

WORLD RANK:

158

REGIONAL RANK:

41

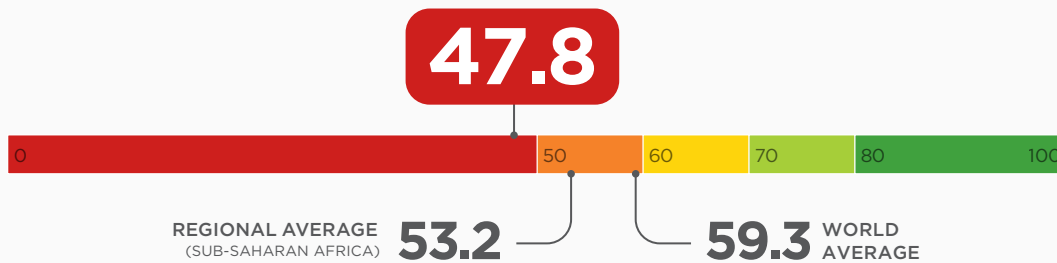
ECONOMIC FREEDOM STATUS:
REPRESSED

ZAMBIA

Zambia's economic freedom score is 47.8, making its economy the 158th freest in the 2023 *Index*. Its score has decreased by 0.9 point. Zambia is ranked 41st out of 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

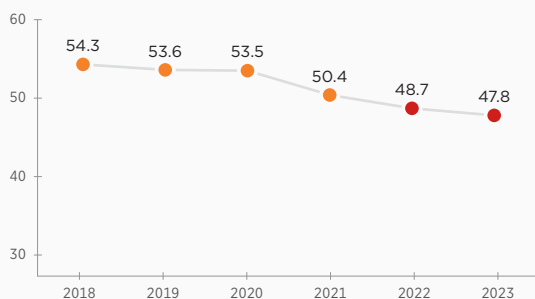
The Zambian economy is still characterized by a need for more intensive structural reform. With its inefficiency and lack of transparency, the legal framework discourages long-term economic development. The overall rule of law is fragile and undermined by political interference, in addition to which rampant corruption corrodes the foundations of economic freedom.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -7.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
18.9 million

GDP (PPP):
\$69.1 billion
4.3% growth in 2021
5-year compound
annual growth 2.1%
\$3,549 per capita

UNEMPLOYMENT:
12.5%

INFLATION (CPI):
20.5%

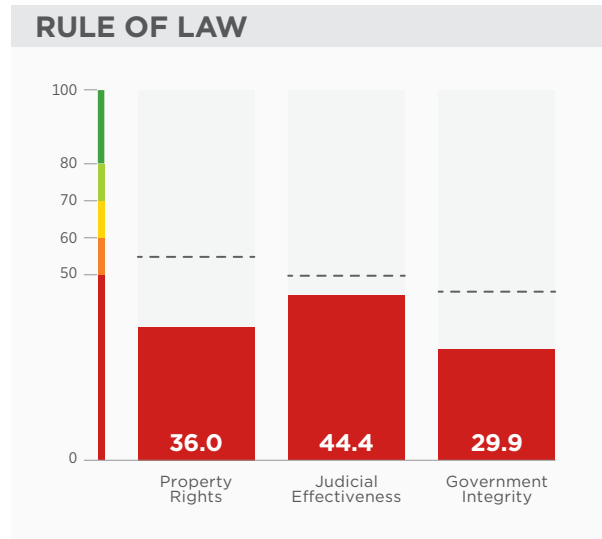
FDI INFLOW:
-\$456.7 million

PUBLIC DEBT:
119.1% of GDP

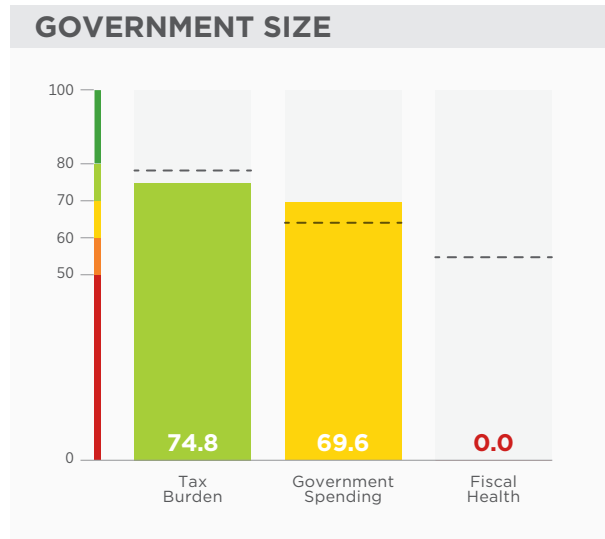
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: Independent from the United Kingdom since 1964, Zambia has been one of southern Africa's most politically stable countries. The Patriotic Front's Edgar Lungu won a special presidential election in 2015, his predecessor having died in office, and was elected to a full five-year term in 2016. Opposition leader Hakainde Hichilema won the presidency in August 2021 and secured a debt relief deal from creditors that included China, Zambia's largest bilateral creditor. Zambia is Africa's second-largest producer of copper, and an uptick in world mineral prices would encourage higher output and export receipts. Two-thirds of Zambians live below the poverty line.

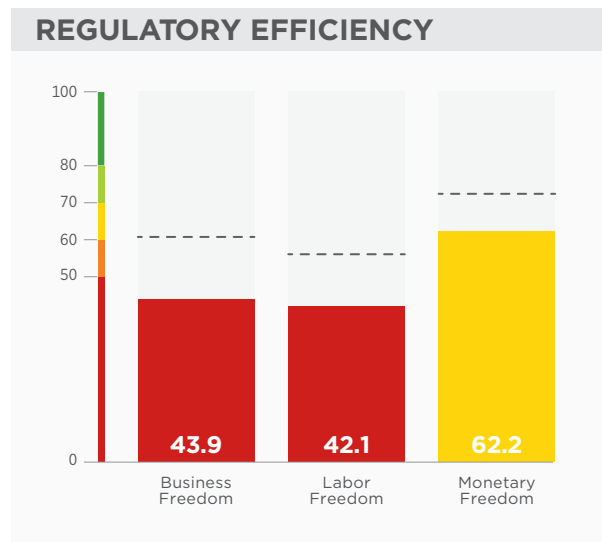
12 ECONOMIC FREEDOMS | ZAMBIA



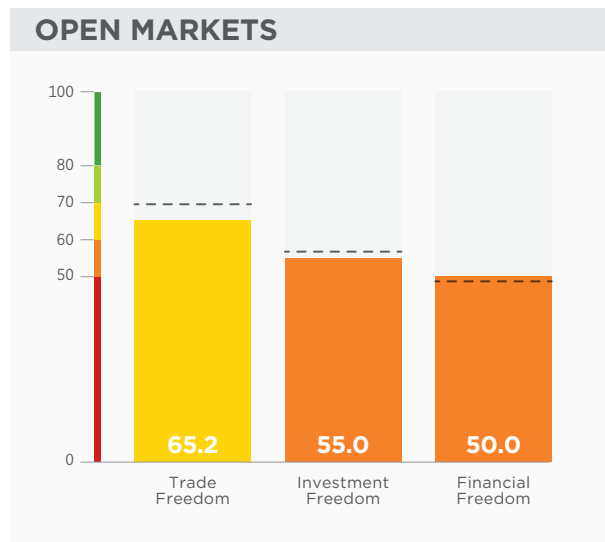
The overall rule of law is weak in Zambia. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual and corporate tax rates are, respectively, 37.5 percent and 30 percent. The tax burden equals 14.7 percent of GDP. Three-year government spending and budget balance averages are, respectively, 31.8 percent and -10.5 percent of GDP. Public debt equals 119.1 percent of GDP.



Despite some reforms, the regulatory environment is not conducive to entrepreneurial activity. Businesses can be established with no minimum capital required, but commercial licensing requirements are time-consuming and costly. Labor regulations are outdated and not consistently applied. Monetary stability has been weak.



The trade-weighted average tariff rate is 9.9 percent, and extensive nontariff barriers distort trade flows. Zambia has no modern investment framework. The financial system is dominated by banking, and financial intermediation and credit to the private sector have gradually expanded.