon Valley Bank (SVB) sent ripples across technology start-up ecosystems across Africa, which threatened investments, deposits and banking services for African technology businesses and venture capital funds. The affected African businesses and institutions were offered a degree of protection by the Federal Reserve (the US central bank), which guaranteed deposits at SVB, while some have withdrawn their finance from SVB and most will be looking for alternative solutions with international and regional banks seeking to fill the service gap.

African banking sector risk

(risk score: 0=low; 100=high)

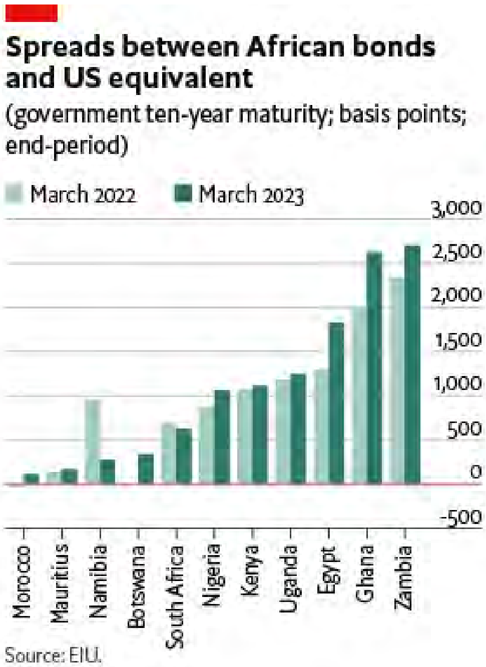


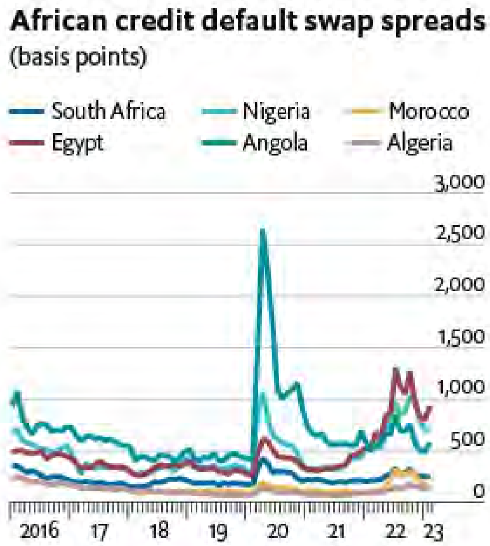
Source: EIU.

The African banking sector is dominated by large Africa-based banks—such as the large South African banking groups Standard Bank Group, FirstRand, Absa Group, Nedbank Group and Investec Bank, as well as the Egypt-based National Bank of Egypt and Banque Misr, the Morocco-based Attijariwafa Bank, Banque Centrale Populaire and Bank of Africa-BMCE Group. These banks have little direct exposure through investments in or partnerships with US or European financial institutions, while private-sector deposits are a major source of funding. However, foreign bank penetration across major African markets is relatively high and could pose a risk to banking services should parent companies decide to restructure or withdraw owing to financial difficulties in North America and Europe.

Worrying sovereign-bank nexus

African banking systems are not immune to global financial shocks and could face risks through their heavy exposure to local-currency sovereign bonds, the so-called sovereign-bank nexus. Commercial bank holdings of domestic sovereign debt have surged since the beginning of the Covid-19 pandemic and brought to the fore issues surrounding the sovereign-bank nexus, whereby commercial banks are overly exposed to local-currency sovereign bonds. An increase in sovereign credit risk linked to instability in global financial markets could prompt greater risk aversion towards emerging-market assets that causes bond yields to spike and prices to tumble, thus undermining the value of bank assets. In turn, this could adversely affect banks' balance sheets and credit supply across Africa, and especially in countries with weaker capital and liquidity buffers. Non-financial sector corporates could find it much more difficult and costly to secure funding and pursue capital expenditure plans. The sovereign-bank nexus has the potential to accentuate macro-financial stability risks, including financial sector losses, the rising cost of borrowing and restricted access to finance—a potential credit crunch in the waiting triggered by global financial sector instability.



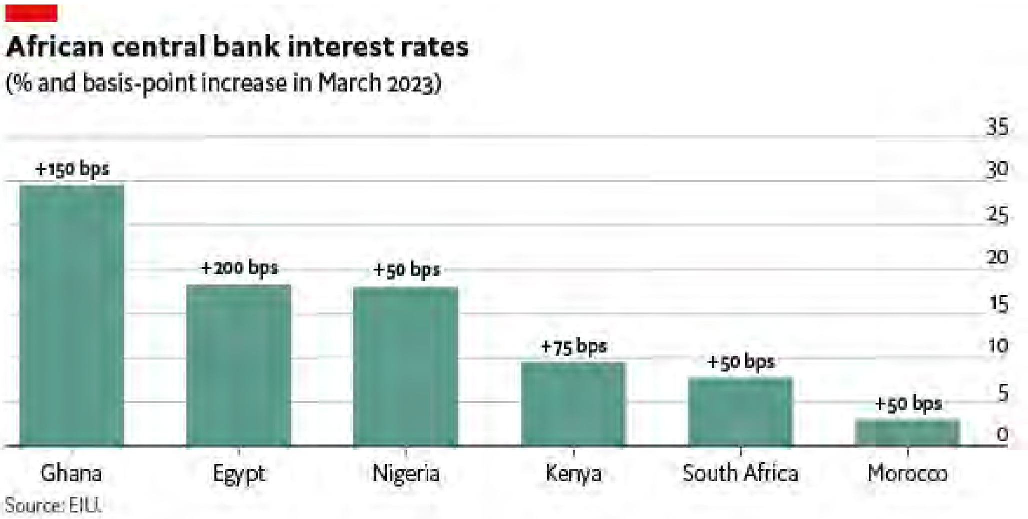


Source: EIU.

Already, the spread, or difference, between the yields on African government ten-year bonds and comparable US Treasury bonds are among the highest in the world and in most cases the spreads have widened over the past year. Moreover, credit default swap rates—which provide a gauge of sovereign credit risk and tend to be higher for sovereigns that investors consider to be riskier—are high and rising. This comes at a time when African governments have rapidly increased their debt levels and could push more sovereigns towards or into debt distress.

The dampening effect of monetary policy adjustments

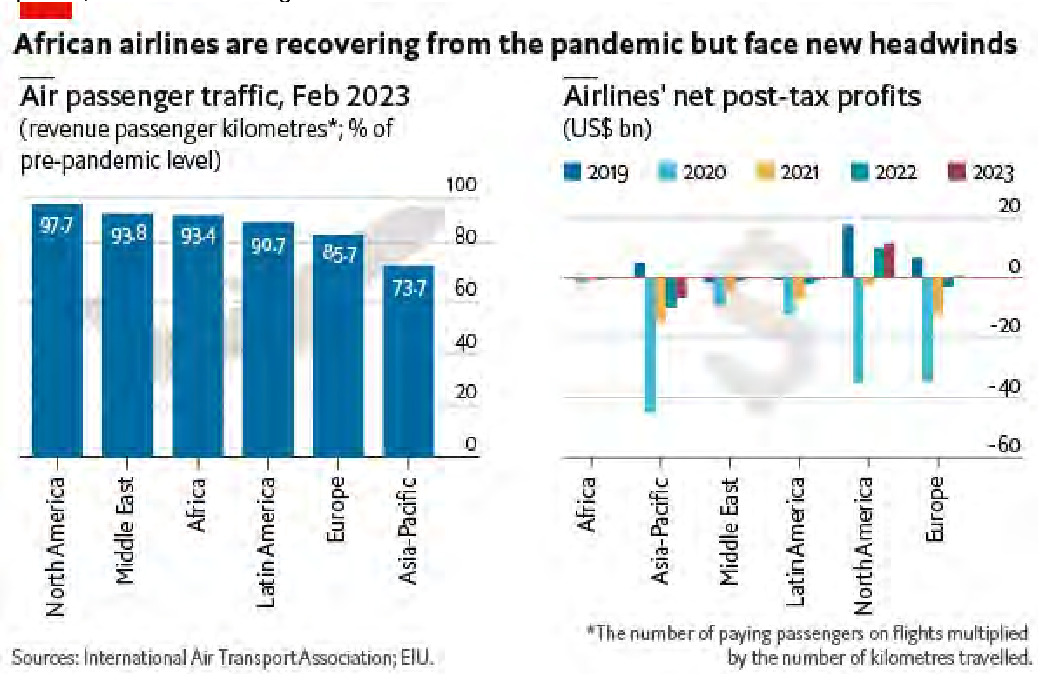
Central banks in Egypt, Ghana, Kenya, Morocco, Nigeria and South Africa decided in March to continue a monetary policy tightening cycle by raising their main policy interest rates, which could dampen economic growth prospects in the year ahead. These moves were made over concerns about stubbornly high inflation, exchange-rate stability and the threat posed by investors selling their African assets following financial stress in the North American and European banking sectors.



The region's major and most internationally integrated financial hubs will face increased pressure in 2023, while their central banks will grapple with stubbornly high inflation. African banking sectors could see non-interest income and profitability take a hit should current global financial instability escalate to the extent that ripple effects undermine African export trade, capital flows, public finances and domestic business activity.

Africa chart of the week: airlines on path to recovery

April 27, 2023: Economic growth



- The covid-19 pandemic and the recent surge in fuel costs have had a large negative impact on the global airline industry, leading to reduced passenger traffic, huge financial losses and airline bankruptcies. However, since early 2022 a recovery has been under way, and data from the International Air Transport Association (IATA) show that passenger traffic on African airlines was running at 93.4% of pre-pandemic levels in February, while data from the Africa Airlines Association (AFRAA) put the figure at 94.8% in March. Meanwhile, air cargo activity had already returned to pre-pandemic levels in 2021, but fell back in late 2022 and early 2023 in line with the global slowdown.
- Africa's recovering passenger performance compares well with other regions, and the more recent relaxation of travel restrictions in China should be supportive, particularly for intercontinental travel. African airlines are already operating more intercontinental routes than they were before the pandemic. Intra-Africa activity has also picked up well. However, operating conditions remain challenging, with still-elevated fuel costs (albeit down on 2022 highs) and slowing global and regional growth.
- AFRAA expects that in 2023 the total number of passengers carried by African airlines will still be about 10m below the 95m recorded in 2019. This suggests that most airlines will struggle to make profits. IATA projects that the global airline industry as a whole will shift into a small profit this year after three years of large losses. But this largely reflects improvements in North America and a return to small profits in Europe and the Middle East—the latter boosted by the FIFA World Cup in Qatar. African carriers meanwhile are expected to post losses of US$213m in 2023, although this is down on the estimated losses of US$638m in 2022.
- However, the IATA industry-wide loss figures mask a major success story on the continent. Ethiopian Airlines is Africa's largest carrier and is continuing to expand rapidly, both within Africa and outside the continent. It dominates in terms of air passenger traffic and reported a rebound in profits to US$937m for the fiscal year ending June 2022.
- Nonetheless it is clear that Africa needs greater and more affordable air connectivity. In particular, intra-Africa trade has long struggled with poor logistics and transport services. However, we expect this to improve markedly over the medium term, catalysed by the implementation of the African Continental Free-Trade Area agreement signed in 2021. This should make it easier to move cargo and passengers around the continent, helping to boost trade in goods and services, and offering growth opportunities for African airlines as well as contributing to economic growth.

