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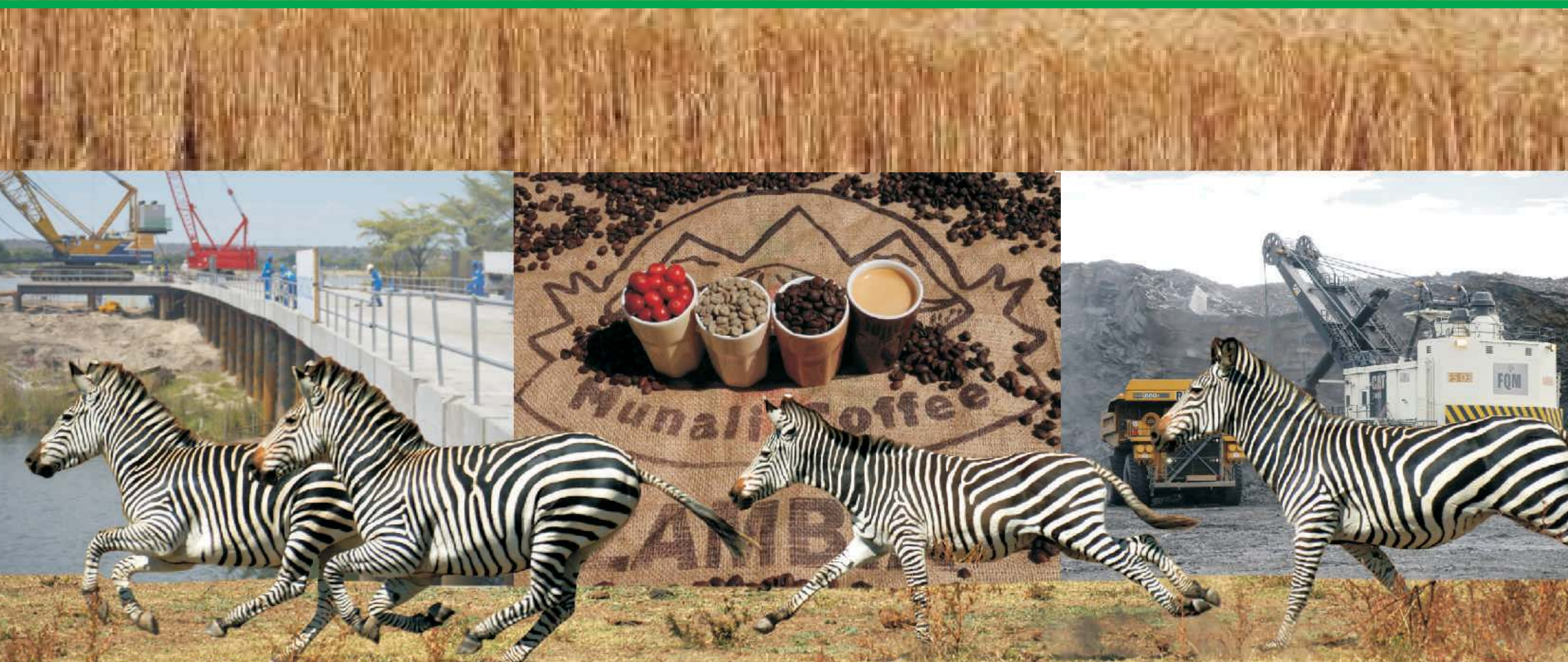
Foreign Private Investment & Investor Perceptions in Zambia - 2015

Rethinking, Refocusing and Implementing Investment and Export Diversification Strategies



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Bank Of Zambia

Bank of Zambia,
P. O Box 30080,
Lusaka, 10101.
Tel: +260-211-228888
Fax: +260-211-221722
E-mail: pr@boz.zm
Web: www.boz.zm

Republic of Zambia

Central Statistical Office,
P. O Box 31908,
Lusaka, 10101.
Tel: +260-211-251377/253609
Fax: +260-211-253609/253468
E-mail: info@zamstats.gov.zm
Web: www.zamstats.gov.zm

Zambia Development Agency

Zambia Development Agency
P. O Box 30819
Lusaka, 10101.
Tel: +260-211-220177/222858
Fax: +260-211-225270
E-mail: zda@zda.org.zm
Web: www.zda.org.zm

Private Sector Development Programme

Private Sector Development Programm
P. O Box 33585
Lusaka, 10101.
Tel: +260-211-223589/220478
Fax: +260-211-235898
E-mail: psdp@iconnect.zm
Web: www.psdzambia.org.zm

Foreign Private Investment and Investor Perceptions in Zambia

2015

Prepared by:
The Balance of Payments Statistical Committee
of the Government of the Republic of Zambia



TABLE OF CONTENTS







I. List of Acronyms

ACP	African, Caribbean and Pacific states
AIDS	Acquired Immune Deficiency Syndrome
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
BoZ	Bank of Zambia
BoP	Balance of Payments
BoPSC	Balance of Payments Statistical Committee
BPM6	Balance of Payments and International Investment Position Manual, Sixth Edition
CDIS	Coordinated Direct Investment Survey
CIS	Commonwealth of Independent States
COMESA	Common Market for Eastern and Southern Africa
CSO	Central Statistical Office
CSR	Corporate Social Responsibility
DBSA	Development Bank of South Africa
DFI	Development Finance International
EU	European Union
FAL	Foreign Assets and Liabilities
FATS	Foreign Affiliates Trade in Services
FDI	Foreign Direct Investments
FDEI	Foreign Direct Equity Investment
FPC	Foreign Private Capital
FPC-CBP	Foreign Private Capital Capacity Building Programme
FPI	Foreign Portfolio Investment
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
HIV	Human Immune Deficiency Virus
ICT	Information Communication Technology
IFCA-ISIC	ISIC, Rev.4 Categories for Foreign Affiliates in Services
IIP	International Investment Position
ISIC	International Standard Industrial Classification of All Economic Activities
MCTI	Ministry of Commerce, Trade and Industry
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
IMF	International Monetary Fund
MFEZs	Multi Facility Economic Zones
MNEs	Multinational Enterprises
MOFAs	Majority-Owned Foreign Affiliates
MSITS	Manual on Statistics for International Trade in Services
NCDs	Non-Communicable Diseases
NTEs	Non-Traditional Exports
OECD	Organisation for Economic Cooperation and Development
OPEC	Oil Producing and Exporting Countries
PACRA	Patents and Company Registration Agency
PCF	Private Capital Flows
PSD	Private Sector Development
PSD-IJC	Private Sector Development Industrialisation and Job Creation
PSED	Private Sector External Debt
PSEL	Private Sector External Lending
RCEP	Regional Comprehensive Economic Partnership
SADC	Southern African Development Community
SNDP	Sixth National Development Plan
SSA	Sub-Saharan Africa
TPP	Trans-Pacific Partnership
TTIP	Transatlantic Trade and Investment Partnership (TTIP)
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
VAT	Value Added Tax
WB	World Bank
WEO	World Economic Outlook
WIR	World Investment Report
ZDA	Zambia Development Agency
ZRA	Zambia Revenue Authority




ii. Acknowledgements

This Phase VIII Report of Zambia's Foreign Private Investment and Investor Perceptions Survey - 2015 was prepared by the Joint Technical Committee on Balance of Payments Statistics, comprising staff from the Bank of Zambia (BoZ), Central Statistical Office (CSO) and the Zambia Development Agency (ZDA).

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iii. Chief Executives of Lead Institutions

Dr Denny Kalyalya
Governor
Bank of Zambia

Mr John Kalumbi
Director
Central Statistical Office

Mr Patrick Chisanga
Director General
Zambia Development Agency

iv. Senior Management from Lead Institutions

Dr Francis Chipimo
Director
Economics
Bank of Zambia

Mr Ernest Mwape
Director
Policy and Planning
Zambia Development Agency

Mr Goodson Sinyenga
Deputy Director
Economic Statistics
Central Statistical Office

Mr Ivan Zyuulu
Assistant Director
BoP and Debt
Bank of Zambia




v. Core Technical Team Members

Ms. Chisala Sofia Ngandwe
Senior Economist, Private Capital Flows
Bank of Zambia

Dr. Wilson Phiri
Senior Economist, Balance of Payments
Bank of Zambia

Ms. Mwika Sampa
Senior Economist, Private Capital Flows
Bank of Zambia

Mr. Collins Sifafula
Manager, Monitoring and Evaluation
Zambia Development Agency

Mr. Chungu Kapembwa
Senior Researcher, Prices
Bank of Zambia

Ms. Alice Konga
Senior Economist-External Debt
Bank of Zambia

Mr. Nkandu Kabibwa
Survey Statistician, Industrial Production
Central Statistical Office

Ms. Sombo Kaweza
Research Policy Speciality
Zambia Development Agency

Dr. Abel Shimba
Senior Economist, Fiscal
Bank of Zambia

Keegan Chisha
Economist-BoP, Economic Programmes
Bank of Zambia

Mr. Alex Sinyenga
Software Engineer
Bank of Zambia

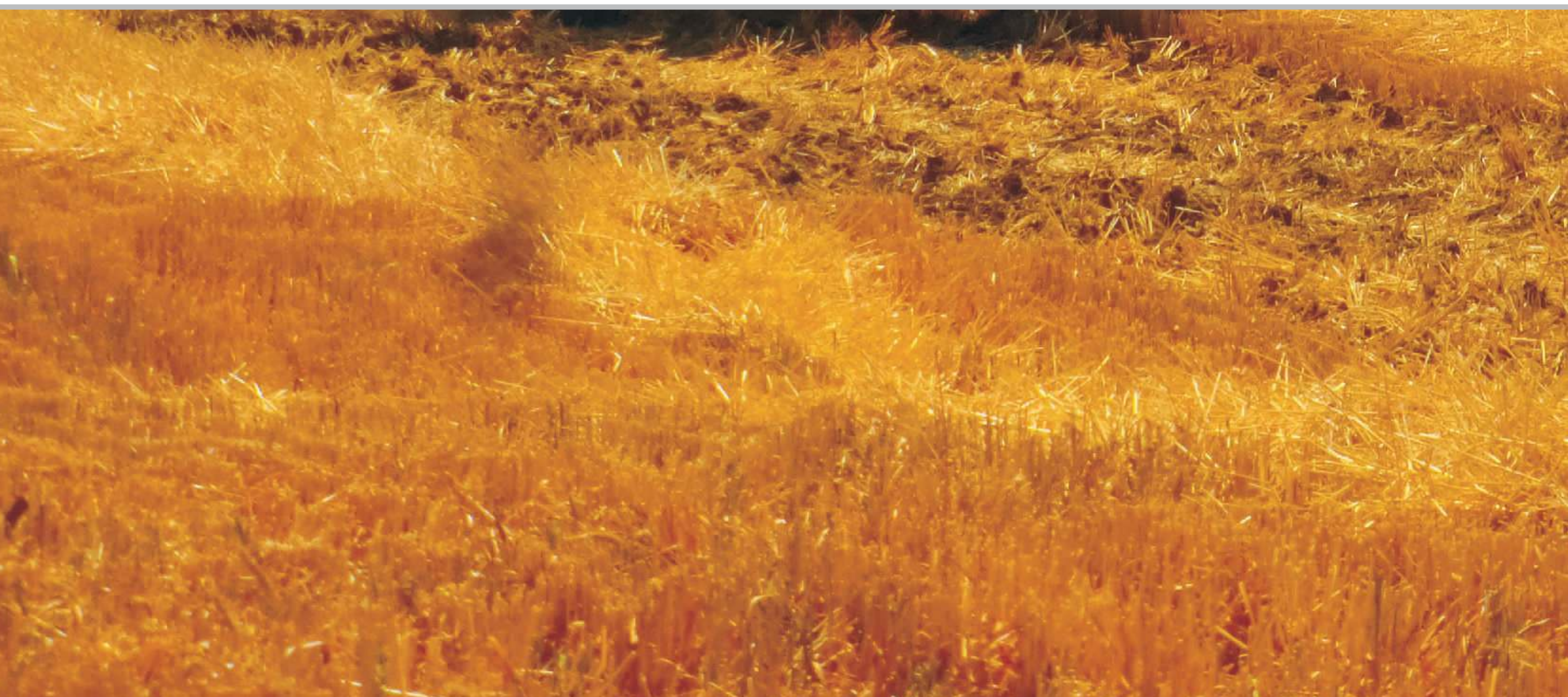
Mr. Victor Bwalya
Senior Systems Analyst
Central Statistical Office

Mr. George Kapinga
Statistical Assistant, Private Capital Flows
Bank of Zambia

Mr. Wachisa Sibale
Statistical Assistant, Private Capital Flows
Bank of Zambia

Mr. Godwin Sichone
Statistical Assistant, Private Capital Flows
Bank of Zambia

EXECUTIVE SUMMARY






iii. Executive Summary

Since the initiation of economic reforms in the early 1990s, Government has made major strides in supporting private sector led growth by implementing business environment reforms aimed at enhancing a competitive business and investment climate. In general these reforms are critical in making the investment climate in Zambia conducive for both local and foreign investment. Foreign Direct Investment (FDI) in particular is viewed as a key driver for economic growth and employment creation. It is expected to facilitate technology transfer, economic growth, and contribute to exchange rate stability and increased tax revenue.

In an effort to establish the magnitude and direction of foreign private investment flows as well as investor perceptions on the investment climate in Zambia, a survey was undertaken in July and August 2015. The survey captured stocks and flows of Foreign Private Capital (FPC) covering the calendar year 2014 and the first and second quarters of 2015, as well as investor perceptions. The survey targeted 351 enterprises and all were visited, out of which 305 responded, translating into a response rate of 86.9 percent. Of the 259 enterprises in the sample with foreign assets and liabilities (FAL), 258 enterprises responded yielding a response rate of 99.6 percent. The survey was undertaken in conformity with the International Monetary Fund (IMF) Balance of Payments and International Investment Position Manual Sixth Edition (BPM6), the Coordinated Direct Investment Survey (CDIS), OECD Benchmark Definition of Foreign Direct Investment. The survey further complied with the United Nations Conference on Trade and Development (UNCTAD) requirements for compilation of Foreign Affiliates Trade in Services.

The survey results for 2014 showed that Zambia's net foreign direct investment inflows rose to US $3,194.9 million from US $1,690.5 million recorded in 2013, driven by a higher drawdown in FDI assets. FDI liabilities however, declined by 29.1 percent to US $1,488.6 million from US $2,099.9 million recorded in 2013. The decline was largely driven by reduced investments in the mining and quarrying, manufacturing, construction, deposit taking corporations, agriculture, forestry and fishing, real estate and electricity sectors. The respondents broadly attributed this outturn to the effects of the exchange rate depreciation as well as changes in government policies and administrative arrangements during the year. Zambia experienced a decline in equity capital and debt instruments categories of FDI liabilities. Nonetheless, FDI liabilities continued to be dominated by borrowing from affiliates. Analysis of FDI liabilities by source country shows that the United Kingdom was the major source, accounting for 37.0 percent of total inflows, with the mining and quarrying sector receiving 66.8 percent.

In contrast, other investment liabilities grew by 45.2 percent to US $532.8 million compared with US $366.9 million recorded in 2013. Financial derivatives equally registered a net inflow of US $26.8 million, whilst foreign portfolio equity investment recorded a net outflow of US $1.6 million during the same period. The preliminary survey findings show positive growth prospects in foreign direct investment inflows, with significant FDI inflows of US $788.2 million recorded in the first half of 2015, largely to the mining and quarrying sector.

The stock of Private Sector External Debt (PSED) grew by 17.5 percent to US $11,403.1 million at end-2014 from US $9,707.9 million at end-2013. PSED continued to be long term borrowing mainly from related enterprises in form of loans, with the mining and quarrying sector accounting for the largest proportion as the recipient sector. The United Kingdom, China, South Africa, Switzerland and Canada were the major sources of credit.

During the same period, Zambia's private sector recorded a decrease in foreign assets due to drawn down and net repayments in form of FDI assets especially in the mining and quarrying, and electricity sector. Portfolio equity and other investment assets recorded declines whilst financial derivatives increased in 2014 from the previous period's record of US $3.6 million.

Sales/turnover by Majority-Owned Foreign Affiliates (MOFAs) increased by 7.4 percent to US $144,731.1 million, whilst their employment levels, rose by 11.5 percent to 87,527 employees from 78,475 recorded in 2013. However, the net worth of MOFAs declined largely due to a decrease in accumulated retained earnings, on account of losses recorded during the period. Consequently, the contribution to taxes on income declined, following a fall in profits; dividends declared also fell, as well as the value added (gross output less operating expenditure) which was 11.4 percent lower than the 2013 level.

With regard to corporate social responsibility, out of the total US $146 million invested in 2014, construction and road repair received the highest share of US $68.3 million of funding, accounting for 47.0 percent of the total expenditure.

While successive Government administrations have advocated for export oriented production across all sectors, the survey findings have shown that most enterprises were inward rather than outward looking for markets for their products and services. The survey findings further revealed that more enterprises relied on equity as opposed to debt for the financing of their business operations.

With respect to investor perceptions on existing fiscal and monetary policy most enterprises were of the view that the fiscal policies had negative effects on their operations. With regard to monetary policy, the investors were of the view that the policy rate and the overnight lending rate had adverse effects on their operations. Other economic factors such as the global, regional and domestic growth were rated positively. Issues of concern to investors included factors such as exchange rate depreciation, rising inflation, a fall in copper prices, increase in the cost of borrowing, government arrears to suppliers, unpaid VAT and increase in property tax. Furthermore, governance with regard to the political climate, security and corruption received negative feedback. However, public order and safety, issuance of visas and permits and issuance of licences received positive ratings.

In assessing the ease of doing business factors, all the factors were positively assessed, with the exception of the resolving insolvency and getting electricity factors. Among the positive factors, starting a business ranked the highest, followed by paying taxes, enforcing contracts and fourth was trading across borders. The 2015 World Bank Doing




Business report, however, indicated deterioration in the protecting investors' indicator ranking from 80th position in 2014 to 83rd position in 2015. Similarly, the starting business indicator ranking and the getting electricity factor ranking declined.

With regard to investor outlook, about 85.0 percent of the respondents indicated the intention to expand their business citing value addition as the most preferred expansion strategy. The overall findings, nevertheless suggest that there is still considerable dissatisfaction in areas relating to government policies as well as institutions that play a key role in the investment process. These impediments to doing business need to be addressed in order to maintain Zambia as an attractive investment destination.

It's imperative that efforts to diversify the economy are re-doubled in order to help maintain the exchange rate stability and thus build international reserves to achieve resilience against external shocks.

Looking ahead, there is need to promote measures that ensure faster diversification of the export base as a way of reducing the country's dependence on copper and enforce deliberate policy measures to encourage investment in government's priority growth sectors; agriculture, forestry and fishing, energy, tourism and manufacturing.

1.0 INTRODUCTION




1.0 INTRODUCTION

Foreign Direct Investment (FDI) has a key role to play in the development trajectory of any economy. This is particularly true for a developing country like Zambia where there is a strong relationship between foreign investment and economic growth. FDI boosts international trade through increased export earnings, promotes global best practices, is non- debt creating, provides growth through gross capital formation, creates employment and stimulates inflows of foreign currency. To add to this, FDI facilitates technology transfer, increases and accelerates opportunities for the domestic market. The government's major obligation is to ensure that FDI contributes to the economic well-being of citizens in their respective communities by channelling investments into zones that have the most potential to create decent jobs and reduce poverty. The government is focused on ensuring that tax revenue from FDI investments are spent on sustainable and equitable developmental activities.

The theme of this report is “Rethinking, Refocusing and Implementing Investment and Export Diversification Strategies”. The current external and domestic economic challenges the country is facing are a stark reminder that Zambia needs to re-look at investment policies and hasten to implement well thought out diversification strategies. This is critical if Zambia is to improve its long term growth prospects in increasing exports in the agricultural, manufacturing and other non-traditional export sectors so as to reduce reliance on copper. Since the beginning of the 1990s, the Zambian government reinforced its agenda of a private sector led economy and implemented economic reforms that were aimed at promoting and facilitating both local and foreign investment. The reforms were further meant to stimulate economic growth and development to impact positively on poverty reduction. The economic reforms so far undertaken have contributed to increased investor confidence, resulting in strong external capital inflows. Whilst this has been translated into strong growth, poverty remains high and job creation continues to lag the growth in the labour force.

In its continued efforts to reform the economy, government policies need to be more oriented towards sustaining a favourable environment for private sector led growth focused on non-traditional export and import substitution activities. The efforts ought to be underpinned by a stable macro-economic environment with sound monetary and fiscal policies. The implementation of new policy reforms will ensure an improved economic performance resulting in sustained positive economic growth.

Zambia has experienced strong growth over the years 2005 - 2014 rising to 10.3 percent in 2010 before declining to 4.9 percent in 2014. The growth over the years in turn positively influenced investment decisions culminating in increasing trends in FDI inflows which have further supported growth. In line with economic reforms, Zambia has encouraged private investment in all major growth sectors leading to significant private investment in energy, transport and telecommunications sectors.

This report summarises the survey findings on foreign assets and liabilities and investor perceptions in Zambia. The survey was undertaken between July and August 2015. It covered the calendar year 2014, the first and second quarters of 2015. A total of 351 enterprises were issued with questionnaires of which 305 responded, translating into a response rate of 86.9 percent. The survey was undertaken in conformity with the latest International Monetary Fund (IMF) Balance of Payment and International Investment Position Manual Sixth Edition (BPM6), the Coordinated Direct Investment Survey (CDIS), Organisation for Economic Co-operation and Development (OECD) Benchmark definition of Foreign Direct Investment and the 2010 manual on Statistics for International Trade in Services (MSITS 2010). The survey further complied with the United Nations Conference on Trade and Development (UNCTAD) requirements for compilation of Foreign Affiliates Trade in Services (FATS).

The report gives the magnitude, types and direction of foreign private capital assets and liabilities as well as investor perceptions. It also presents improvements to the previous reports with regard to timeliness, coverage of enterprises with foreign assets and liabilities, the analysis of FATS as well as investor perceptions.

The main findings of this survey are that Zambia's net foreign direct investment inflows increased to US $3,194.9 million from US $1,690.5 million recorded in 2013, driven by a higher drawdown in FDI assets. However, private sector foreign liabilities to Zambia decreased by 25.8 percent in 2014, these inflows were dominated by FDI, followed by other investments and financial derivatives. The reduction in private sector foreign liabilities inflows was largely explained by reduced FDI inflows in a number of sectors. The respondents attributed the decline in FDI inflows largely due to the depreciation in the exchange rate and the changes in government policies. Foreign direct investment inflows were mainly in form of borrowing from affiliates. The survey findings further showed that FDI flows by source country in 2014 was dominated by the United Kingdom followed by Switzerland, Canada, China, India and Nigeria.

The rest of the report is structured as follows: Chapter 2 discusses the theme of the report focussing on transformation of the Zambian economy through investments. Chapter 3 gives the recent macroeconomic and foreign investment trends and prospects. In Chapters 4, 5, 6, 7, and 8 the quantitative survey findings are presented and analysed, relating to foreign liabilities, private sector external debt, private sector foreign assets, foreign affiliates trade in services and corporate social responsibility. This is followed by Chapter 9 which provides a detailed discussion of investor perceptions on the investment climate in Zambia and Chapter 10 outlines the proceedings of the dissemination workshop whilst Chapter 11 concludes and highlights policy recommendations. The survey methodology and detailed annexes of tables and other information analysed are provided in the Annexure section at the end of this report.

2.0 OVERVIEW OF THE INVESTMENT CLIMATE



2.0 OVERVIEW OF THE INVESTMENT CLIMATE

The level of private sector investment across sectors is, to a large extent, determined by the attractiveness of the investment climate.

2.1 The Investment Climate in Zambia

Government has, since 1991, been implementing economic policies that promote the private sector as the key driver of economic growth. This has led to the creation of a positive investment climate, characterized by macroeconomic stability, public sector investment in infrastructure, education and health aimed at improving the productivity of the economy and lowering the cost of doing business. In this regard, the Government established the Private Sector Development Industrialisation and Job Creation (PSD-IJC) Unit to spearhead, in collaboration with both the public and private sector stakeholders, the relevant regulatory and legislative reforms.

In addition, the Zambia Development Agency (ZDA) plays the role of investment and trade promotion and facilitation. The ZDA Act No. 11 of 2006 provides for investment guarantees and special investment incentives (duty-free importation of capital equipment and machinery, tax holidays) for investment valued at US $500,000 and above in specific priority sectors and products in the Multi-Facility Economic Zones (MFEZs), Industrial Parks and rural areas.

The following factors make Zambia an ideal investment destination:

- Peace and political stability;
- Central location and land-linked to eight (8) neighbouring countries in the Southern Africa Sub-region;
- Government commitment to private sector led economic development;
- Consistent positive economic growth with strong medium to long term prospects;
- Improved business support services;
- Market access to Free Trade Areas of SADC, COMESA, the preferential market access to ACP-EU and the USA through the Africa Growth Opportunity Act;
- Goodwill from cooperating partners and
- Sustained investor confidence

2.2 Investment Opportunities

In view of the current food and power deficits in the Southern Africa Development Community (SADC) region, Zambia has massive investment potential for irrigated farming and hydro-electricity power generation given its abundant natural resources. The country has an estimated 40 percent of SADC's water resources. Further, the country has 42 million hectares of arable land, from which only 1.5 million hectares is under cultivation. Given the relative good climatic conditions and arable land suitable for a wide variety of agriculture activities, Government has established farm blocks to facilitate increased investment in the agriculture, forestry and fishing sector.

In recent years, the Government has put in place enhanced regulatory, policy and tax frameworks which have resulted in increased investment in the mining and quarrying sector.

In the tourism sector, the 20 national parks and 34 Game Management Areas with a total of 65,000 km^2 set aside for wildlife conservation, provide enormous investment opportunities and include the natural wonder that is the Victoria Falls.

The manufacturing sector provides investment opportunities for value addition in food and beverages, mineral and engineering products, textiles, wood & wood products, building materials, processed foods, chemicals, leather and leather products and handicrafts. To explore these opportunities , Government embarked on the design of industrial clusters that will provide industrial workshops aimed at promoting value addition, particularly in the areas of metal fabrication, timber and agro-processing, aquaculture and the automotive industry. In addition, Government has also continued to facilitate infrastructure development through the promotion of multi-facility economic zones and industrial parks.

Through Public-Private Partnership initiative, immense investment opportunities exist in infrastructure development in the energy, transport and storage, information and communication, real estate and construction sectors.

2.3 Economic Development and Diversification

Zambia was ranked among Sub-Saharan Africa's top ten (10) fastest growing economies in 2012 (World Bank, 2013). For over ten years the domestic economy has recorded positive GDP growth rates averaging 7.4 percent, while year–end inflation fell from 16.6 percent in 2008 to 7.9 percent at end-2014.

The economy registered net foreign direct investment inflows valued at US $3,194.9 million in 2014, up from US $1,690.5 million in 2013. Although the foreign direct investment inflows liabilities slumped to US $1,488.6million in 2014, the inflows are expected to rebound in 2015, given the preliminary foreign direct inflows liabilities valued at US $788.2 million recorded in the first half of 2015.

The country's non-traditional exports (all exports excluding copper and cobalt) also exhibited a favourable upward



trend, rising from US $1,046.1 million in 2008 to US $3,558.4 million in 2013 before declining to US $2,272.1 million in 2014.

Despite the achievements recorded, the country is still faced with key domestic and external challenges. The country's poverty levels remain high, with 60.5 percent of the population classified to be poor (CSO, 2010). Youth unemployment among the 15-35 years age group stands at 10.0 percent (CSO, 2012).

Further, the country has, for a long time, relied mainly on copper as the major source of export earnings, accounting for an estimated average of 71.0 percent of total earnings. Successive Governments' efforts to diversify the economy away from copper mining into other growth sectors have not yielded the desired results. The mining and quarrying sector has continued to attract relatively higher levels of direct investment, while other sectors have not attracted the desired levels of investment despite sector-specific investment incentives.

Therefore, despite the well-intended diversification policies, the favourable GDP growth rates have not translated into diversified economic activities across sectors. It is vital to overcome the challenges with regard to diversification of the economy, and the promotion of sustainable growth and poverty reduction. Hence, this calls for rethinking, refocusing and implementing investment and export diversification strategies for sustainable economic development.

3.0 RECENT MACROECONOMIC AND FOREIGN INVESTMENTS TRENDS AND PROSPECTS



3.0 RECENT MACROECONOMIC AND FOREIGN INVESTMENTS TRENDS AND PROSPECTS

3.1 Recent Global Economic Developments and Prospects

Preliminary estimates indicated that global economic growth was 3.4 percent in 2014, on par with the output recorded in 2013. The growth was attributed to an increase in growth in advanced economies, despite a decline in growth in developing and emerging economies. In particular, this outcome was explained by developments in the United States (US) economy, which grew as a result of robust domestic consumption, improved labour conditions, recovery in the housing market and rising investments. Advanced countries thus recorded a growth rate of 1.8 percent in 2014 compared with 1.4percent in 2013. Although the euro area experienced a decrease in economic activity half way through 2014, during the fourth quarter there were signs of pick up, resulting in an improved growth rate of 0.9 percent in 2014 from -0.5 percent in 2013.

Economic activity in the Sub-Saharan African (SSA) region remained robust, despite a decline to 5.0 percent in 2014, from 5.2 percent growth recorded in 2013. The region maintained high growth supported by strong domestic demand, infrastructure and resource based investments, favourable external financing and increased Foreign Direct Investment (FDI), particularly in oil, gas, and mining and quarrying sectors. In addition, there was recovery in the agricultural sector in some countries. However, the slowdown in growth was to a large extent a reflection of decreased growth in the region's larger economies, particularly, South Africa, which recorded a real GDP growth rate of 1.4 percent from 2.2 percent in 2013 as a result of electricity supply constraints and labour disputes.

Similarly, growth in China and other emerging market economies in Asia and Latin America as well as some parts of the Commonwealth Independent States (CIS) slowed down to 4.6 percent, compared to the 5.0 percent registered in 2013. This was due to weaker domestic demand and slower growth in several key emerging market economies. Investment growth in China declined in the second half of 2014 reflecting a correction in the real estate sector and, in addition, high frequency indicators point to some further slowdown.

According to the IMF's World Economic Outlook, global growth declined in the first half of 2015, reflecting a further slowdown in emerging markets and a weaker recovery in advanced economies. Global growth for 2015 is thus projected at 3.1 percent, 0.3 percentage points lower than in 2014. The main reasons for the slowdown in growth includes an environment of declining commodity prices, reduced capital flows to emerging markets and pressure on their currencies. In addition, there are weaker prospects for some large emerging market economies and oil exporting countries, coupled with increasing financial market volatility. Global activity is expected to gather some pace in 2016 and is projected to rise by 0.5 percentage points to 3.6 percent. In advanced economies the recovery is projected to strengthen further. Meanwhile the outlook for emerging and developing economies is expected to improve.

Advanced economies are expected to grow by 2.0 percent in 2015 and increase further to 2.2 percent in 2016. Among the underlying factors for the increase in economic activity are relaxed financial conditions, more neutral fiscal policy in the euro area, declining fuel prices and improved confidence and labour market conditions. The projected growth is further premised on a return to positive growth in Japan, accommodative monetary policy and in some cases currency depreciation. However while unemployment is declining, underlying productivity growth is said to remain weak, including in the United States. The US economy is thus projected to strengthen by 2.6 percent in 2015. Further the euro zone is expected to grow by 1.5 percent in 2015 from 0.9 percent growth recorded in 2014.

Economic growth in emerging markets and developing economies is projected to decline to 4.0 percent in 2015 from 4.6 percent in 2014, but increase to 4.5 percent in 2016. The region, however, continues to account for the largest share of global growth. This slowdown is as a result of lower commodity prices and tighter external financial conditions particularly in Latin America and oil exporting countries. Emerging markets have also experienced a reduction in capital flows, while the growth slowdown in China has also tempered the acceleration of growth. Meanwhile the Commonwealth of Independent States and some countries in the Middle East will continue to experience economic distress as a result of sustained geopolitical tensions.

Growth in Sub-Saharan Africa is projected to decline significantly to 3.8 percent in 2015 from 5.0 percent 2014 and then increase to 4.3 percent in 2016, largely reflecting the drop in commodity prices that has led to deterioration in external sector performance, particularly for commodity exporters. This outlook reflects a diverse external environment characterised by a drop in fuel prices, declines in other commodity prices; and geopolitical and domestic strife in a few countries.

3.1.1 Commodity Prices

Broad-based commodity price declines occurred in 2014. Copper prices fell to US $6,305.1 per metric tonne from US $7,322.0 per metric tonne in 2013, reflecting sluggish global demand. Similarly, crude oil prices have declined to an average of US $102.9 a barrel in 2014 compared to US $103.2 a barrel in 2013 on account of weak demand. This was largely a result of higher oil supply by the Organization of Petroleum Exporting Countries (OPEC) and other non-OPEC members.

With regards to the outlook, commodity prices are expected to continue their recent declines. Crude oil prices were US $49.9 a barrel in September 2015 down from an average of US $102.8 a barrel in 2014. However they are expected to pick up to about $75 a barrel in 2016. This projection comes with a wide degree of uncertainty due to ambiguity in OPEC supply reflecting mainly geopolitical factors. Metal prices are expected to remain constant in 2015 mainly due to slow demand particularly in China and new supplies, however, prices are expected to increase in 2016 owing to a pickup in demand. Copper prices have reduced, averaging US $5,206 per metric tonne during the first nine months of 2015, down from US $6,305.1 per metric tonne in 2014. The decline partly reflects sluggish demand from China.

Agricultural commodity prices are mostly expected to continue trending upwards due to supply concerns, particularly heavy rains in the U.S. that have affected output expectations. Food prices are projected to decline by 4.2 percent in 2015, reflecting favourable harvest conditions while a marginal rise of 0.2 percent is projected in 2016. Risks to oil prices are premised on a wide range of supply outages and on-going geopolitical tensions, of which the largest concerns are escalating violence within Iraq and the dispute between Russia and Ukraine.

3.1.2 Global Financial Markets

International currency markets recorded unusually high levels of volatility in 2014. While the US dollar appreciated by over 10 percent in real effective terms in 2014, the Euro on the other hand depreciated by 13 percent by September 2014 as financial market volatility continued to increase globally. In 2015, financial markets have continued to experience volatility. The US stock markets had a mixed performance in the first half of 2015 and recorded a decline by September 2015. Global equities declined amid worries about the Greek debt woes and the economic slowdown in China and the implications for global growth, with emerging market equities underperforming developed markets.

In the second half of 2015, emerging markets stocks posted a weakening performance. Declines in emerging markets were due to slower economic growth in China; continued uncertainty in Greece; price weakness among industrial commodities such as oil, iron ore and copper and severe recessions in countries such as Brazil and Russia. China's economic data remained uninspiring and the authorities cut the main interest rate and lowered bank reserve ratio requirements. The central bank also devalued the Renmimbi, to be more market driven, raising wider concerns on the health of the economy and sparking uncertainty over future policy responses. Volatility has increased across a wide range of asset classes, and market concerns about interest rate spread risks in advanced economies and emerging markets is on the rise.

3.2 Recent Global FDI Trends and Prospects

3.2.1 FDI Inflows

Consistent with the recent trends in global growth, commodity prices and developments in the international capital markets, global FDI inflows fell by 16.0 percent to US $1.23 trillion in 2014 from US $1.47 trillion in 2013. However, whilst there was a decline in global FDI inflows, other macroeconomic variables such as GDP, trade, gross fixed capital formation and employment all recorded an increase.

3.2.2 Regional Investment Trends

Developing countries continued to receive large inflows in 2014 reaching a high of US $681 billion and accounted for 55.5 percent of total FDI inflows in 2014 whilst developed countries accounted for 40.6 percent of global flows (US $499.0 billion). The rest of the flows were accounted for by transition economies (US $48.0 billion).

Within developing countries, developing Asia remained the world's largest recipient of FDI flows. Other economies in the developing and emerging markets were affected by political uncertainty that negatively affected investment.

In developed countries, FDI inflows fell by 28percent to US $499 billion, the lowest level since 2013. Inflows to Europe continued on a downward trend since 2012 to US $289 billion. Similarly, inflows to North America dropped by 50percent to US $146 billion. This was mainly due to Vodafone's US $130 billion divestment of Verizon, without which they would have remained stable. Finland and Switzerland that had negative levels of inflows in 2013 made large gains in 2014; while those that were high recipients in 2013 saw their inflows fall sharply in 2014.

The inflows to Africa remained constant in 2014 as the drop of flows to North Africa was offset by a rise in Sub-Saharan Africa. The decrease in North African flows was attributed to persistent political and social tensions.

Transition economies experienced a decline in FDI inflows, tumbling to US $48 billion in 2014 from US $108 billion the previous year, a fall of 52 percent. This outturn was largely due to regional conflict coupled with falling oil prices and international sanctions that reduced foreign investors' confidence in the strength of local economies. The Russian Federation saw a decrease in FDI inflows by 70.0 percent due to the country's negative growth prospects. Foreign investors mostly targeted manufacturing because of competitive production costs and access to EU markets.

Most regional groupings experienced a fall in FDI inflows in 2014. The groups of countries negotiating the Transatlantic Trade and Investment Partnership (TTIP) and the Trans-Pacific Partnership (TPP), for example, both posted a decrease in FDI flows. Furthermore, two Asian groups- ASEAN and RCEP also saw their share of FDI inflows decline. Another major regional grouping, the Asia-Pacific Economic Cooperation (APEC) countries which accounts for 53 percent (in 2014) of global FDI inflows experienced a decline from US $837 billion in 2013 to US $652 billion in 2014. Similarly, the G20 had a decrease of FDI inflows to US $635 billion from US $894 billion in 2013.



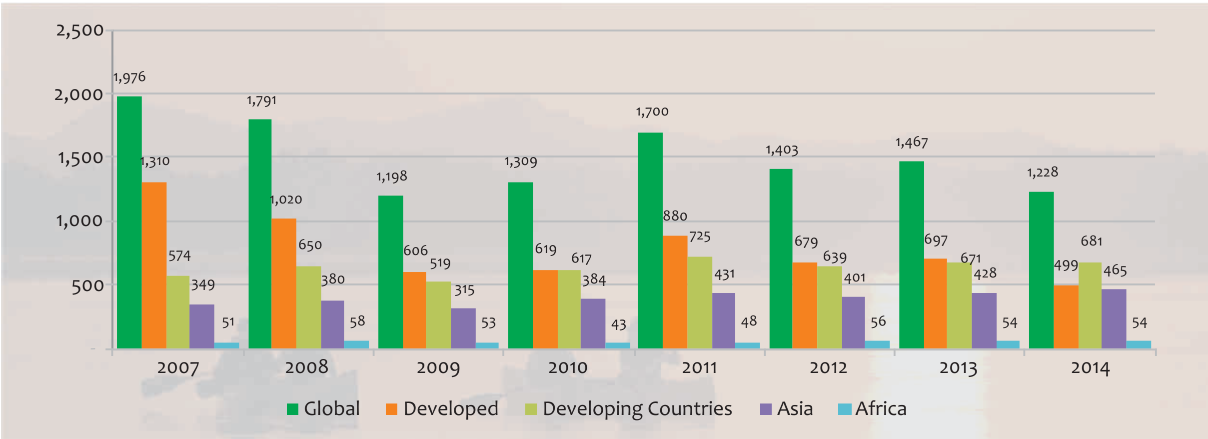

3.2.3 FDI Outflows

Global FDI outflows rose by 3.7 percent to US $1.35 trillion in 2014 from US $1.31 trillion in 2013. The outflows from developing countries increased as transitional corporations acquired foreign affiliates from developed countries located in their regions. FDI outflows from transition economies fell by 31 percent to US $63 billion as natural resource based multinational enterprises reduced their investment abroad, particularly due to constraints in international financial markets and low commodity prices. Developing and transition economies together invested US $531 billion, or 39.3 percent of global FDI outflows. Flows from developing Asia increased while those from Africa and Latin America and the Caribbean declined. Developing Asia remained a large source of FDI, accounting for more than one fifth of the world's total (see Figure 3.1).

The outflows from developed countries remained constant at US $823 billion. According to the UNCTAD World Investment Report, 2014 saw outflows from Europe virtually unchanged at US $316 billion. Notably, outflows from Germany almost trebled making it the largest European direct investor while France also increased its outflows significantly. On the other hand, FDI outflows from the United States and Canada, two major investor countries, plummeted. Outflows from Japan declined by 16percent after three years of expansion. These movements in FDI outflows show that the impact of multinational enterprises operations on the balance of payments has increased. Specifically, the recent performance in the United States and Japan clearly illustrates that growing investment income from outward FDI partially offsets the trade deficit. Furthermore, outward FDI has helped create avenues for exports of knowledge-intensive goods and services.

Regarding global investment policy trends in 2014, most investment policy measures continued to be predominantly aimed towards investment promotion, liberalisation and facilitation. UNCTAD data show that in 2014, 37 countries and economies adopted at least 63 policy measures affecting foreign investment. The bulk of policy measures were related to promotion and facilitation of investment, 47 related to liberalisation, promotion and facilitation of investment whilst only 9 introduced new restrictions or regulations on trade. In most countries, the main aim of the investment policy measures was to attract new investment and promote expansion in existing investments. A number of countries introduced or amended their investment laws or guidelines to grant new investment incentives or to facilitate investment procedures.

Figure 3.1: Global FDI Inflows, (US $'billions)



Source: World Investment Report, 2014

3.2.4 Prospects

UNCTAD, in its World Investment Report (2015), projects FDI flows to rise by 11 percent to US $1.4 trillion in 2015, US $1.5 trillion in 2016 and US $1.7 trillion in 2017. The increase in inflows is premised on gradual improvement of macroeconomic conditions and the strong performance of stock markets recovery in advanced countries. It is projected that large inflows will be in developed countries. In some emerging markets, policy uncertainty and regional instability may negatively affect the projected FDI growth outturn in 2015 and beyond. FDI inflows to developing economies are expected to rise in 2015 despite heightened macroeconomic risks and domestic policy challenges which may negatively affect FDI inflows in emerging markets.

3.3 Recent Macroeconomic Developments and Prospects in Zambia

3.3.1 Gross Domestic Product (GDP)

The preliminary data indicated that the economy grew by 4.9 percent in 2014 compared with 6.7 percent in 2013. This was mainly driven by non-mining sectors. Growth largely emanated from continued expansions in agriculture, construction, transport and storage and communications, social and personal services, and a rebound in the agriculture, forestry and fishing sector.

3.3.2 Inflation

Annual inflation increased to 7.9 percent in December 2014 from 7.1 percent in December 2013, explained by high food




and non-food inflation, which increased to 7.5 percent and 8.4 percent from 6.2 percent and 8.2 percent respectively. In 2015, annual overall inflation slowed down to 7.1 percent in June 2015 from 7.9 percent in December 2014 following a reduction in both food and non-food inflation to 7.1 percent and 7.0 percent from 7.9 percent and 8.4 percent, respectively. Food inflation declined mainly due to Food Reserve Agency (FRA) sales of maize grain at lower than market prices to moderate mealie meal prices, as well as increased availability of fresh food items, while the slowdown in non-food inflation was mainly attributed to the fall in transport and production costs following the reduction in fuel pump prices effected in January 2015. The tight monetary policy stance also helped to dampen inflationary pressures, particularly those emanating from the volatility in the exchange rate.

Consistent with Government's broad macroeconomic objectives, monetary policy in 2014 was focused on sustaining single digit inflation, with an end-year target of 6.5 percent. However, elevated levels of inflation and volatility in the exchange rate posed a challenge during the first quarter of 2014. In response, the Bank of Zambia tightened monetary policy significantly by raising the policy rate from 9.75 percent in January 2014 to 10.25 percent in March and then 12 percent in April 2014. In addition, the application of statutory reserve requirement was extended to Government deposits and Vostro accounts. The penal rate on the overnight lending facility was raised to 22 percent from 12 percent and access to the facility was limited to once a week. Furthermore, the maintenance of statutory reserves was tightened from a weekly average to a daily compliance. As a consequence, money market liquidity declined largely due to the Bank's intervention in the market through the sale of foreign exchange and statutory reserves. Monetary policy was further tightened in 2015, with the statutory reserve ratio being raised from 14 percent to 18 percent in April 2015, and the policy rate was adjusted upwards to 15.5 percent from 12.5 percent in November, 2015.

3.3.3 Foreign Exchange Market

During the year, the foreign exchange market in Zambia was affected by both international and domestic economic developments. On the international scene, the US dollar outperformed and appreciated against most major developed and developing countries' currencies, including the Kwacha. The dollar appreciated on the back of stronger US economic data, falling global oil prices, expectations of higher US interest rates, and weakened currencies resulting from monetary easing by the Japanese and European central banks. During the year, the Kwacha depreciated by 14.1 percent against the US dollar to close at an annual average of K6.1514/US$ from K5.3914/US$ in 2013. The Kwacha closed the year at K6.3856/US$ compared to a close of K5.5126/US$ at end of 2013. Similarly, the Kwacha depreciated against the Pound Sterling, Euro and Rand by 20.0 percent, 14.10 percent and 1.4 percent to annual averages of K10.1320/£, K8.1671/€ and K0.5673/ZAR from K8.4408/£, K7.1624/€ and K0.5596/ZAR, respectively.

Increased volatility in the foreign exchange market was the main theme during the first half of 2015. The Kwacha exchange rate against the four major trading currencies (USD, GBP, Euro and ZAR) was placed under pressure largely due to adverse sentiments emanating from both domestic and international factors. On the domestic front, the challenges in the mining and quarrying sector regarding mining tax policy for the fiscal year 2015 (which was later revised) and the power supply deficit towards the end of June worsened the sentiments. Internationally, worries about Zambia's credit rating downgrade by Fitch and Standard and Poor (S&P), falling copper prices on the back of China's economic slowdown, and the Greek debt crisis all weighed on the local currency. Consequently, the Kwacha's exchange rate depreciated by 18.0 percent and 19.0 percent against the US dollar and the pound to end the first half of 2015 at K7.5117/$ and K11.8459/£, respectively. With respect to the euro and the South African rand, the Kwacha depreciated by 9.0 percent and 12.0 percent to close the period at K8.4397/€ and K0.6172/ZAR, respectively.

3.3.4 External Sector

Preliminary data show that in 2014, Zambia recorded an overall Balance of Payments (BoP) surplus of US $321.6 million compared with a deficit of US $247.2 million in 2013. This was largely driven by improvements in the financial account, which compensated for the unfavourable performance in the current account.

Preliminary data for the first half of 2015 indicate that the country recorded a trade deficit of US $231.7 million compared to a surplus of US $273.3 million during the second half of 2014. Merchandise export earnings fell by 30.5 percent to US $3,615.4 million from US $5,200.1 million recorded during the second half of 2014, explained by lower earnings from the export of copper, cobalt and non-traditional exports. Copper export earnings declined by 33.4 percent to US $2,605.6 million from US $3,914.5 million due to lower export volumes and realised prices. Copper export volumes fell by 21.0 percent to 465,248.3 metric tonnes (mt), from 588,861.2 mt recorded during the second half of 2014, and partly on account of lower production associated with the mining tax impasse early in the year. Further, the average realised price of copper, at US $5,600.4 per tonne, was 15.8 percent lower than US $6,647.5 per tonne recorded in the previous period, reflecting the drop in London Metal Exchange (LME) copper prices. In addition, non-traditional export earnings declined by 21.8 percent to US $905.6 million, over the first half of 2015, from US $1,158.0 million realised during the second half of 2014. This was on account of lower earnings from the export of nearly all major products such as sulphuric acid, cane sugar, copper wire, electric cables, burley tobacco and cotton lint. The general decline observed in most non-traditional exports was partly attributed to lower prices on the international market. This was despite an increase in earnings from the export of electricity, fresh flowers, scrap, and soap products.

3.3.5 Debt

The stock of Government's external debt at the end of September 2015 was US $6.6 billion, compared to US $4.7 billion in 2014. The increase in the external debt stock is largely attributed to issuance of the US $1.25 billion Eurobond by Government in July 2015. Domestic debt, including arrears at the end of December 2015, stood at K23.5 billion from K12.9 billion in 2014, largely reflecting a higher fiscal deficit.




Table 3.1: Selected Macroeconomic Performance Indicators, 2008 – 2014

Real GDP growth (end-year %)	2008	2009	2010	2011	2012	2013	2014
GDP per capita (end-year US $)	7.8	9.2	10.3	5.6	7.6	5.1	5.0
Annual Inflation end-period (%)	880.0	993.0	1,236.0	1,732.0	1,814.0	1,897.0	1,886.0
Comm. banks WALBR (%)	16.6	9.9	7.9	7.2	7.3	7.1	7.9
Exchange Rate (Annual Average)	20.8	22.7	19.4	16.6	8.8	9.8	12.5
Non-Traditional Exports [fob] (US $ millions)	3746.16	5045.81	4796.96	4860.52	5142.0	5.39	6.15
Total Exports [fob] (US $ million)	927.6	952.5	1,259.9	1,690.3	2,851.7	3,558.4	2,272.0
Total Exports [fob] (K millions)	18,653.0	21,364.7	34,500.1	42,915.0	48,206.1	57,175.9	59,616.9
Imports [fob] (K millions)	18,476.4	18,941.1	25,507.4	35,440.9	45,275.9	54,904.1	58,735.6
Imports [fob] (US $ millions)	5,060.4	3,792.6	5,321.0	7,279.1	8,806.1	10,210.8	9,549.4

Source: Bank of Zambia Annual Reports, IMF, CSO

3.4 Future Macroeconomic Prospects

Zambia's prospects for growth over the medium term remain strong, although the economy faces significant challenges. The preliminary projection for economic growth for 2015 is 4.6 percent, although the unfolding impact of power rationing on the economy suggests that growth may fall to below 4 percent. This slowdown in growth is premised on weaker global economic activity, especially in China and the Eurozone which has dampened demand for commodities in particular copper, and lowered mining and quarrying sector output. The poor rains last season also lead to a relatively poor harvest in the 2014/2015 farming season. In addition, electricity supply constraints in the second half of 2015 will have a negative effect on output across all sectors of the economy. However, the various construction activities in roads, commercial and residential housing structures, and infrastructure development in general should partially offset the slowdown in output in 2015.

The average rate of inflation was 10.0 percent in 2015, owing to the lagged effects of the depreciation of the Kwacha against major international currencies coupled with cost push factors arising from the upward adjustment in electricity and water tariffs. Further, the increase in maize floor price and higher energy prices may add on to inflationary pressures in 2015 and beyond. Pursuance of tight monetary policy and relative stability in the exchange rate should assist in moderating these inflationary pressures.

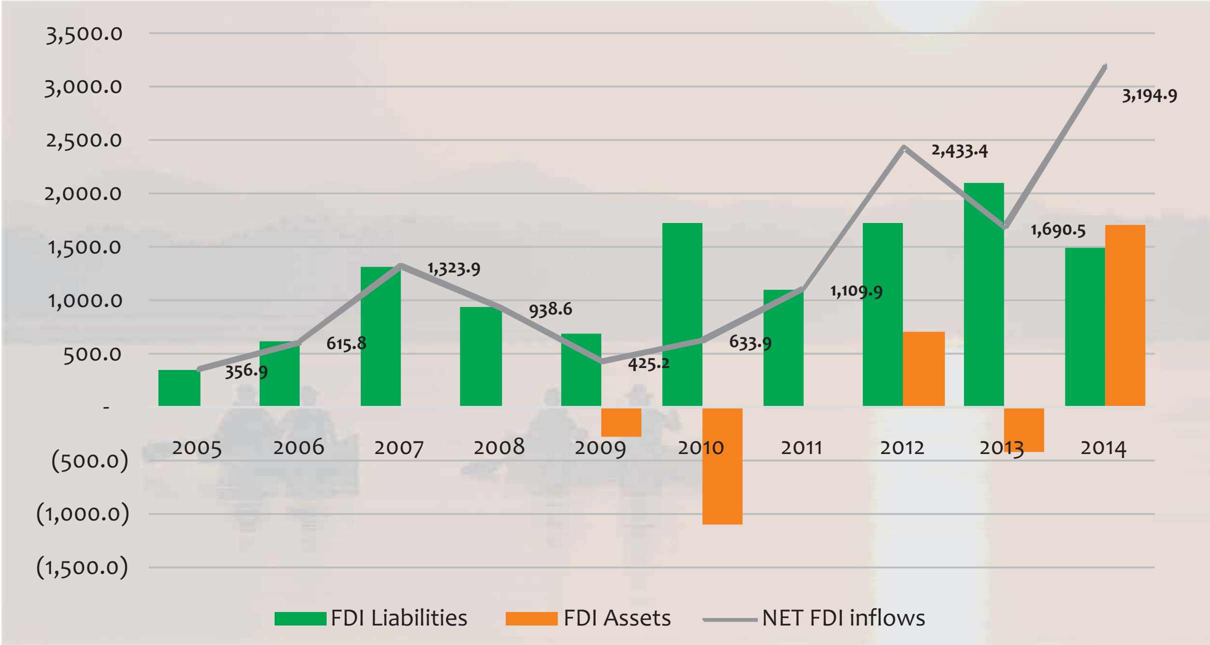
In 2016, the overall balance of payments (BoP) and the current account balance are projected to register deficits. However, over the medium term, the easing of electricity constraints, recovery in the mining and quarrying sector, and an improved global economic environment will support stronger economic growth and help reverse current account and BoP deficits.

Consistent with the projected improvement in the overall balance of payments position, international reserves are projected to grow to over 4.0 months of import cover over the medium term.

3.4.1 Recent Foreign Investment Trends and Prospects in Zambia

Zambia recorded net FDI inflows amounting to US $3,194.9 million in 2014 from US $1,690.5 million in 2013. This rise is driven by higher drawdown in FDI assets (see Figure 3.2).

Figure 3.2: Net FDI Inflows in Zambia, (US $ Millions), 2005 - 2014



Source: Foreign Private Investment & Investor Perception Survey, 2014 & 2015

3.4.2 Investment Prospects in Zambia

Despite the challenging macroeconomic developments largely emanating from reduced demand, coupled with lower copper prices, the Zambian economy still remains expectant of a rebound in FDI inflows given the attractive investment policies, significant investment in infrastructure developmentwhich are underpinned by the continued peace and political stability.

Over the years, the Government has undertaken a number of policy initiatives to reduce the cost of doing business and

managed to foster a conducive environment for investment. Among the key policy initiatives include; implementation of the Private Sector Development Programme (PSD), development of infrastructure, particularly the road network, industrial clusters and Multi Facility Economic Zones. These initiatives have been key in stimulating investment in non-traditional sectors in supporting the overall growth of the economy. Based on the World Bank Doing Business Report, Zambia improved in its ranking under the cost of doing business to 97 in 2015 from 108 in 2014.

Zambia, with its abundant natural resources, has continued to offer potential and profitable openings to investors. Its geographical location as a hub in Southern Africa provides excellent export market opportunities to potential investors.




Zambia, although currently facing electricity shortages, has continued to invest heavily in the energy sector particularly in the last five years. Through its infrastructure development programmes, Zambia has continued improving and modernising roads, rail and telecommunication systems for direct access to regional and international markets. The promising investment prospects in the mining and quarrying and manufacturing sectors are also expected to steer positive economic growth trends. Nonetheless, the manufacturing sector needs diversification to produce wide variety of high quality value added intermediate and final products for the export markets. Within the manufacturing sector; engineering, textiles, wood and wood products, building materials, processed foods, chemicals, leather and leather products and handicrafts offer massive investment opportunities.

The tourism sector still holds significant potential as the country has vast under utilised rural resources, including unexploited areas for tourism of a diverse nature. Zambia as a one-stop tourist destination offers excellent prospects for investment. Through its infrastructure programmes, the Government has modernised some existing airports in various towns and new ones are being constructed in various locations as a way of attracting FDI.

Zambia has immense agricultural resource endowment suitable for large-scale modern farming. The favourable climatic conditions are suited for a wide variety of exports including horticulture and floriculture. The Government has identified agriculture, forestry and fishing as a priority sector for growth and employment creation and continues to offer various incentives to spur investment in the sector. .

Zambia has abundant energy sources. With the liberalisation of the economy, Government has amended various legislation affecting generation, transmission, distribution and supply of electricity thus allowing private sector entry. Potential opportunities identified are Kafue Gorge Lower Hydroelectric Project, Itezhi-tezhi Hydroelectric Project, Zambia-Tanzania Interconnector, Zambia-Namibia Interconnector, and Maamba Collieries, a coal-fired power plant. Some projects have since taken off. Exploration potential for hydrocarbons (oil and gas) is also being pursued.

3.4.3 Recent Investment Promotion Efforts

In order to effectively promote and market Zambia as an ideal investment destination, Zambia Development Agency (ZDA) undertook a number of investment promotion programmes in 2015 which included among others, the facilitation of inward investor missions and investment forums. The Agency also facilitated a number of meetings for investors, promoted joint ventures between Zambians and foreign investors in various sectors, and provided investment guidance to a number of investors who had expressed interest to invest in Zambia.

During the period January to September 2015, the Agency undertook three (3) outward investment promotion missions to Saudi Arabia, China and Italy and hosted twenty-one (21) inward business delegations from the USA, France, Poland, India, Japan, South Africa, Botswana and Namibia. The inward business delegations were interested in agriculture, forestry and fishing, tourism, manufacturing, infrastructure, construction, energy, information technology, education and the wholesale and retail trade sectors.

Between, January to September 2015, the agency recorded investment pledges valued at US $1,520 million, down from US $4,188 million recorded during the same period in 2014. The variation was on account of a reduction in investment pledges in the construction sector from US $3,172 in 2014 to US $127.4 million in 2015. The real estate and manufacturing sectors recorded the highest investment pledges at US $512.9 million and US $496 million respectively. There was a 25 percent reduction in pledged employment to 13,680 in 2015 from 18,244 in 2014 (see Table 3.2).

Table 3.2: Investment and Employment Pledges Jan- Sept, 2014 and 2015

	Jan-Sept 2014			Jan-Sept 2015		
Sector	**No. of Applications**	**Value (US 'million)**	**Pledged Employment**	**No. of Applications**	**Value (US 'million)**	**Pledged Employment**
Agriculture, forestry and fishing	27	114.5	1495	27	82	1288
Construction	15	3172	8738	20	127.4	1531
Education	0	0	0	5	27.2	166
Energy	3	26	175	2	1.2	43
Finance	0	0	0	1	3.4	17
Health	1	1.74	38	2	5.2	69
Information and Communication	2	174	49	3	1.3	35
Manufacturing	68	231.8	3039	66	496	3624
Mining and quarrying	15	75.8	1643	8	26.4	545
Real Estate	21	182.1	700	40	512.9	4137
Service	34	94.8	1097	22	38	690
Tourism	21	94.5	1074	26	173.2	1057
Transport	9	20.6	196	21	26.1	478
Total	**216**	**4,188**	**18,244**	**243**	**1,520**	**13,680**

Source: Zambia Development Agency

4.0 PRIVATE SECTOR FOREIGN LIABILITIES

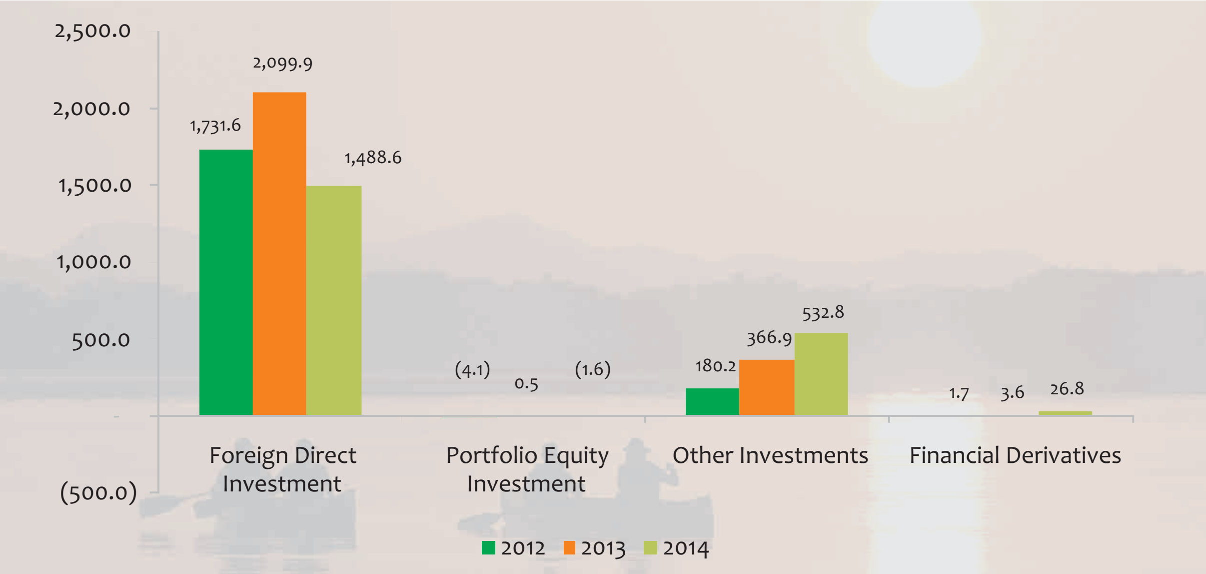
4.0 PRIVATE SECTOR FOREIGN LIABILITIES

4.1 Composition of Private Sector Foreign Liabilities Flows and Stocks

Preliminary survey findings indicate that in 2014, the total private sector foreign liabilities[1] (foreign private capital inflows) declined by 17.2 percent to US $2,046.5 million compared with US $2,470.9 million recorded in 2013. These inflows were dominated by Foreign Direct Investment (FDI), accounting for 72.7 percent, following a 29.1 percent fall to US $1,488.6 million from US $2,099.9 million recorded the previous year. This was followed by other investments (US $532.8 million) and financial derivatives (US $26.8 million). Over the same period, foreign portfolio equity investment recorded a net outflow of US $1.6 million compared with a net inflow of US $0.5 million registered in 2013 (see Figure 4.1). The reduction in private sector foreign liabilities inflows was largely explained by reduced FDI inflows in various sectors.

Private sector foreign liabilities are expected to slow down in 2015, but are projected to remain high; as relatively high net inflows were recorded in the first half of 2015 of US $889.5 million (see Table 4.1).

Figure 4.1: Composition of Foreign Private Investment Inflows (US $ million), 2012 and 2014



Source: Foreign Private Investment & Perceptions Survey, 2014 & 2015

Table 4.1: Flows of Private Sector Foreign Liabilities by Type (US $ million), 2012 – 2015 Q2

Type	2012	2013[2]	2014 Q1	2014 Q2	2014	2015 Q1	2015 Q2
Foreign Direct Investment	1,731.6	2,099.9	542.3	70.5	1,488.6	383.6	404.6
Portfolio Equity Investment	-4.1	0.5	-0.4	1.3	-1.6	-3.1	0.2
Other Investments	180.2	366.9	92.1	183.2	532.6	-38.0	149.0
Financial Derivatives	1.7	3.6	0.0	0.0	26.8	-6.5	-0.3
Total	**1,909.4**	**2,470.9**	**634.0**	**255.0**	**2,046.5**	**336.0**	**553.5**

Source: Foreign Private Investment & Perceptions Survey, 2014 & 2015

The stock of Zambia's private sector foreign liabilities grew by 8.2 percent to US $19,648.4 million at end-2014, from US $18,154.9 million registered at end-2013. The composition of stock of private sector foreign liabilities was dominated by FDI, which grew by 6.4 percent to US $15,936.4 million from US $14,971.7 million accounting for 81.1 percent. Other investments increased by 17.0 percent to US $3,485.6 million from US $2,980.0 million accounting for 17.7 percent of the total stock, followed by financial derivative liabilities and foreign portfolio equity which collectively accounted for 1.2 percent of the total stock. Financial derivatives grew by 18.5 percent to US $160.0 million from US $135.0 million, while the stock of portfolio equity investment declined by 2.4 percent to US $66.4 million from US $68.0 million (see Table 4.2).

In the first half of 2015, preliminary data showed that the stock of private sector foreign liabilities remained high, with the stock increasing by 3.1 percent to US $19,791.7 million at end-June 2015 from US $19,199.6 million registered at end-March 2015. The stock of FDI increased by 3.1 percent to US $15,978.4 million, from US $15,535.2 million, while other investments grew by 4.3 percent to US $3,596.6 million from US $3,447.6 million mainly explained by the

[1] The 2013 data was revised using the 2015 survey findings due largely to: Revisions in data supplied by enterprises in line with their audited books of accounts.

[2] Foreign direct investment represents investments (equity or debt) from a non-resident enterprise (or individual) which has control or a significant degree of influence on the management of that enterprise (IMF 2009). In this survey, control or significant degree of influence was measured by foreign shareholding accounting for 10.0 percent or more of that enterprise's ordinary shares or voting rights. It includes equity and debt arising from related enterprises but excludes debt among related financial intermediaries.

increase in the stock of loans and trade credit and advances during the period under review. The stock of portfolio equity investments marginally increased by 0.3 percent to US $63.5 million at end-June 2015 from US $63.3 million recorded at end-March 2015. Similarly, the stock of financial derivatives liabilities marginally declined to US $153.2 million in the second quarter from US $153.5 million recorded during the first quarter of 2015.

Table 4.2: Stocks of Private Sector Foreign Liabilities by Type (US $ million), 2013 – 2015 Q2

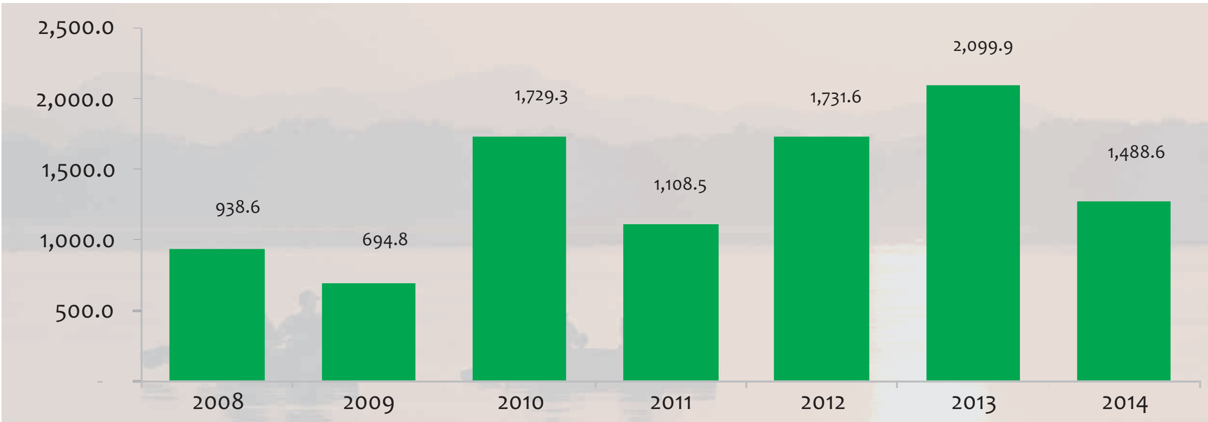
Type	2013	2014	Percent Change 2014/2013	2015 Q1	2015 Q2
Foreign Direct Investment	14,971.7	15,936.4	6.4	15,535.2	15,978.4
Portfolio Investment	68.0	66.4	-2.4	63.3	63.5
Other Investments	2,980.0	3,485.6	17.0	3,447.6	3,596.6
Financial Derivatives	135.0	160.0	18.5	153.5	153.2
Total	**18,154.9**	**19,648.4**	**8.2**	**19,199.6**	**19,791.7**

Source: Foreign Private Investment & Perceptions Survey, 2014 & 2015

4.2 Foreign Direct Investment Liabilities

During 2014, FDI inflows declined by 29.1 percent to US $1,488.6 million compared with US $2,099.9 million registered in 2013 (see Figure 4.2 and Table 4.3). The decline in inflows is largely explained by reduced investment in mining and quarrying, manufacturing, construction, deposit taking corporations, agriculture, forestry and fishing, real estate and electricity sectors. The respondents broadly attributed the fall in inflows on account of effects of the depreciation of the exchange rate as well as changes in government policies and administrative arrangements during the year. Although the flows were lower than US $2,099.9 million recorded in 2013, growth prospects are high particularly during the first half of the year with significant FDI liabilities having been recorded at US $788.2 million compared with US $612.8 million during the same period in 2014 (see Table 4.3). This outturn could partly be explained by adjustments with regard to revision of rules on VAT refund claims and resolve to the mining taxation policies. However, downward risks due to persistent low copper prices, power shortage, depreciation of the exchange rates and policy uncertainties could undermine investment inflows during the year.

Figure 4.2: Foreign Direct Investment Inflows Liabilities (US $ millions), 2008 – 2014



Source: Foreign Private Investment &Investor Perceptions Survey, 2009, 2010, 2011, 2012, 2013, 2014&2015

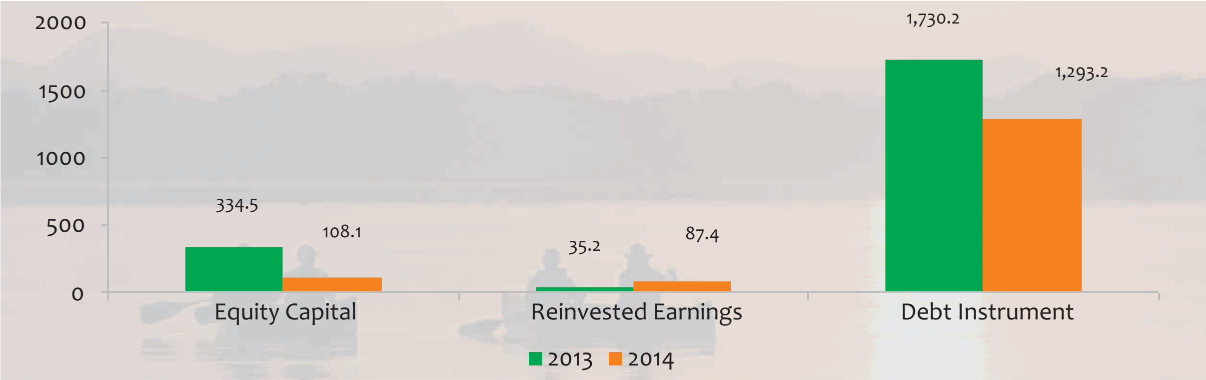
4.2.1 Foreign Direct Investment Flows and Stocks Liabilities by Type

During the review period, Zambia experienced a decline in equity capital and debt instrument categories of Foreign Direct Investment Liabilities. FDI liabilities were dominated by borrowing from affiliates despite recording a decrease to US $1,293.2 million from US $1,730.2 million registered in 2013. Over the same period, equity capital fell to US $108.1million from US $334.5 million recorded in 2013; while FDI inflows in form of reinvested earnings recorded a profit of US $87.4 million compared with US $35.2 million registered the previous year (see Figure 4.3 and Table 4.3).

In 2015 inflows of FDI liabilities are expected to grow, as evidenced by the survey data during the first half of the year. The FDI liabilities at US $788.2 million were higher than the US $612.8 million received in the first half of 2014. Borrowing from affiliates remained positive in the first half of the year, with total net inflows of US $765.2 million, of which US $393.9 million and US $371.3 million inflows were recorded in the first quarter and second quarter, respectively. During the first half of 2015, reinvested earnings recorded a net outflow of US $166.5 million compared with net inflow of US $87.4 million registered in 2014. Equity capital, recorded an increase in net inflow of US $189.5 million from US $108.1 million during the review period (see Table 4.3).




Figure 4.3: Composition of Foreign Direct Investment Inflows liabilities (US $ millions), 2013 and 2014



Source: Foreign Private Investment & Investor Perceptions Survey, 2014 & 2015

Table 4.3: Foreign Direct Investment Inflows Liabilities (US $ millions), 2013 –2015 Q2

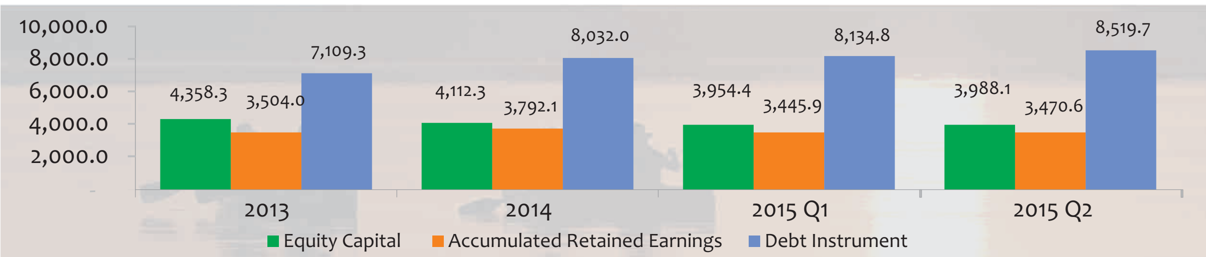
FDI by Type	2013	2014	2014 Q1	2014 Q2	2015 Q1	2015 Q2
Equity Capital	334.5	108.1	-98.8	-24.8	172.7	16.8
Reinvested Earnings	35.2	87.4	-10.2	356.0	-183.0	16.5
Debt Instrument	1,730.2	1,293.2	651.3	-260.7	393.9	371.3
Total	2,099.9	1,488.6	542.3	70.5	383.6	404.6

Source: Foreign Private Investment & Perceptions Survey, 2014 & 2015

At end-2014, the stock of FDI liabilities grew by 6.4 percent to US $15,936.4 million from US $14,971.7 million recorded at end- 2013. The total stock was largely dominated by debt instruments at US $8,032.0 million representing 50.4 percent, followed by equity capital (share capital plus reserves other than retained earnings) which accounted for 25.8 percent of the total stock. Equity capital declined by 5.6 percent to US $4,112.3 million from US $4,358.3 million registered the previous year. Accumulated retained earnings, at US $3,792.1 million, were 8.2 percent higher than the US $3,504.0 million registered the previous year and accounted for 23.8 percent of the stock.

In 2015, the stock of FDI liabilities marginally increased by 0.3 percent to US $15,978.4 million at end-June 2015 compared with US $15,936.4 million recorded at end-2014. Debt instruments dominated, at US $8,519.7 million, accounting for 53.3 percent of the stock, followed by equity capital at US $3,988.1 million, accounting for 25.0 percent of total stock while accumulated retained earnings, at US $3,470.6 million represented 21.7 percent of the stock (see Figure 4.4).

Figure 4.4: Foreign Direct Investment liabilities Stocks by Type (US $ millions), 2013 – 2015 Q2

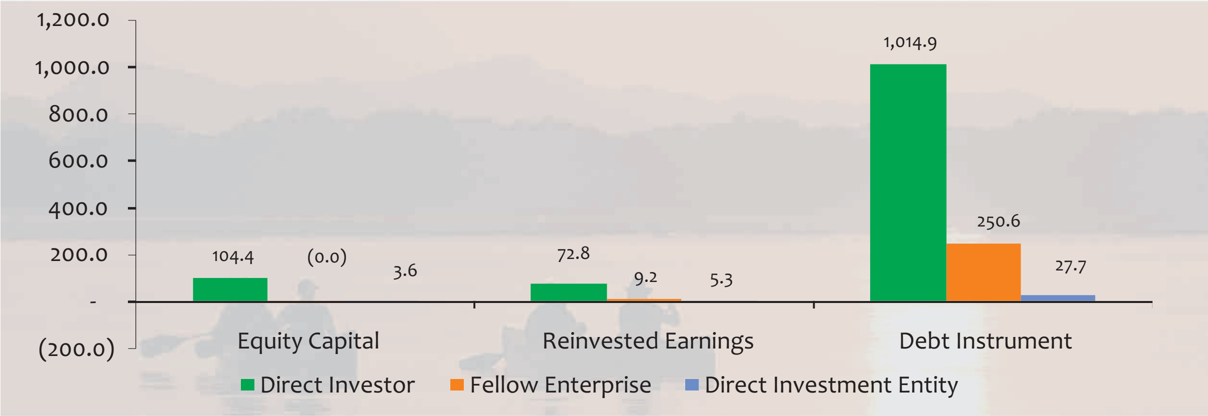


Source: Foreign Private Investment & Investor Perceptions Survey, 2015

4.2.2 Foreign Direct Investment liabilities Flows and Stocks by Relationship

An analysis of Zambia's FDI liabilities by relationship in 2014 revealed that the inflows were dominated by direct investors who contributed US $1,192.2 million, representing 80.1 percent of the total inflows. Inflows from direct investors were largely in form of debt instruments at US $1,014.9 million, followed by equity capital inflows at US $104.4 million while retained earnings recorded a net inflow of US $72.8 million. Fellow enterprises contributed US $259.8 million, accounting for 17.4 percent of the total FDI inflows. Flows from fellow enterprises were equally dominated by debt instruments of US $250.6 million, followed by retained earnings at US $9.2 million, whilst net outflows were recorded for equity capital (see Figure 4.5).

Figure 4.5 Foreign Direct Investment Liabilities Inflows by Relationship (US $ millions), 2014



Source: Foreign Private Investment & Investor Perceptions Survey, 2015

Preliminary data for the first half of 2015 indicates that inflows of FDI liabilities from direct investors were US $563.0 million accounting for 71.4 percent of total inflows, whilst fellow enterprises and direct investment entity enterprises contributed US $204.3 million and US $20.8 million accounting for 25.9 percent and 2.6 percent respectively. During the same period foreign direct investment liabilities inflows from direct investors were largely in form of debt instruments at US $538.2 million, followed by equity capital at US $189.2 million, whilst retained earning registered a net outflow of US $164.5 million. Net inflows from fellow enterprises recorded a total of US $209.6 million in form of debt instruments, whilst equity capital flows recorded net inflows of US $0.1 million and net outflows of US $5.4 million in form of retained earnings. Similarly, direct investment enterprises recorded net inflows of US $17.3 million in form of debt instruments, with equity capital recording net inflows of US $0.1 million, and retained earnings of US $3.4 million.

The analysis of FDI liabilities stock by relationship in 2014, shows that direct investor enterprises contributed US $13,262.0 million, representing 83.2 percent, fellow enterprises stock were US $2,562.0 million, whilst direct investment entity enterprises were US $112.4 million at end-2014. In terms of instruments, the stock of FDI from direct investors was largely in form of debt instruments at US $5,436.5 million, followed by equity capital at US $4,070.4 million, and accumulated retained earnings at US $3,755.1 million.

The stock of FDI liabilities from fellow enterprises was dominated by debt instruments in the form of loans. Debt instruments were US $2,562.2 million, followed by equity capital which closed at US $0.1 million whilst accumulated retained earnings from fellow enterprises recorded a loss of US $3.3 million. Direct investment entity enterprises stocks were dominated by equity capital at US $41.8 million, followed by accumulated retained earnings at US $40.4 million and debt instruments were US $30.2 million at end-2014.

During the first half of 2015, preliminary data revealed that the stock of FDI liabilities marginally increased by 0.3 percent to US $15,978.4 million from US $15,936.4 million at end- 2014. Direct investors stock of FDI was US $13,152.5 million, dominated by debt instruments at US $5,761.3 million, followed by equity capital at US $3,946.6 million, while accumulated retained earnings stood at US $3,444.6 million.

The stock of FDI liabilities from fellow enterprises was US $2,704.3 million and largely in form of debt instruments. The stock of equity capital from fellow enterprises was US $0.2 million, while a loss of US $12.1 million was recorded for accumulated retained earnings. During the same period, direct investment entity enterprises stock stood at US $121.6 million dominated by debt instruments, followed by equity capital and accumulated earnings (see Table 4.4).




Table 4.4: Foreign Direct Investment liabilities by Relationship (US $ millions), 2013 – 2015 Q2

Investment Relationships	2013	Increase	Decrease	Flows	2014	Interest Paid	Q1 Flows	Q1 Exc. Rate Effect	March 2015	Q2 Flows	Q2 Exc. Rate Effect	June 2015
Direct Investor (DI)	12,491.7	3,400.5	2,208.4	1,192.2	13,262.0	64.8	324.7	(707.5)	12,879.3	238.3	35.0	13,152.5
Equity capital	4,319.9	473.2	368.7	104.4	4,070.4	-	172.0	(329.9)	3,912.5	17.2	16.9	3,946.6
Reinvested earnings	3,455.0	1,381.4	1,308.6	72.8	3,755.1	-	(181.7)	(153.7)	3,419.7	17.2	7.6	3,444.6
Debt instruments	4,716.8	1,546.0	531.0	1,014.9	5,436.5	64.8	334.5	(223.9)	5,547.0	203.8	10.4	5,761.3
Loans	3,862.8	1,402.0	188.7	1,213.2	5,172.3	62.7	343.7	(206.1)	5,309.8	253.6	9.7	5,573.1
Other Accounts Payable	116.0	58.0	114.2	(56.2)	71.4	1.1	0.1	(0.6)	70.9	0.1	0.0	71.0
Trade Credits and Advances	738.0	86.0	228.1	(142.1)	192.8	1.1	(9.4)	(17.1)	166.3	(49.9)	0.7	117.1
Fellow Enterprise (FE)	2,364.4	899.4	639.7	259.8	2,562.0	1.3	43.4	(65.0)	2,540.4	160.8	3.0	2,704.3
Equity capital	0.1	0.0	0.0	(0.0)	0.1	-	0.0	(0.0)	0.1	0.1	0.0	0.2
Reinvested earnings	(0.5)	22.2	13.0	9.2	(3.3)	-	(6.8)	(3.5)	(13.7)	1.4	0.2	(12.1)
Debt instruments	2,364.8	877.2	626.7	250.6	2,565.2	1.3	50.3	(61.5)	2,554.0	159.3	2.9	2,716.1
Loans	1,602.0	672.1	59.1	613.0	2,116.3	1.3	67.2	(31.1)	2,152.4	154.6	1.5	2,308.5
Other Accounts Payable	58.9	47.5	7.6	39.9	81.4	-	0.8	(4.1)	78.1	(1.0)	0.2	77.3
Trade Credits and Advances	703.9	157.6	559.9	(402.3)	367.6	-	(17.7)	(26.3)	323.5	5.7	1.2	330.4
Direct Investment Entity (DIE)	115.5	38.4	1.7	36.6	112.4	1.9	15.4	(12.3)	115.5	5.5	0.7	121.6
Equity capital	38.3	3.6	0.0	3.6	41.8	-	0.7	(0.7)	41.8	(0.6)	0.0	41.3
Reinvested earnings	49.5	5.6	0.3	5.3	40.4	-	5.6	(6.1)	39.9	(2.1)	0.3	38.1
Debt instruments	27.7	29.1	1.5	27.7	30.2	1.9	9.2	(5.6)	33.8	8.2	0.4	42.3
Loans	27.7	29.1	1.4	27.7	30.2	1.9	9.2	(5.6)	33.8	8.2	0.4	42.3
Trade Credits and Advances	**0.0**	**0.0**	**0.0**	**(0.0)**	**0.0**	-	**0.0**	**(0.0)**	**0.0**	**0.0**	**0.0**	**0.0**
Grand Total	**14,971.6**	**4,338.3**	**2,849.7**	**1,488.6**	**15,936.4**	**68.0**	**383.6**	**(784.8)**	**15,535.2**	**404.6**	**38.7**	**15,978.4**

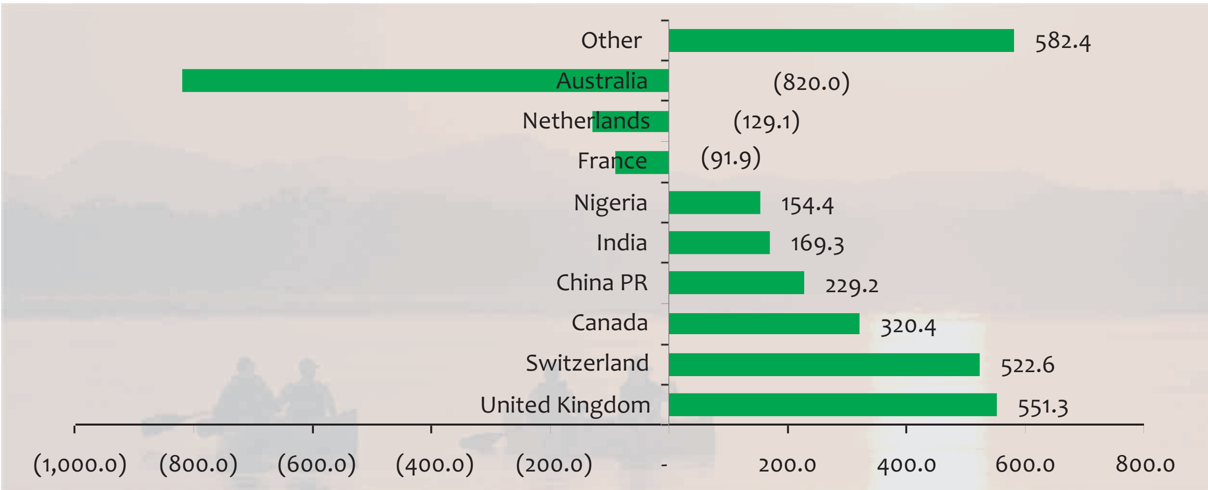
Source: Foreign Private Investment & Investor Perceptions Survey, 2015

4.2.2 Foreign Direct Investment liabilities Flows and Stocks by Source Country

The survey findings showed that FDI liabilities by source country in 2014 were dominated by the United Kingdom at US $551.3 million accounting for 37.0 percent. This was followed by Switzerland (35.1 percent), Canada 21.5 percent), China (15.4 percent), India (11.4 percent) and Nigeria (10.4 percent). However, there was a total net outflow of US $1,041.0 million with Australia, Netherlands and France recording net outflows of US $820.0 million, US $129.1 million and US $91.9 million respectively (see Figure 4.6, Annex II & III).

Preliminary data shows that in the first half of 2015, FDI inflows by source country were dominated by United Kingdom at US $457.3 million followed by Switzerland at US $210.5 million, Nigeria at US $34.0 million, India at US $14.0 million, China at US $11.8 million and Netherlands at US $4.7 million. On the other hand, countries such as Australia, Canada and France recorded net outflows during the period under review.

Figure 4.6: Foreign Direct Investment liabilities Inflows by Source Country (US $ millions), 2014



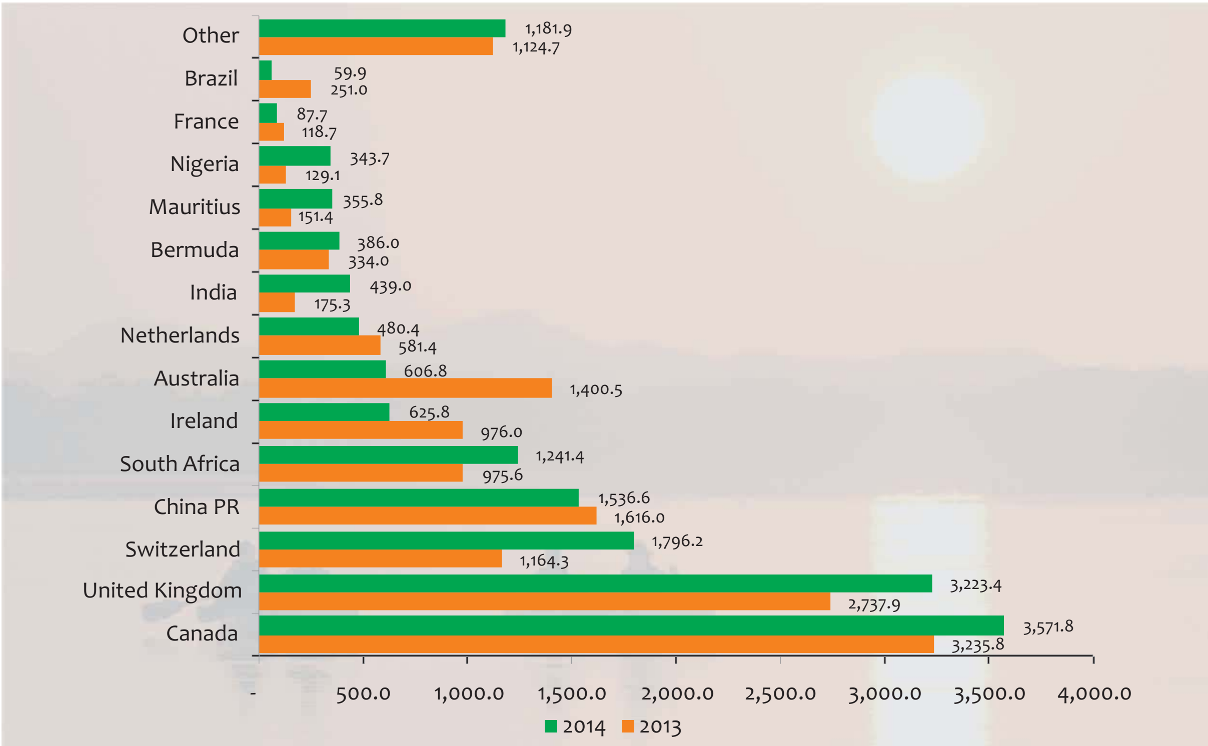
Source: Foreign Private Investment & Investor Perceptions Survey, 2015

In terms of the stock of FDI liabilities by source country, the survey findings showed that Canada, United Kingdom, Switzerland, China and South Africa collectively accounted for 71.3 percent. Other major source countries such as Brazil, Australia, Ireland and France recorded notable declines in 2014 compared with 2013 (see Figure 4.7 and Annex III).




During the first half of 2015, survey findings showed that the major source countries of Zambia's stock of FDI were Canada, the United Kingdom, Australia, Switzerland, China and South Africa collectively accounting for 73.3 percent. Other major source countries were Ireland, Australia, Netherlands, India, Bermuda, Mauritius, Nigeria, France and Brazil, collectively contributing 20.4 percent during the same period (see Annex III).

Figure 4.7: Foreign Direct Investment liabilities Stocks by Source Country (US $ millions), 2013 – 2014



Source: Foreign Private Investment & Investor Perceptions Survey, 2015

4.2.3 Foreign Direct Investment liabilities Flows and Stocks by Regional Grouping

In terms of Zambia's FDI liabilities by regional economic grouping, survey findings for 2014 show that inflows were largely from European Union countries accounting for 39.8 percent of the total FDI inflows. This was followed by Asian countries accounting for 35.9 percent; countries with dual membership in the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) at 5.8 percent; the Non-European Union - Organisation for Economic Co-operation and Development (Non-EU OECD) countries at 5.6 percent; SADC exclusively and COMESA exclusively, accounting for 2.4 percent and 0.1 percent respectively. Other regions contributed 10.4 percent of the total FDI inflows.

During the first half of 2015, FDI liabilities were mainly from the Non-EU OECD region at US $450.7 million accounting for 57.2 percent, followed by European Union Countries contributing US $135.7 million. The SADC exclusively recorded US $95.0 million, Asia was at US $47.5 million, COMESA exclusively and SADC/COMESA dual membership countries recorded net inflows collectively amounting to US $5.3 million (see Annex X).

In 2014, the survey findings indicated that the stock of FDI liabilities by regional economic grouping were dominated by the Non-EU OECD countries at US $8,113.1 million from US $8,280.3 million registered the previous year. This was followed by EU countries, which recorded an increase of 8.2 percent to US $3,133.9 million in 2014 from US $2,896.6 million in 2013. The stock of FDI from Asia, rose to US $2,288.3 million, from US $2,141.4 million recorded in 2013 representing an increase of 6.9 percent.

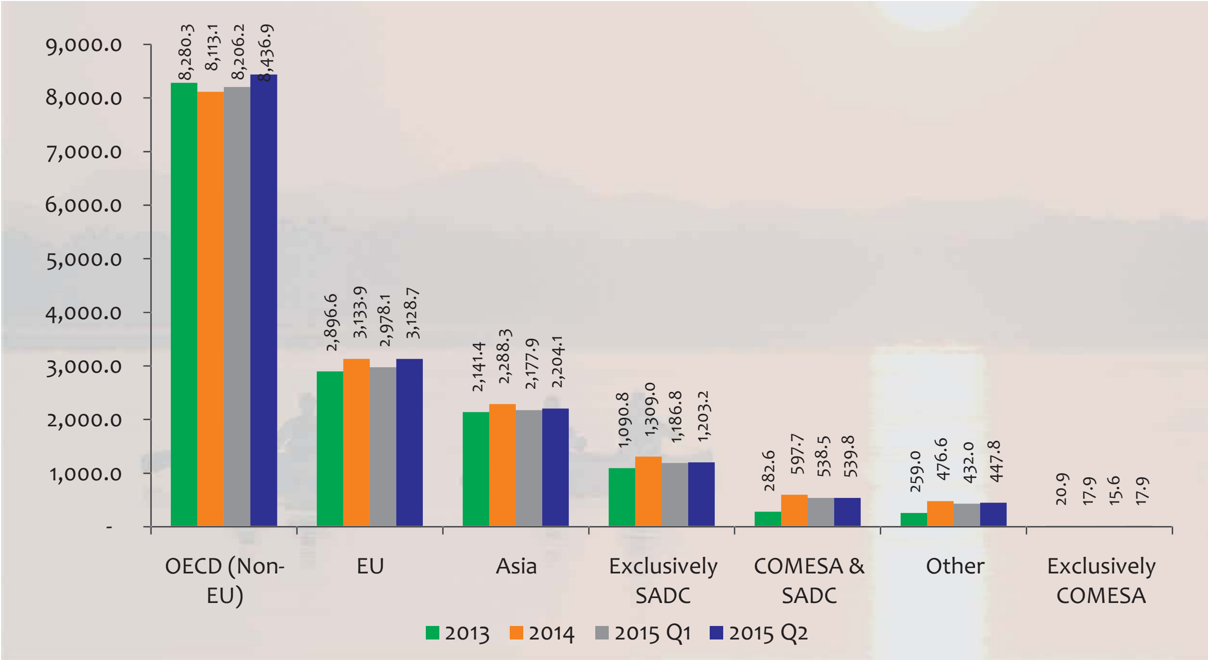
The stock of FDI liabilities from the SADC exclusively countries, at US $1,309.0, was 20.0 percent higher than US $1,090.8 million registered in 2013. The stock of FDI liabilities from SADC and COMESA (dual membership) countries more than doubled to US $597.7 million from US $282.6 million recorded in 2013, whilst the COMESA exclusively countries at US $17.9 million, fell by 14.1 percent from US $20.9 million recorded in 2013 (see Figure 4.8).

During the first half of 2015, preliminary data showed that the stock of FDI liabilities by regional economic groups continued to be dominated by the Non-EU OECD region, at US $8,436.9 million, following a 4.0 percent growth from US $8,113.1 million recorded at end-December 2014. This was followed by EU countries despite a decline by 0.2 percent to close at US $3,128.7 million from US $3,133.9 million registered in 2014. The stock of FDI from Asian countries closed at US $2,204.1 million at end-June 2015, following a 3.7 percent decline from US $2,288.3 million at end- 2014.

The SADC exclusively countries closed at US $1,203.2 million, following a decrease of 8.1 percent from US $1,309.0 million recorded in 2014 whilst SADC and COMESA (dual membership) countries and COMESA exclusively countries at US $539.8 million and US $17.9 million were lower by 9.7 percent and 0.1 percent from US $597.7 million and US $17.8 million recorded, at end-2014 respectively.



Figure 4.8: Foreign Direct Investment Stocks by Regional Grouping (US $ millions), 2013-2014 Q2



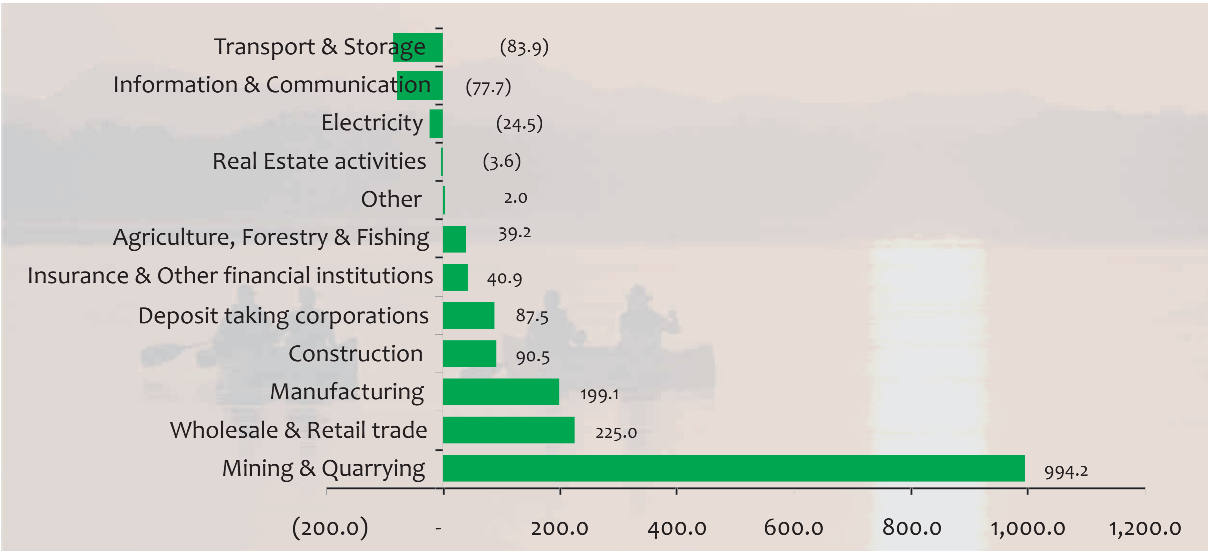
Source: Foreign Private Investment & Investor Perceptions Survey, 2015

4.2.4 Foreign Direct Investment Liabilities Flows and Stocks by Sector

An analysis of FDI liabilities by sector in 2014 showed the mining and quarrying sector was the major recipient of net inflows of US $994.2 million accounting for 66.8 percent, followed by the wholesale and retail trade sector with net inflows of US $225.0 million. The manufacturing was third at US $199.1 million while construction sector was fourth at US $90.5 million, followed by the deposit taking corporations at US $87.5 million, insurance and other financial at US $40.9 million and agriculture, forestry and fishing at US $39.2 million. Other sectors recorded net outflows of US $189.7 million (see Figure 4.9).

During the first half of 2015, the mining and quarrying sector continued to account for the majority of FDI liabilities with net inflows of US $653.2 million recorded, followed by deposit taking corporations at US $133.6 million, and the manufacturing sector was third at US $60.7 million. The agriculture, forestry and fishing sector was fourth at US $48.2 million, followed by insurance and other financial institutions at US $16.6 million, while real estate at US $10.1 million. Finally the construction sector stood at US $4.7 million, whilst information and communication recorded net inflows of US $4.0 million. On the other hand, a total net outflow of US $152.0 million was recorded collectively in the wholesale and retail trade, and the electricity, gas and steam sectors (see Annex IX).

Figure 4.9: Foreign Direct Investment liabilities Inflows by Sector (US $ millions), 2014



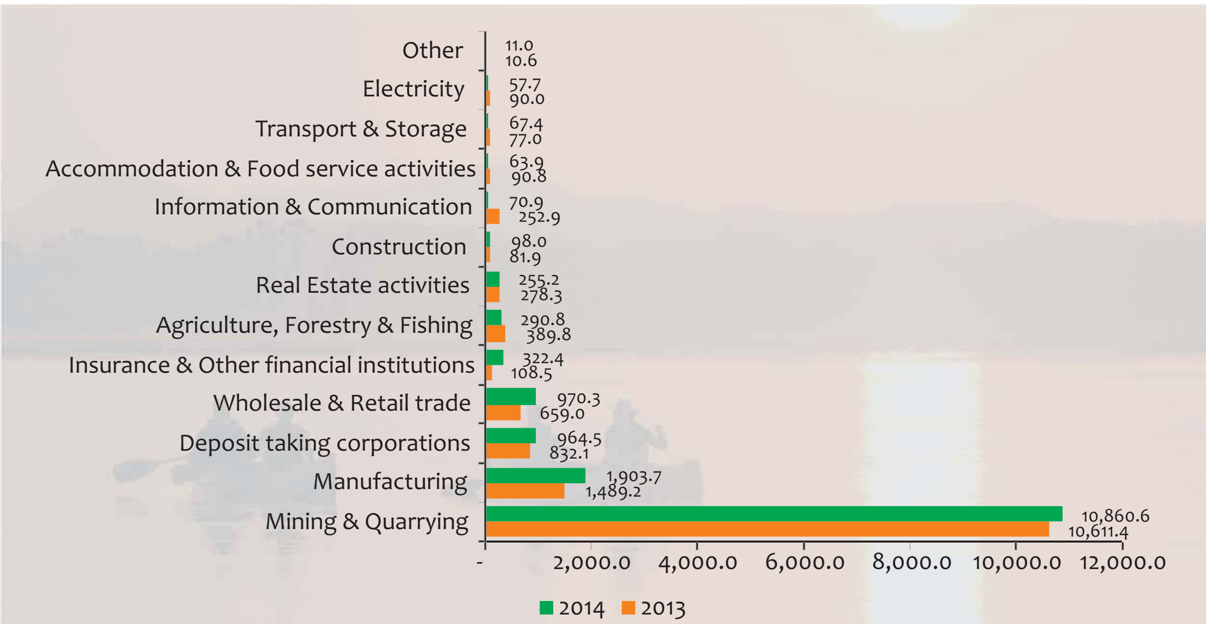
Source: Foreign Private Investment & Investor Perceptions Survey, 2015

The stock of FDI liabilities by sector in 2014 was dominated by the mining and quarrying sector following a 2.4 percent rise to US $10,860.6 million from US $10,611.4 million registered in 2013; this currently represents 68.1 percent of the total stock. The manufacturing sector was second, following a 27.5 percent rise to US $1,903.7 million from US $1,489.2 million in 2013. In third place, was deposit-taking corporations which grew by 16.0 percent to US $964.5 million, while the wholesale and retail trade sector was fourth at US $970.3 million. Insurance and other financial institutions, agriculture, forestry and fishing, and construction contributed US $322.4 million, US $290.8 million and US $98.0 million to the total FDI in 2014, respectively.

However, notable declines of FDI liabilities stock were recorded in sectors such as transport and storage, information and communication, electricity, gas and steam, accommodation and food, and real estate (see Figure 4.10).

During the first half of 2015, survey findings reveal that the mining and quarrying sector continued to dominate FDI stocks at US $11,438.4 million, followed by manufacturing at US $1,712.2 million and deposit-taking corporations sector whose stock closed at US $928.3 million. The wholesale and retail trade sector accounted for US $748.5 million, insurance and other financial institutions sector was at US $282.0 million, whilst agriculture, forestry and fishing and real estate sectors stood at US $297.8 million and US $249.3 million, respectively. Other key sector contributors were; construction, information and communication, accommodation and food, transport and storage and electricity, gas and steam (see Annex XI).

Figure 4.10: Foreign Direct Investment liabilities Stock by Sector (US $millions), 2013-2014



Source: Foreign Private Investment & Investor Perceptions Survey, 2015




4.2.5 Return on Equity by Sector

Survey findings show that overall profitability attributable to FDI, portfolio equity investment and other equity investments significantly declined to US $357.0 million from US $1,019.7 million recorded in 2013. This decline was mainly explained by the high operating costs companies faced in 2013. Consequently, the overall return on equity (ROE) at 2.1 percent was more than three times lower than 7.3 percent registered in 2013.

Analysis by sector reveals that the information and communication at 23.1 percent had the highest rate of return on equity. This was followed by manufacturing at 15.8 percent, wholesale and retail trade (15.0 percent), financial institutions (10.2 percent), construction (10.0 percent), agriculture, forestry and fishing (7.7 percent), transportation and storage, and electricity, gas and steam recorded 6.6 percent and 5.5 percent as return on equity respectively. However, the accommodation and food sector registered negative returns on equity in 2014 mainly explained by high operating costs associated with high cost of borrowing; as well as low sales due to a depreciation in the exchange rate. Similarly mining and quarrying sector recorded a negative rate of return of 2.7 percent as a result of losses incurred due to high operating costs, cuts in production due to low commodity prices, whilst the real estate sector recorded a negative rate of return on equity of 1.7 percent compared with a positive return of 14.6 percent registered in 2013 mainly on account of operational losses experienced in the year (see Table 4.5).

Table 4.5: Return on Equity by Sector (US $ millions), 2013 - 2014

Sector	Profit by Sector		Average of Opening and closing stock of Equity 2014	Return on Equity 2013 Percent	Return on Equity 2014 Percent
	2013	2014			
Mining and Quarrying	349.1	-300.2	10,952.8	3.5	-2.7
Manufacturing	329.1	334.7	2,122.6	27.4	15.8
Financial Institutions	136.9	109.9	1,482.2	18.2	10.2
Wholesale and retail trade	49.1	143.0	955.7	8.9	15.0
Agriculture, Forestry and Fishing	11.4	19.0	245.1	2.8	7.7
Real Estate	44.8	-4.6	276.8	14.6	-1.7
Construction	0.6	7.6	74.7	0.7	10.1
Information and Communication	56.8	36.7	158.5	16.1	23.1
Accommodation and Food Service	-1.8	-5.9	69.5	-1.5	-8.5
Transportation and Storage	6.1	5.7	93.5	9.1	6.1
Electricity, Gas and Steam	33.7	10.4	187.4	19.1	5.5
Other	3.8	0.4	526.1	-20.9	0.1
Overall Return on Equity	1,019.7	357.0	17,144.8	7.3	2.1

Source: Foreign Private Investment & Investor Perceptions Survey, 2015

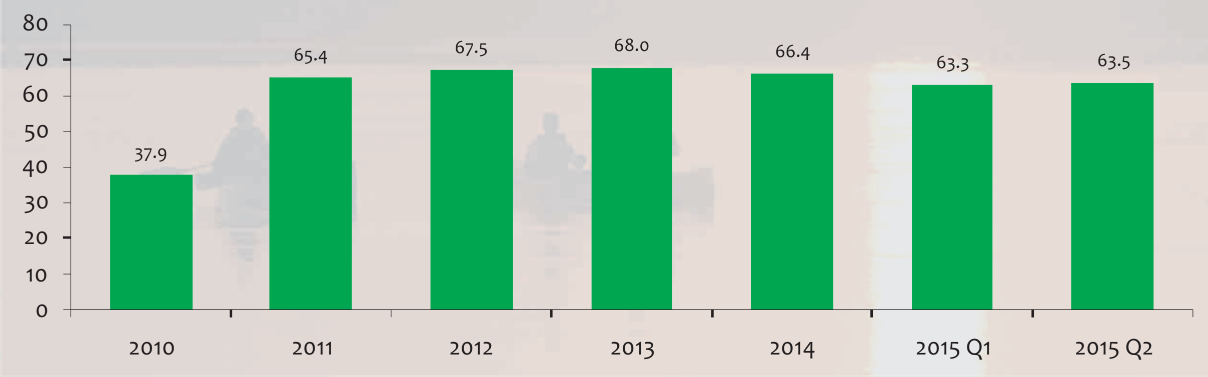
4.3 Foreign Portfolio Investment

4.3.1 Portfolio Investment Flows and Stocks

In 2013, Zambia's foreign portfolio equity investment flows recorded a significant net outflow of US $1.6 million compared with a net inflow of US $0.5 million recorded in 2013. Consistent with the flows, the stock of portfolio equity investment declined by 2.3 percent to US $66.4 million from US $68.0 million registered in 2013. Preliminary data shows that the stock of portfolio equity investment in the first half of 2015 decreased by 4.3 percent to US $63.5 million from US $66.4 million at end- 2014 (see Figure 4.11). The slowdown in portfolio investment inflows in the first half of the year can be explained by the effect of the exchange rate depreciation, and persistent low copper prices undermined investor's optimism.

[4]When copper prices are rising this gives confidence to foreign investors that the central bank is going to accumulate more foreign reserves and thereby reducing foreign currency liquidity risk

Figure 4.11: Portfolio Equity Investment Stocks (US $ millions), 2010 – 2015 Q2



Source: Foreign Private Investment & Investor Perceptions Survey, 2015

4.3.2 Portfolio Equity Investment Flows and Stocks by Source Country

A source country analysis of portfolio equity investment inflows in 2014 showed that United Kingdom recorded a negative flow of US $2.9 million, which impacted on the overall flow position, against a positive flow of US $1.3 million contributed by other countries (see Table 4.13 and Annex IV). The negative flows were largely associated with reduction in equity capital recorded during the period. Preliminary results in the first half of 2015 showed that the portfolio equity investment inflows were negative at US $2.9 million. Of the total flows United Kingdom recorded a net outflow of US $2.6 million during the review period.

Table 4.13: Equity Portfolio Investment Inflows and stocks by Source Country (US $ millions), 2013 – 2015 Q2

Source Country	2013	Flows	2014	% change	2015 Q1	2015 Q2
United Kingdom	63.8	(2.9)	60.9	(4.5)	58.1	58.3
Australia	0.4	0.0	0.4	1.4	0.4	0.4
South Africa	0.2	0.0	0.2	5.0	0.2	0.2
Other	3.6	1.3	4.9	36.2	4.5	4.6
Total	**68.0**	**(1.6)**	**66.4**	**(2.3)**	**63.3**	**63.5**

Source: Foreign Private Investment & Investor Perceptions Survey, 2015

The stock of portfolio equity investment by source country were largely dominated by the United Kingdom, despite a 4.5 percent decline to US $60.9 million from US $63.8 million from the previous year's position, representing 91.7 percent of the total stock. Australia and South Africa remained unchanged at US $0.4 million and US $0.2 million respectively during the review period.

4.3.3 Portfolio Equity Investment Flows and Stocks by Sector

Analysis of the portfolio equity investment inflows by sector showed that manufacturing registered net outflows of US $1.6 million in 2014 (see Table 4.15). Consistent with the flows, portfolio equity investment stocks in the manufacturing sector dominated, as stocks closed at US $65.6 million, a decline of 2.4 percent from US $67.2 million recorded in 2013. This was followed by mining and quarrying at US $0.4 million, wholesale and retail trade at US $0.2 million, whilst the deposit taking corporations sector closed at US $0.1 million during the review period.

Table 4.15: Portfolio Equity Investment Inflows and Stock by Sector (US $ millions), 2014 – 2015 Q2

Sector	2013	Flows	2014	% Change	2015 Q1	2015 Q2
Manufacturing	67.2	(1.6)	65.6	(2.4)	62.6	62.8
Mining and Quarrying	0.4	0.0	0.4	1.4	0.4	0.4
Wholesale and Retail Trade	0.2	0.0	0.2	5.0	0.2	0.2
Deposit Taking Corporations	0.1	(0.0)	0.1	(13.7)	0.1	0.1
Total	**68.0**	**(1.6)**	**66.4**	**(2.3)**	**63.3**	**63.5**

Source: Foreign Private Investment & Investor Perceptions Survey, 2015

During the first half of 2015, the manufacturing sector continued to dominate, despite a decline in stocks of portfolio investment by 4.3 percent to US $62.8 million from US $65.6 million recorded in 2014. However, mining and quarrying at US $0.4 million, wholesale and retail trade at US $0.2 million and the deposit taking corporations at US $0.1 million remained unchanged over the same period.




4.4 Financial Derivatives

Survey findings showed that in 2014, Zambia recorded a net inflow of US $26.8 million arising from financial derivative[5] liability transactions, in form of forwards and options with net inflows of US $23.5 million and US $3.4 million, respectively. An analysis by source country shows that net inflows were largely from South Africa with a net inflow of US $30.7 million, largely in form of forward-type contracts. Net outflows were recorded for the United Kingdom and Mauritius at US $6.7 million and US $0.6 million, whilst net inflows of US $3.5 million were recorded from other countries (see Table 4.7). During the first half of 2015, net inflows in financial derivative transactions of US $306.6 million were recorded with the largest inflow registered from China at US $130.2 million, followed by South Africa at US $108.7 million, whilst net inflows from the United Kingdom and Mauritius were recorded at US $51.2 million and US $7.3 million, respectively during the period under review.

A sector analysis of the financial derivatives transactions shows that deposit taking corporations recorded the highest net inflows of US $24.6 million. This was followed by the mining and quarrying sector with net inflows of US $2.8 million. The wholesale and retail trade sector recorded a net outflow of US $0.6 million, in form of forward-type contracts.

Table 4.7: Financial Derivatives Inflows by Source Country (US $ million) 2013 – 2015 Q2

Source Country	Closing Balance 2013	Change in 2014	Closing Balance 2014	Closing Balance 2015 Q1	Closing Balance 2015 Q2
United Kingdom	35.3	(6.7)	26.7	25.6	25.6
Forward	35.2	(7.1)	26.3	25.2	25.2
Options	0.1	0.4	0.4	0.4	0.4
South Africa	26.0	30.7	56.7	54.4	54.3
Forward	26.0	30.7	56.7	54.4	54.3
Options	0	0	0	0	0
China	67.9	0	67.9	65.1	65.0
Forward	0	0	0	0	0
Options	67.9	0	67.9	65.1	65.0
Mauritius	4.4	(0.6)	3.8	3.7	3.7
Forward	4.4	(0.6)	3.8	3.7	3.7
Options	0	0	0	0	0
Other countries	1.3	3.5	4.8	4.6	4.6
Forward	0.2	0.5	0.7	0.7	0.7
Options	1.1	3.0	4.1	3.9	3.9
Grand Total	135.0	26.8	160.0	153.5	153.2

Source: Foreign Private Investment & Investor Perceptions Survey, 2015

4.5 Other Investments

During the period under review, the survey findings show that other investment[6] inflows rose by 45.2 percent to US $532.8 million in 2014 from US $366.9 million in 2013. This was mainly on account of loan receipts. The stock of other investments was 17.0 percent higher at US $3,485.6 million at end -2014 from US $2,980.2 million at end-2013.

4.5.2 Other Foreign Investment Inflows by Source Country

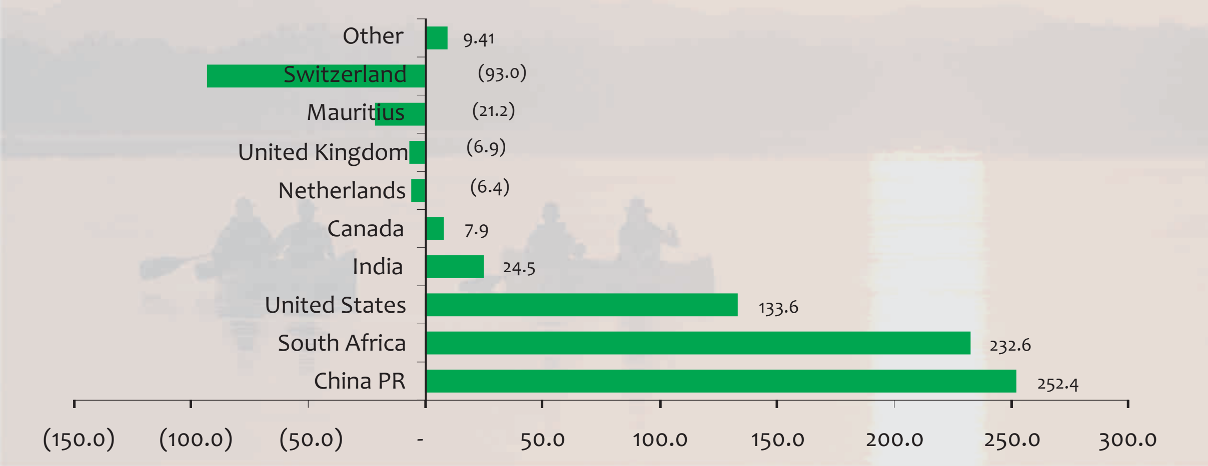
An analysis of the other investment inflows by source country revealed that in 2014, China was the major source country, at US $252.4 million. This was followed by South Africa at US $232.6 million, United Sates ranked third at US $133.6 million, whilst India and Canada recorded lower inflows of US $24.5 million and US $7.9 million respectively, during the year 2014. Significant net outflows however, were recorded for Switzerland at US $93.0 million, Mauritius US $21.2 million, United Kingdom and Netherlands collectively account for US $13.3 million of net outflows during the review period. This was largely driven by higher loan repayments (see Figure 4.12 and Annex V).

Preliminary data in the first half of 2015 indicates that a total net inflow of US $111.0 million was recorded with the United Kingdom as the major source country for other investment inflows at US $171.1 million, followed by South Africa at US $39.8 million. In contrast net outflows of US $160.8 million were recorded during the same period.

[5] A financial derivative contract is a financial instrument that is linked to another specific financial instrument or indicator or commodity and through which specific financial risks (such as interest rate risk, foreign exchange risk, equity and commodity price risks, credit risk, and so on) can be traded in their own right in financial markets. There are two broad types of financial derivatives—options and forward-type contracts (IMF 2009).

[6] Other investments are a residual category which includes positions and transactions other than those included in direct investment, portfolio investment and financial derivatives (IMF 2009). These include currency and deposits, trade credit and advances, and other foreign borrowings from unrelated parties. In addition, this category includes non-tradable/negotiable equity of less than 10 percent held by non-residents and equity in international organisations.

Figure 4.12: Other Foreign Investment Inflows by Source Country (US $ millions), 2014



Source: Foreign Private Investment & Investor Perceptions Survey, 2015

In 2014, the source of stocks of other investments by source country, showed that South Africa was the highest ranked, at US $993.7 million in 2014 from US $760.7 million in 2013. This was followed by China, as stocks rose to US $926.5 million in 2014 from US $741.7 million the previous year. The United Kingdom was third despite a decline to US $652.9 million from US $675.1 million while Netherlands was 2.6 percent lower than US $319.2 million recorded the previous year. The United States stocks of other investment more than doubled to close at US $200.0 million in 2014, from US $73.0 million recorded in 2013. A total of US $170.3 million was accounted for by Bahrain, IFC, India and Kenya collectively (see Figure 4.13 and Annex V).

During the first half of the year South Africa continued to dominate at US $1,033.5 million followed by China at US $821.6 million, inflows from the United Kingdom were US $824.0 million. Other source countries were the Netherlands, United States and Bahrain, recording net inflows of US $311.5 million, US $185.6 million and US $100.0 million respectively, during the period under review.

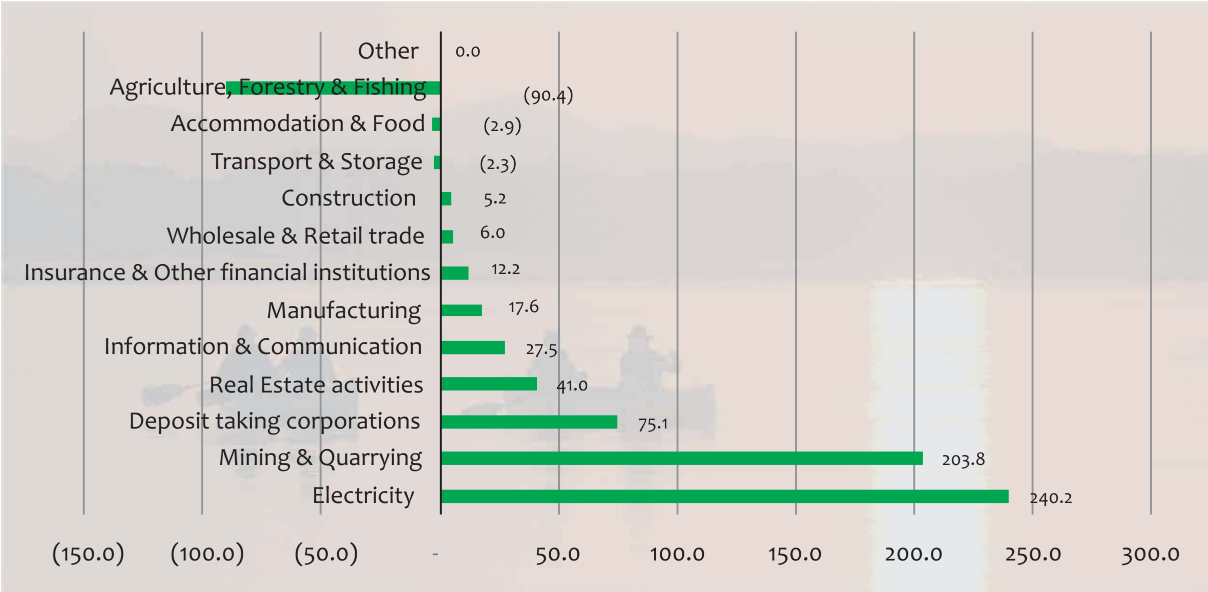
Figure 4.13: Other Foreign Investment Stocks by Source Country (US $ millions), 2013 and 2014

Source: Foreign Private Investment & Investor Perceptions Survey, 2015

4.5.3 Other Foreign Investment Inflows and Stocks by Sector

A sector analysis of other foreign investment inflows showed that inflows were mainly concentrated in the electricity, gas and steam sector at US $240.2 million accounting for 45.1 percent of the total inflows. This was followed by mining and quarrying at US $203.8 million, representing 38.3 percent of the total inflows, whilst deposit taking corporations recorded inflows amounting to US $71.3 million during the same period. Other sectors such as real estate, information and communication, manufacturing, insurance and other financial institutions, wholesale and retail trade and construction collectively recorded a net inflow of US $113.0 million representing 21.3 percent of the total inflows during the period under review. In contrast, net outflows were recorded in the agriculture, forestry and fishing sector amounting to US $90.4 million, whilst accommodation and food sector as well as transport and storage registered inflows of US $2.9 million and US $2.3 million , respectively (see Figure 4.14).

Figure 4.15: Other Foreign Investments Stocks by Sector (US $ millions), 2013 – 2014

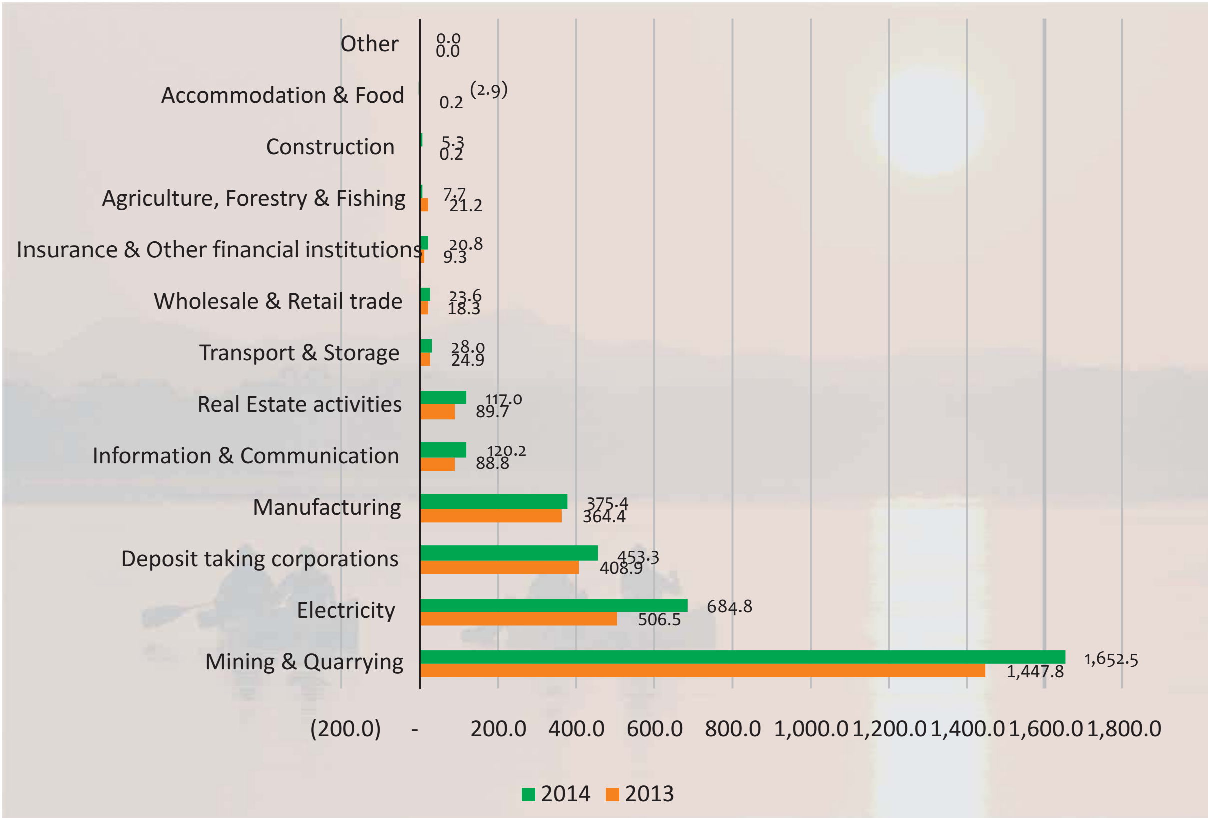


Source: Foreign Private Investment & Investor Perceptions, 2015




With regard to sector breakdown of stocks of other foreign investments, the survey findings showed that the mining and quarrying sector dominated as the stock rose by 14.1 percent to US $1,652.5 million in 2014 from US $1,447.8 million in the previous year, accounting for 47.3 percent. This was followed by electricity, gas and steam at US $684.8 million, following an increase of 35.2 percent, representing 19.0 percent of the total stock. The deposit taking corporation sector ranked third despite recording a 10.0 percent increase to US $444.7 million from US $404.2 million in 2013. Manufacturing was ranked fourth as its stock rose to US $375.4 million from US $364.4 million recorded the previous year. The Information and communication sector accounted for US $120.2 million in 2014, a rise from US $88.8 million recorded in 2013 (see Figure 4.15).

Figure 4.15: Other Foreign Investments Stocks by Sector (US $ millions), 2013 – 2014



Source: Foreign Private Investment & Investor Perceptions, 2015

5.0 PRIVATE SECTOR EXTERNAL DEBT STOCK




5.0 PRIVATE SECTOR EXTERNAL DEBT STOCK

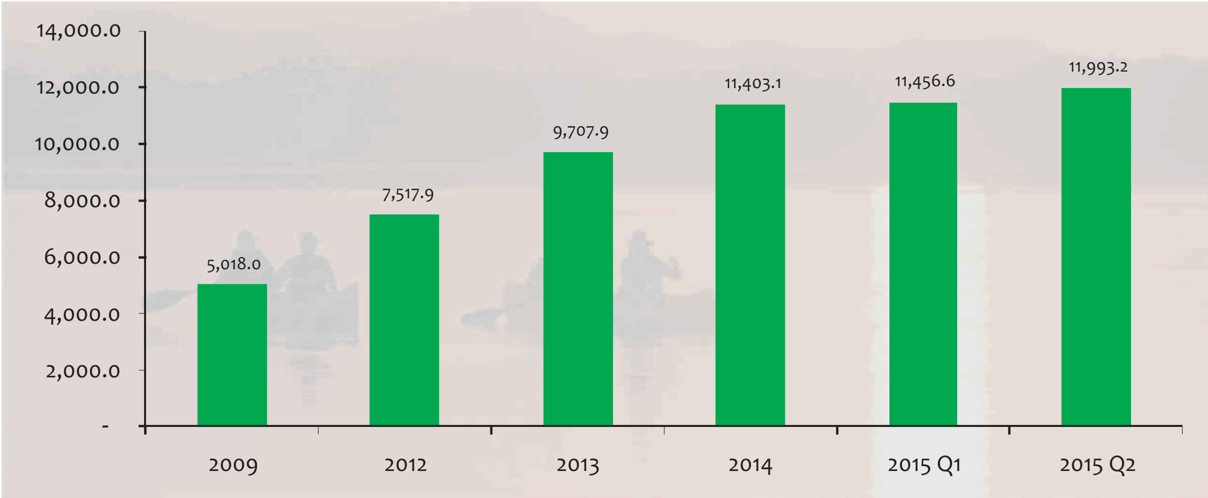
5.1 Private Sector External Debt Stock Trend

Private Sector External Debt Stock (PSED) constitutes long and short-term borrowing from affiliates (FDI related borrowing) and non-affiliates. Private Sector External Debt Stock includes loans, debt securities, trade credits and advances, currency and deposits, life and non-life insurance, technical reserves and other accounts payable.

This section analyses the stock of debt as at end-2014, and the first and second quarters of 2015 according to type, maturity, investor relationship, sector, source country and regional economic grouping.

Preliminary survey findings indicate that PSED increased by 17.5 percent to US $11,403.1 million as at end-2014, from a stock position of US $9,707.9 million at end-2013. As at end first quarter 2015, the stock of PSED went up to US $11,456.6 million, and further rose to US $11,993.2 million by end June 2015 (see Figure 5.1).

Figure 5.1: Stock of Private Sector External Debt Trend (US $ millions), 2009 - Q2 2015



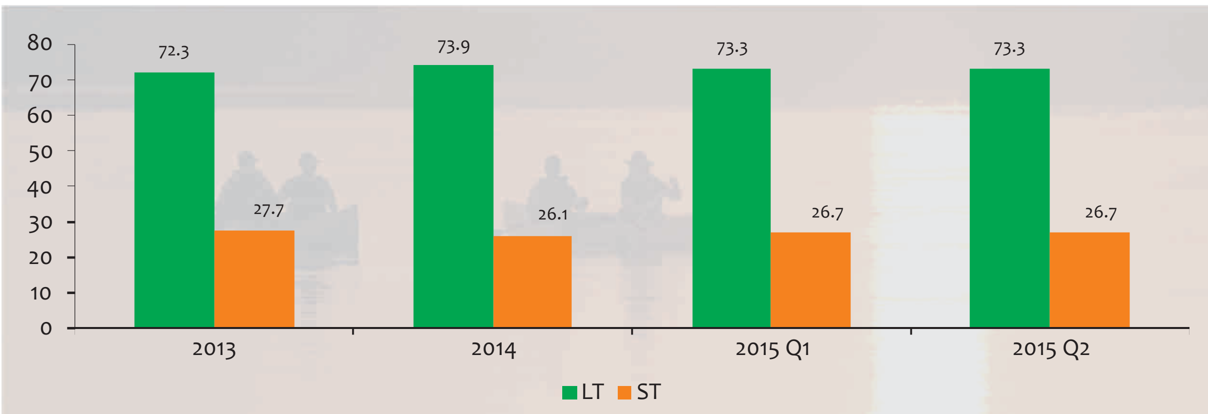
Source: Foreign Private Investment & Investor Perceptions Survey, 2015

5.2 Private Sector External Debt Stock by Maturity and Type

The survey results indicate that the stock of PSED continued to be concentrated on the long-term end. Of the US $11,403.1 million stock of PSED at end-2014, US $8,421.8 million (73.9 percent) was in form of long-term borrowing, while US $2,981.3 million (26.1 percent) was short-term borrowing. In comparison, US $7,019.2 million (77.3 percent) of PSED stock in 2013 was long-term, while US $2,688.7 million (22.7 percent) was short-term.

As at end-March 2015, a total of US $8,402.5 million was long term borrowing, while US $3,054.1 million was short-term. Further, a total of US $8,794.3 million was long-term borrowing while US $3,198.9 million was short-term at end-June 2015. The first and second quarter maturity structure represented 73.3 percent long term borrowing and 26.7 percent short term borrowing, (see Figure 5.2). Long-term borrowing was largely to finance capital projects, particularly in the mining and quarrying sector.

Figure 5.2: Private Sector Debt Stock by Maturity (Percent), 2013 – 2015 Q2



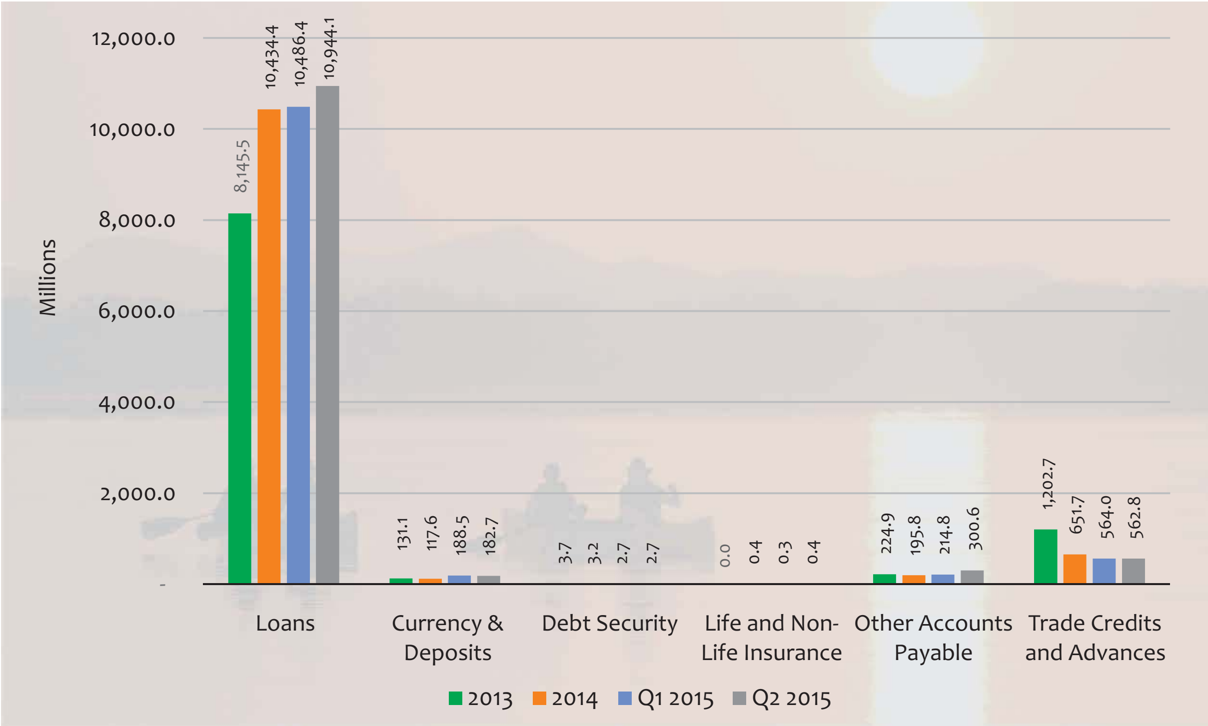
Source: Foreign Private Investment & Investor Perceptions Survey, 2015



Preliminary survey results indicated that loans continued to be the main type of debt. Of the US $11,403.1 million overall PSED stock as at end-2014, 91.5 percent were loans, followed by trade credits at 5.7 percent, while other accounts payable, debt securities, currency and deposits, and life and non-life insurance technical reserves, collectively accounted for 2.8 percent. The debt structure for the first half of 2015 was similar.

The stock of loans rose by 28.1 percent to US $10,434.4 million at end-2014 from US $8,145.5 million registered at end-2013, while trade credits fell sharply by 45.8 percent to US $651.7 million at end-2014 from US $1,202.7 million the previous year. Other accounts payable, debt securities, currency and deposits, and life and non-life insurance technical reserves collectively recorded a decline of 11.9 percent to US $317.0 million from US $359.7 million during the same period (see Figure 5.3).

Figure 5.3: Private Sector Debt Stock by Type (US $ millions), 2013 – 2015 Q2



Source: Foreign Private Investment & Investor Perceptions, 2015

As at end-March 2015, the stock of loans rose by 0.5 percent to US $10,486.4 million and further rose by 4.4 percent to US $10,944.1 million at end-June 2015.

Trade credits fell by 13.5 percent to US $564.0 million by end-March 2015 from US $651.7 million at end-2014. At end-June 2015, trade credits declined by 0.2 percent to US $562.8 million (see Table 5.1).




Table 5.1: Private Sector Debt Stock by Type (US $ millions), 2013 –Q2 2015

Debt Type	2013	2014	Annual % change	Q1 2015	Q2 2015
Loans	8,145.5	10,434.4	28.1	10,486.4	10,944.1
Long Term	6,422.3	7,854.1	22.3	7,812.7	8,073.2
Short Term	1,723.2	2,580.3	49.7	2,673.7	2,870.9
Trade Credits & Advances	1,202.7	651.7	-45.8	564.0	562.8
Long Term	455.5	411.6	-9.6	394.1	398.7
Short Term	747.2	240.1	-67.9	169.9	164.1
Other Accounts Payable	224.9	195.8	-12.9	214.8	300.6
Long Term	100.9	120.9	19.8	139.0	225.8
Short Term	124.0	74.9	-39.6	75.8	74.8
Currency and Deposits	131.1	117.6	-10.3	188.5	182.7
Long Term	36.7	31.9	-13.1	54.2	93.8
Short Term	94.4	85.7	-9.2	134.3	88.9
Debt Security	3.7	3.2	-13.5	2.7	2.7
Long Term	3.7	3.2	-13.5	2.7	2.7
Short Term	0.0	0.0	0.0	0.0	0.0
Life and Non-Life Insurance Technical Reserves	0.0	0.4	0.0	0.3	0.4
Long Term	0.0	0.0	0.0	0.0	0.0
Short Term	-	0.4	-	0.3	0.4
Grand Total	**9,707.9**	**11,403.1**	**17.5**	**11,456.6**	**11,993.2**

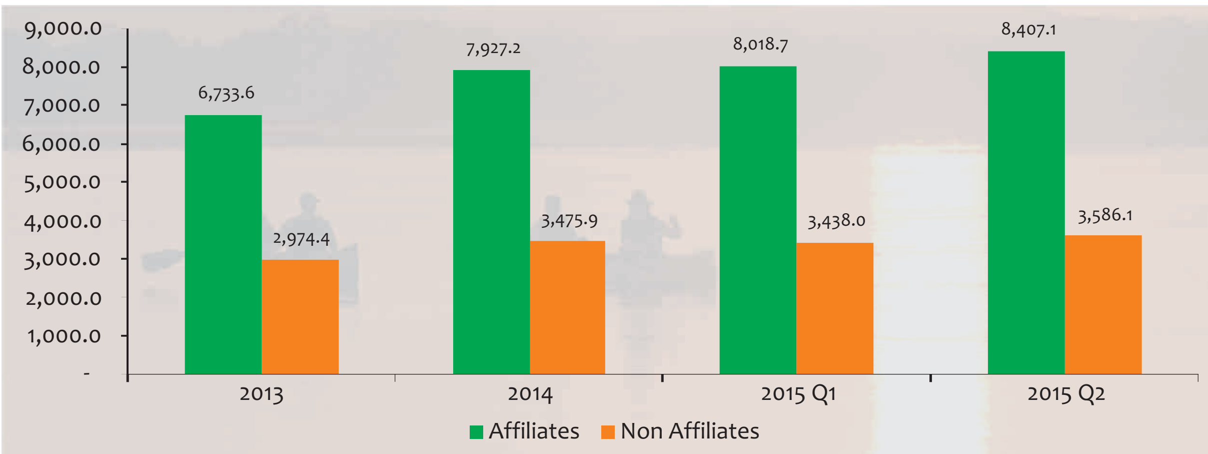
Source: Foreign Private Investment & Investor Perceptions Survey, 2015

5.3 Private Sector External Debt Stock by Investor Relationship

Of the US $11,403.1 million stock of Private Sector External Debt at end-2014, US $7,927.2 million was sourced from affiliates, representing 69.4 percent, while US $3,354.7 million or 30.6 percent was obtained from non-affiliates. The stock of PSED from affiliates increased by 17.7 percent in 2014 from the US $6,733.6 million recorded at end-2013 while the stock from non-affiliates grew by 16.9 percent over the end-2013 stock of US $2,974.4 million.

With respect to the first half of 2015, preliminary survey results showed that the stock of PSED from affiliates increased marginally by 1.2 percent to US $8,018.7 million (accounting for 70.1 percent of PSED) at the end of the first quarter, and rose by 4.8 percent to US $8,407.1 million (70.1 percent of PSED) as at end-June 2015. Debt from non-affiliates declined by 1.1 percent to US $3,438.0 million (30.0 percent of PSED) at end-March 2015, then rose by 4.3 percent to US $3,586.1 million (30.0 percent) as at end-June 2015 (see Figure 5.4).

Figure 5.4: Private Sector Debt Stock by Relationship (US $ millions), 2013-Q2 2015

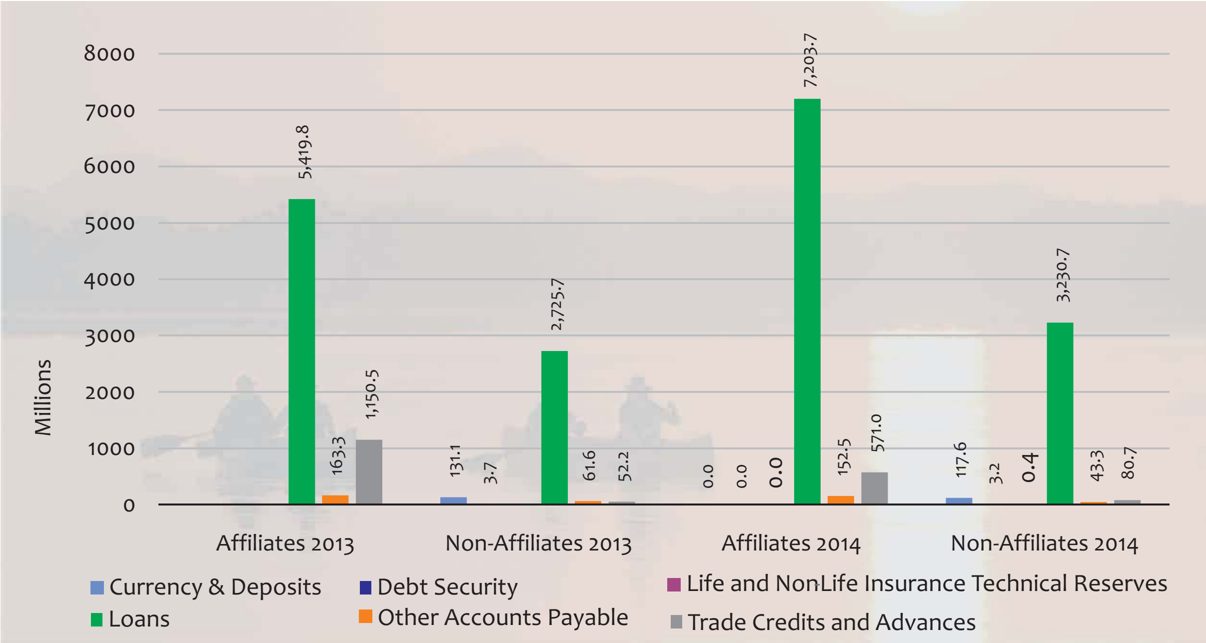


Source: Foreign Private Investment & Investor Perceptions Survey, 2015

With regard to the composition of PSED stock from affiliates, loans dominated the portfolio, accounting for 90.9 percent and amounted to US $7,203.7 million in 2014. Trade credits from affiliates were US $571.0 million, representing 7.2 percent share. The value of other accounts payable, debt securities and currency and deposits from affiliates collectively accounted for 1.9 percent.

Meanwhile, from the stock of PSED from non-affiliates, loans grew by 18.5 percent to US $3,230.7 million at end-2014, accounting for 92.9 percent of the stock. Currency and deposits from non-affiliates, at US $117.6 million in 2014, accounted for 3.4 percent of the PSED stock. (see Figure 5.5).

Figure 5.5: Private Sector Debt Stock by Type by Relationship (US $ millions) 2013 and 2014



Source: Foreign Private Investment & Investor Perceptions, 2015

As at end-June 2015, PSED stock from affiliates in form of loans stood at US $7,804.6 million, accounting for 92.8 percent of total debt from affiliates. Trade credits from related companies were US $454.7 million representing a share of 5.4 percent, while other accounts payable from affiliates stood at US $147.8 million. With regard to stock of PSED from non-affiliates, loans decreased by 2.8 percent to US $3,139.5 million at end-June 2015 from US $3,230.7 million at end-December 2014. Trade credits and advances, other accounts payable and currency and deposits from non-affiliates increased by 33.9 percent, 252.9 percent and 55.3 percent, respectively, while debt security declined by 15.6 percent during the same period (see Table 5.2).

Table 5.2: Private Sector Debt Stock by Type by Relationship (US $ millions) 2013- Q2 2015

Debt Instrument	2013	2014	Q1 2015	Q2 2015	Q2/2014 Change (%)
Loans	8,145.5	10,434.4	10,486.4	10,944.1	4.9
Affiliates	5,419.8	7,203.7	7,376.6	7,804.6	8.3
Non-Affiliates	2,725.7	3,230.7	3,109.8	3,139.5	-2.8
Trade Credits and Advances	1,202.7	651.7	564.0	562.8	-1.4
Affiliates	1,150.5	571.0	493.6	454.7	-20.4
Non-Affiliates	52.2	80.7	70.4	108.1	33.9
Other Accounts Payable	224.9	195.8	214.8	300.6	53.5
Affiliates	163.3	152.5	148.5	147.8	-3.1
Non-Affiliates	61.6	43.3	66.3	152.8	252.9
Debt Security	3.7	3.2	2.7	2.7	-15.6
Affiliates	-	-	-	-	-
Non-Affiliates	3.7	3.2	2.7	2.7	-15.6
Currency and Deposits	131.1	117.6	188.5	182.7	55.3
Affiliates	-	-	-	-	-
Non-Affiliates	131.1	117.6	188.5	182.7	55.3
Life & non-life Insurance Technical Reserves	-	0.3	0.3	0.3	0.0
Affiliates	-	-	-	-	-
Non-Affiliates	-	0.3	0.3	0.3	-0.0
Grand Total	**9,707.9**	**11,403.1**	**11,456.6**	**11,993.2**	**5.2**

Source: Foreign Private Investment & Investor Perceptions Survey, 2015

5.4 Private Sector External Debt Stock by Sector

The breakdown of PSED by sector indicated that the mining and quarrying sector accounted for the largest proportion of PSED stock at US $7,805.4 million as at end-2014, accounting for 68.4 percent of the total debt stock. This was followed by manufacturing (11.4 percent) and electricity, gas, and steam (6.3 percent). Deposit taking corporations (banks), and

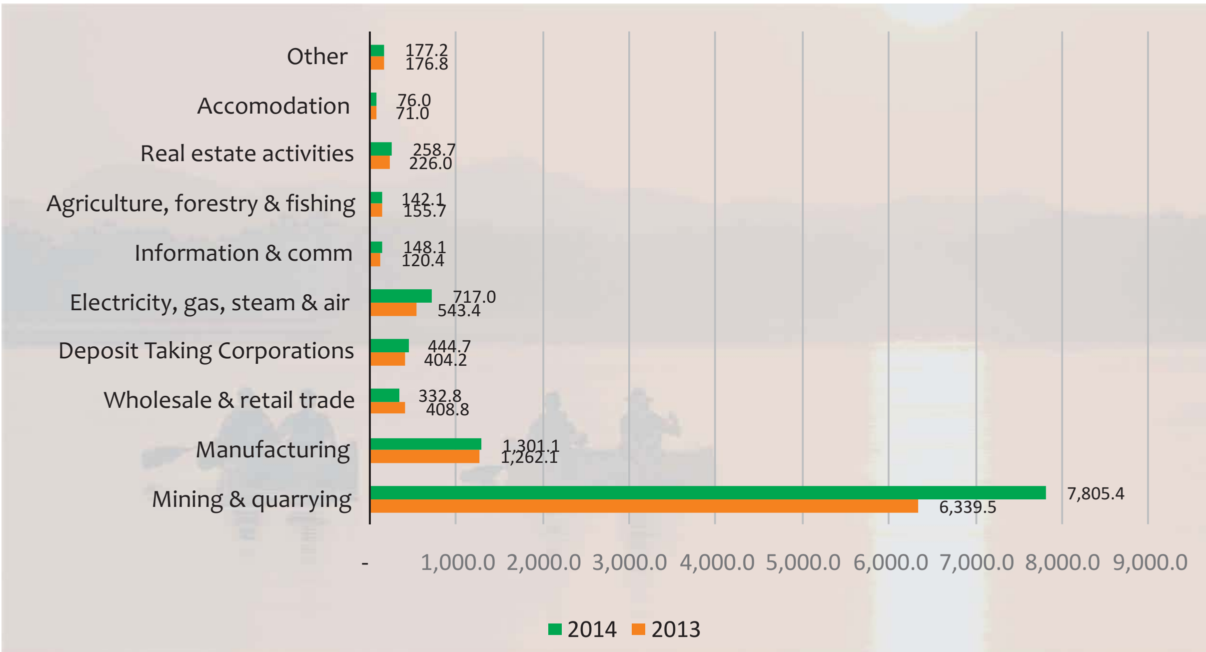




Wholesale and retail trade accounted for 4.0 percent and 3.0 percent, respectively of the PSED stock. The rest of the sectors collectively accounted for 7.9 percent (see Figure 5.6).

Preliminary survey results for the first half of 2015 indicated that the mining and quarrying sector continued to hold the largest stock of PSED, with 71.0 percent of the total stock at US $8,139.6 million and US $8,521.6 million, as at end of each quarter, respectively. This was followed by manufacturing at 10.2 percent at end-March and end-June 2015, respectively.

Figure 5.6: Private Sector External Debt Stock by Sector (US $ millions), 2014 and 2013



Source: Foreign Private Investment & Investor Perceptions, 2015

During the same period the electricity, gas and stream sector contributed 5.3 percent at end-March and 5.0 percent at end-June, while the deposit taking corporations (banks) accounted for 5.0 percent and 5.2 percent of PSED stock at end-March and end-June, respectively. Other sectors collectively accounted for 8.5 percent of PSED stock at end-March and 8.7 percent at end-June 2015 (see Table 5.3).




Table 5:3: Private Sector External Debt Stock by Sector (US $ millions), 2014, Q1 and Q2 2015

Sector	End-2014	Q1 2015	Q2 2015	Change Q2/Q1 2015	% Change 2014/Q2 2015
Mining & Quarrying	7,805.4	8,139.6	8,521.6	-0.8%	13.1%
Manufacturing	1,301.1	1,172.8	1,208.1	-2.6%	-18.7%
Electricity	717.0	603.9	603.5	6.9%	-22.7%
Deposit taking corporations (Banks)	444.7	566.4	621.5	-17.0%	13.5%
Wholesale & Retail trade	332.8	283.4	341.7	-3.1%	33.4%
Real Estate activities	258.7	227.2	231.6	-6.1%	-10.0%
Agriculture, Forestry & Fishing	142.1	121.8	128.1	-2.2%	-8.1%
Information & Communication	148.1	132.7	123.4	-7.7%	-89.1%
Transport & Storage	50.07	48.1	49.3	1.1%	-11.5%
Accommodation & Food service activities	76.0	66.1	68.2	-4.9%	-10.0%
Construction	79.5	63.5	63.3	-4.5%	-14.4%
Insurance & Other financial intermediaries	32.0	18.05	19.7	8.7%	-10.6%
Professional, Scientific & Technical services	7.6	6.9	6.8	13.4%	8.5%
Administration & Support service activities	-	0.05	0.05	-3.1%	-11.9%
Grand Total	11,403.1	11,456.6	11,993.2	-1.7%	6.0%

Source: Foreign Private Investment & Investor Perceptions Survey, 2015

5.5 Private Sector External Debt Stock by Source Country

In terms of PSED stock by source country, survey findings show that the main sources of credit were the United Kingdom, China, South Africa, Switzerland and Canada, which collectively accounted for 75.8 percent of total PSED stocks at end-2014. Others were Bermuda, Ireland, the United Arab Emirates and Brazil (see Figure 5.7). Of the total PSED stock at end-2014, the United Kingdom accounted for 25.3 percent at US $2,884.6 million, followed by China (17.5 percent), South Africa (12.7 percent), Switzerland (12.1 percent) and Canada (8.1 percent).

Figure 5:7 Private Sector External Debt Stock by Source Country (US $ millions), 2013- Q2 2015

Source: Foreign Private Investment & Investor Perceptions Survey, 2015

For the first half of 2015, preliminary results indicated that the major creditors of PSED continued to be dominated by the United Kingdom, accounting for 27.2 percent as at end-March and 29 percent at end-June 2015. This was followed by China (16.0 percent), Switzerland (13.8 percent), South Africa (12.2 percent), and Canada (7.8 percent).

5.6 Private External Debt Stock by Region

With respect to the source of PSED by region, survey findings show that Non EU-OECD countries continued to be the major source of credit as at end-2014, with US $4,570.0 million, accounting for 40.1 percent of the overall debt stock.

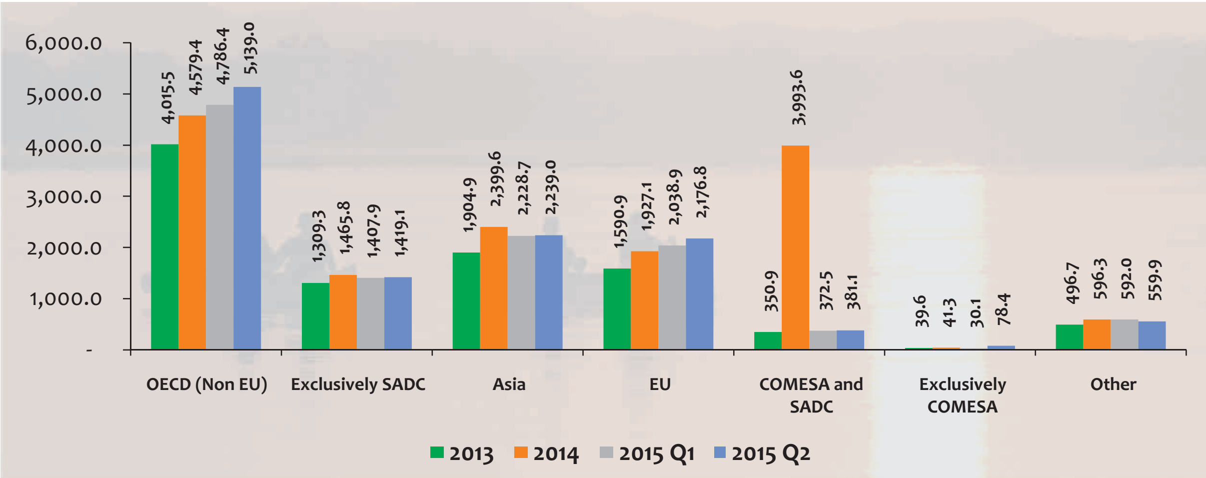



This was followed by the SADC Exclusive countries at 12.9 percent, Asia (21.0 percent) and the EU (16.9 percent). Others were COMESA and SADC dual membership countries, COMESA Exclusive countries and others, which collectively accounted for 9.2 percent of the PSED stock (see Figure 5.8 and Annex IX).

For the first half of 2015, preliminary data indicated that Non EU-OECD countries at US $5,129.2 million accounted for 42.8 percent of total PSED stock. This was followed by Asia (18.7 percent), EU (18.2 percent) and SADC exclusively (11.8 percent). The COMESA and SADC dual membership countries, COMESA exclusively countries and other regions collectively accounted 8.7 percent of the PSED stock as at end-June 2015.

The PSED stock from the Non EU-OECD region accounted for the largest growth at 40.1 percent to US $4,570.0 million in 2014 from US $4,007.8 million in 2013, followed by Asian countries whose stock rose by 21.0 percent to US $2,399.6 million. The PSED associated with EU increased by 16.9 percent to US $1,927.1 million in 2014 from US $1,590.9 million in 2013. PSED from SADC Exclusively grew by 12.0 percent while the COMESA and SADC (dual membership countries) and COMESA Exclusive regions went up by 12.2 percent and 4.1 percent, respectively.

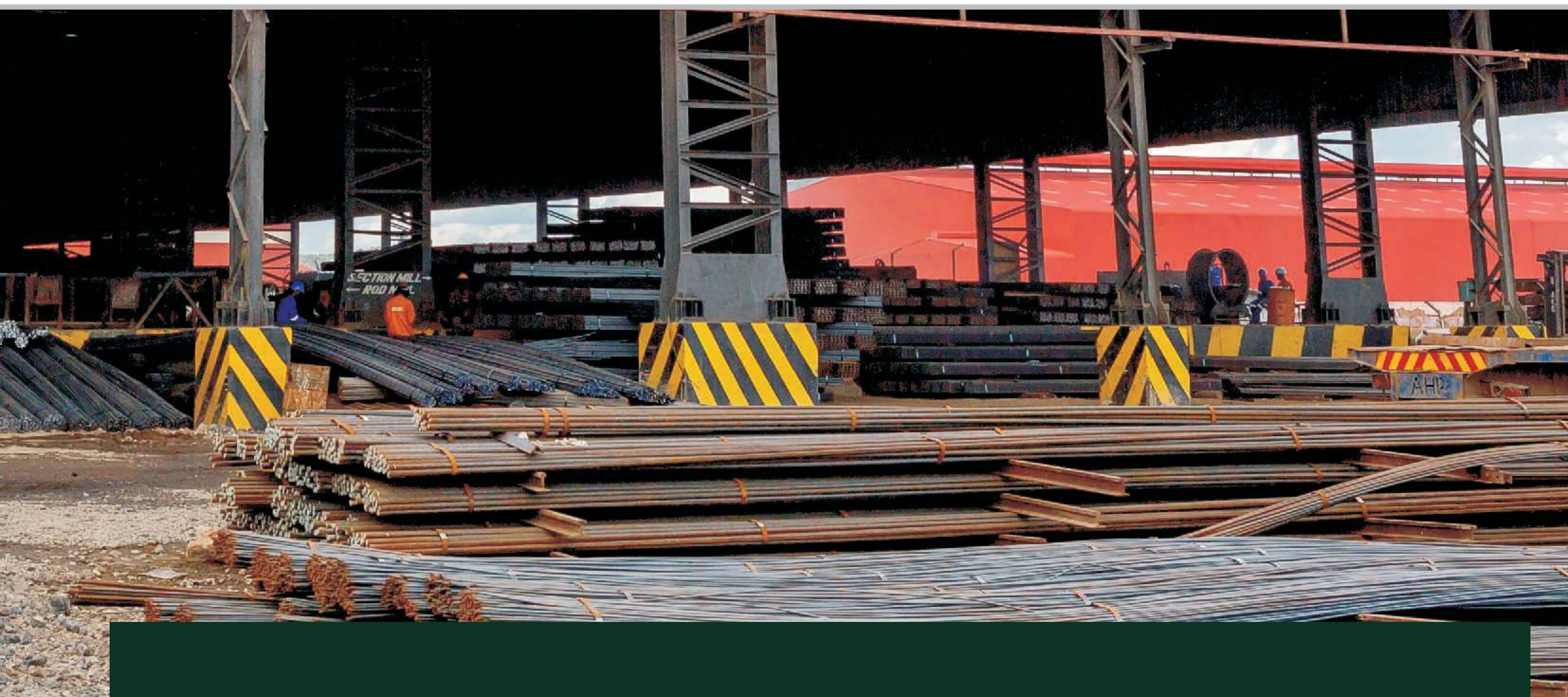
Figure 5.8: Private Sector External Debt Stock by Region (US $ millions), 2013 - Q2 2015



Source: Foreign Private Investment & Investor Perceptions Survey, 2015

With respect to growth of PSED stock at end-June 2015, the OECD and COMESA exclusively registered growth in PSED stock of 12.7 percent and 65.4 percent, respectively. The other regions' PSED stock, namely COMESA and SADC (dual membership countries), the EU, SADC (exclusively) and Asia, declined by 3.6 percent, 6.6 percent, 12.9 percent and 3.7 percent, respectively during the same period.

6.0 PRIVATE SECTOR FOREIGN ASSETS






6.0. PRIVATE SECTOR FOREIGN ASSETS

This section introduces survey findings on flows and stocks of Zambia's Private Sector Foreign Assets during the year 2014, the first and second quarters of 2015. The foreign assets held by the private sector were in form of foreign direct investment, portfolio investment, financial derivatives and other investments.

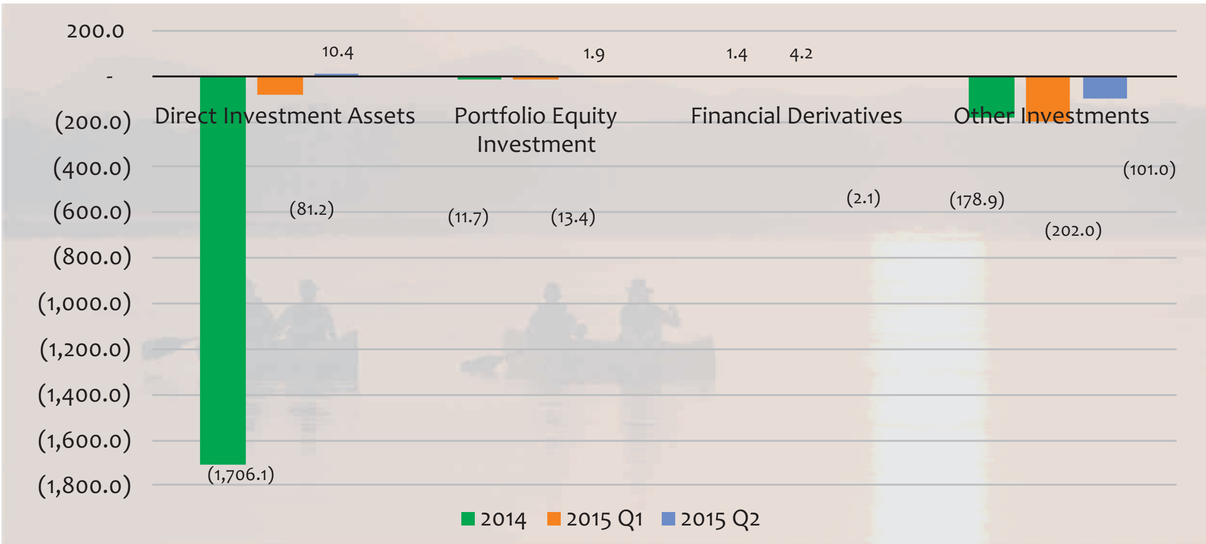
6.1 Zambia's Private Sector Foreign Assets Flows and Stocks by Type

In 2014, Zambia's private sector recorded a drawdown in foreign assets of US $1,847.1 million. The decrease in assets was explained by foreign asset drawdown and net repayments by enterprises abroad. In particular, net FDI assets fell by US $1,706.1 million in 2014, fell further by US $81.2 million and rose by US $10.4 million in quarter one and quarter two of 2015 respectively. Survey findings also show a similar trend in portfolio equity investment which only increased by US $1.9 million in the second quarter of 2015.

Net Financial derivatives rose by US $1.4 million in 2014. In the first quarter of 2015 Net financial derivatives rose by US $4.2 million but fell by US $2.1 million in the second quarter. Other investments assets recorded a decline of US $178.9, US $202 million and US $101 million in 2014, quarter one and quarter two of 2015 respectively. Furthermore, portfolio equity investment fell by US $11.7 million in 2014, fell further in quarter one of 2015 by US $13.4 million and rose by US $1.9 million in quarter two.

Survey findings show that significant value of private sector foreign assets flows were in form of FDI assets which accounted for 92 percent of foreign assets drawdown and hence the observed trend in the private sector foreign assets stocks. For the first quarter and second quarter of 2015, the trend decline in foreign assets was largely due to the decline in other investments (see Figure 6.1).

Figure 6.1: Zambia's Private Sector Foreign Assets Outflows by Type (US $ millions), 2014 - 2015 Q2

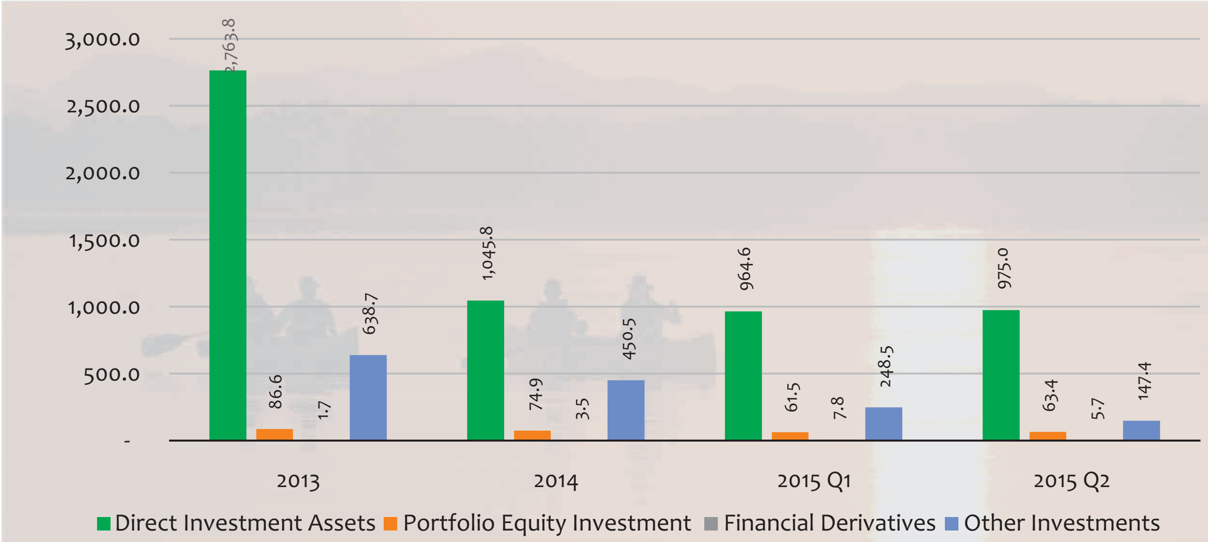


Source: Foreign Private Investment & Investor Perceptions, 2015

With regard to stocks, the survey data shows that overall private sector foreign assets decreased to US $1,673.9 million at end-2014 from US $3,546 million recorded at end-2013, driven largely by drawdown on foreign assets in form of FDI and other investments.

The stock of FDI assets, decreased by 62.1 percent to US $1,045.8 million in 2014, from US $2,763.8 million recorded in 2013. The huge decrease and drawdown of assets was in the mining and quarrying and electricity sectors. Similarly, Portfolio equity investment assets declined to US $74.9 million at end-2014 from US $86.6 million recorded at end-2013. However, financial derivatives assets rose to US $ 3.5 million at end-2014 from US $1.7 million at end-2013. Other investment assets fell to US $450.5 million at end-2014 from US $638.7 million recorded at end-2013, largely explained by decrease in currency and deposits and net loan repayments (see Figure 6.2).

Figure 6.2: Zambia's Private Sector Foreign Assets Stocks by Type (US $ millions), 2013- 2015Q2



Source: Foreign Private Investment & Investor Perceptions, 2015

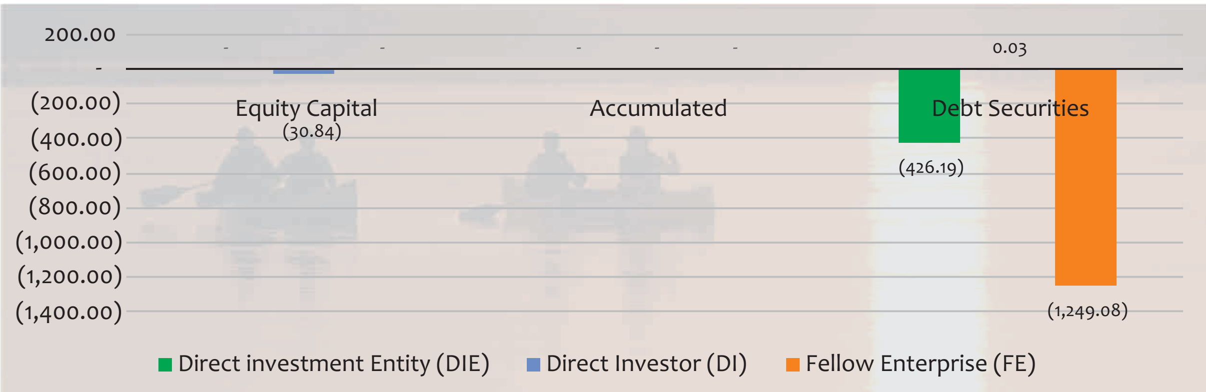
Survey findings show that FDI declined further at end-March 2015 to US $964.6 million from US $1,045.8 million at end 2014 before marginally rising to US $975 million at end-June 2015. The decline in FDI was largely explained by declining loans and trade credits and advances. Other investments decreased in the first quarter and second quarter of 2015 reflecting a fall in currency and deposits abroad during the review period. Similarly, financial derivative assets decreased in the first quarter and second quarter of 2015 while portfolio investment declined in the first quarter and rose in the second quarter of 2015.

6.2 Zambia's Foreign Direct Investments Assets

6.2.1 Zambia's Foreign Direct Investment Assets by Investor Relationship

Survey findings show that Zambia's foreign direct investment assets by relationship decreased in assets held by direct investment enterprises and fellow enterprises resident in Zambia during the period 2013-2014. Similarly, FDI assets held by direct investors (DI) recorded a decrease during the same period. The investments drawdowns were largely in form of debt instruments and equity (see Figure 6.3).

Figure 6.3: Foreign Direct Investment Flows by Investor Relationship (US $ millions), 2014



Source: Foreign Private Investment & Investor Perceptions, 2015

Zambia recorded a decrease in FDI assets of US $81.2 million during the first quarter of 2015, however recorded an increase of US $10.4 million in the second quarter, driven largely by changes in debt instruments. FDI assets held abroad by resident fellow enterprises decreased by US $56 million and increased by US $7.3 million during the first and second quarter, respectively. FDI assets held abroad by resident direct investment enterprises decreased by US $20 million in 2014 and increased by US $1.5 million during the first and second quarters of 2015. The decline in FDI assets during the first and a subsequent increase in FDI assets in the second quarter was largely explained by net repayments of debt to resident direct investment enterprises and fellow enterprises by non-resident direct investors (see Table 6.1).



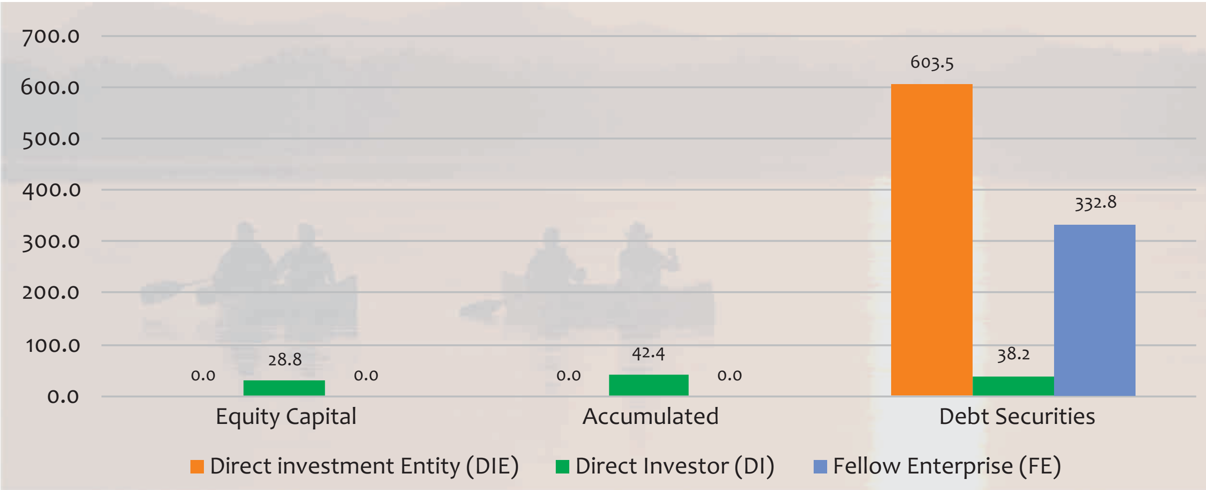

Table 6.1: Foreign Direct Investment Flows by Investor Relationship (US $ millions) 2015 Q1 and 2015 Q2

Relationship	Q1 2015				Q2 2015			
	Equity Capital	Accumulated Retained Earnings	Debt Securities	Total Flows	Equity Capital	Accumulated Retained Earnings	Debt Securities	Total Flows
DI	-5.2	0	0	-5.2	1.6	0	0	1.6
DIE	0	0	-20	-20	1.5	0	0	1.5
FE	0	0	-56	-56	0	0	7.3	7.3
Total Flows	**-5.2**	**0**	**-76**	**-81.2**	**3.1**	**0**	**7.3**	**10.4**

Source: Foreign Private Investment & Investor Perceptions Survey, 2015
Key: DI Direct Investor, DIE – Direct Investment Entity, FE- Fellow Enterprise

Regarding stock of FDI assets by investor relationship, survey data indicated that the overall stock of FDI assets amounted to US $1,045.8 million at end-2014 compared with US $2,763.8 million at end-2013. This was largely in form of debt repayments of loans. The repayments were mainly to direct investment entities and fellow enterprises resident in Zambia accounting for 61.7 percent and 34 percent respectively, of all debt repayments (see Figure 6.4).

Figure 6.4: Foreign Direct Investment Stocks by Relationship (US $ millions), 2014



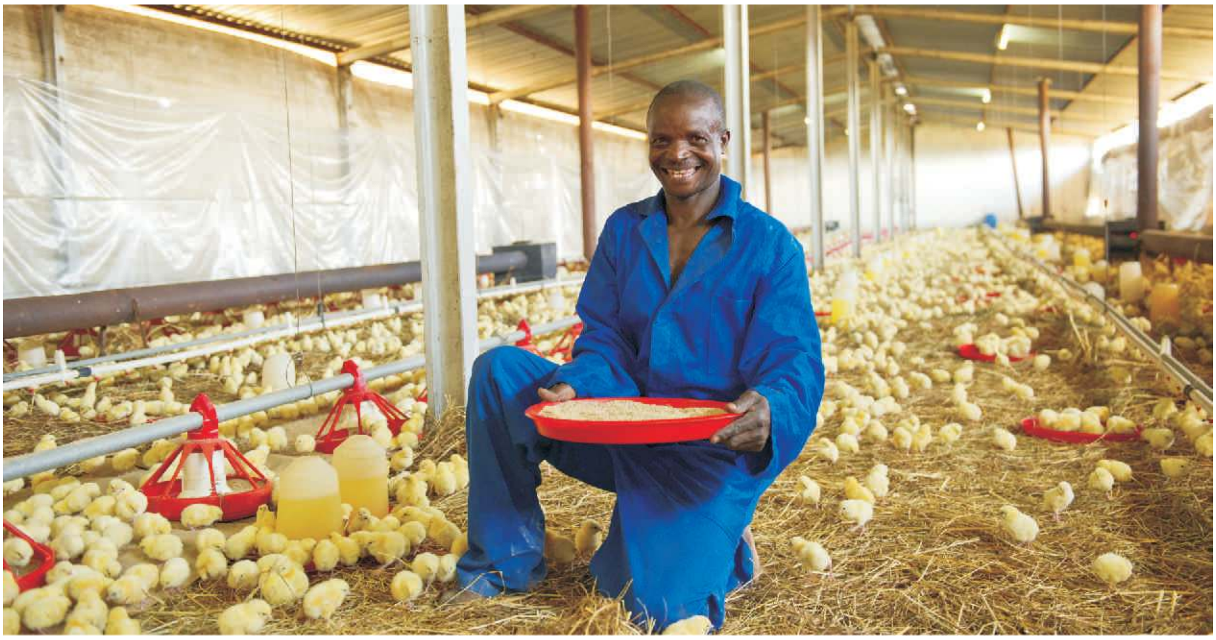
Source: Foreign Private Investment & Investor Perceptions, 2015

During the first and second quarters of 2015, survey findings indicated that the stock of FDI by investor relationship was largely dominated by direct investment enterprises out of the stock of US $964.6 million and US $975 million, recorded at end-March and end-June 2015 respectively, with debt instruments accounting for over 60 percent (see Table 6.2).

Table 6.2: Foreign Direct Investment Stocks by Relationship (US $ millions), 2015 Q1 and 2015 Q2

Relationship	Q1 2015				Q2 2015			
	Equity Capital	Accumulated Retained Earnings	Debt Securities	Total Flows	Equity Capital	Accumulated Retained Earnings	Debt Securities	Total Flows
DI	23.67	42.4	38.2	104.2	25.1	42.4	38.2	105.7
DIE	0	0	583.5	583.5	0	0	585.1	585.1
FE	0	0	276.8	276.8	0	0	284.2	284.2
Total Flows	**23.7**	**42.4**	**898.5**	**964.6**	**25.1**	**42.4**	**907.5**	**975**

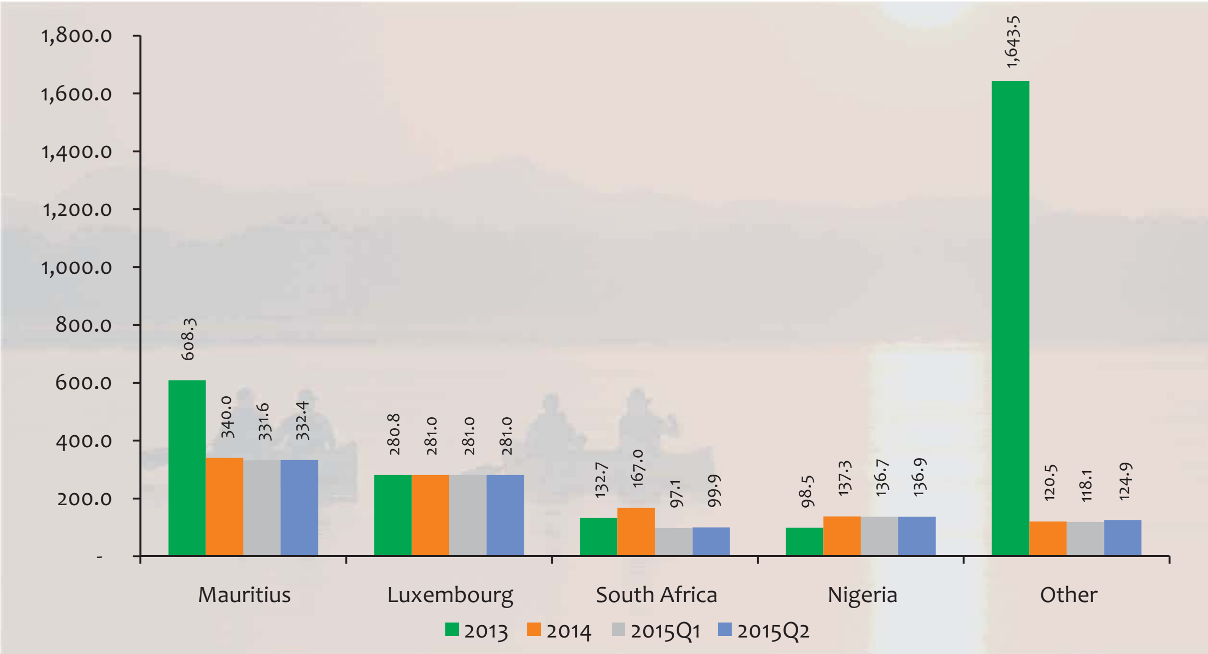
Key: DI- Direct Investor, DIE – Direct Investment Entity, FE- Fellow Enterprise
Source: Foreign Private Investment & Investor Perceptions Survey, 2015



6.2.2 Zambia's Foreign Direct Investment Assets by Recipient Country

Zambia's foreign direct investment assets by recipient country in 2014 showed that Mauritius dominated in FDI asset stocks. This was followed by Luxembourg and South Africa (see Figure 6.5).

Figure 6.5: Zambia's Foreign Direct Investment Assets by Recipient Country, (US $ millions) 2013-2015 Q2



Source: Foreign Private Investment & Investor Perceptions Survey, 2015

6.3 Zambia's Portfolio Investments Abroad

Zambia's portfolio investments abroad declined to US $74.9 million in 2014 from US $86.6 million recorded in 2013. The decline was largely attributed to a reduction in portfolio investment assets in form of equity held in listed enterprises in Australia by resident enterprises. By end-June 2015, portfolio investment holdings had declined further to US $63.4 million (see Table 6.3).

Table 6.3: Stock of Portfolio Equity Investment Assets (US $ millions), 2013- 2015 Q2

Country	End-2013	End-2014	End-2015 Q1	End- 2015 Q2
Australia	86.5	74.7	61.5	63.4
Zimbabwe	0.1	0.2	-	-
Total	**86.6**	**74.9**	**61.5**	**63.4**

Source: Foreign Private Investment & Investor Perceptions Survey, 2015

6.4 Financial Derivative Foreign Assets

During the period under review, Zambia's financial derivative assets increased to US $3.54 million at end-2014 from US $1.71 million recorded at end-2013. This was largely due to an increase in forward contracts[7] held by deposit taking corporations in South Africa, Congo and the United Kingdom. Furthermore, survey findings show that, the stock of private sector financial derivative foreign assets increased at end-March and decreased at end-June 2015 (see Table 6.4).

Table 6.4: Financial Derivative Foreign Assets (US $ millions), 2013- 2015 Q2

Destination Country	End 2013 Stock	Inflows Increase	Decrease	End 2014 Stock	2015 Q5 Stock	2015 Q5 Stock
Congo	0.36	0.37	0.09	0.58	0.47	0.44
Mauritius	0.11	-	-	0.10	0.08	0.08
South Africa	0.60	0.86	-	1.92	2.37	2.24
United Kingdom	0.44	-	0.18	0.39	0.14	0.17
Other	0.20	0.39	-	0.55	4.72	2.76
Total	1.71	1.63	0.27	3.54	7.78	5.69

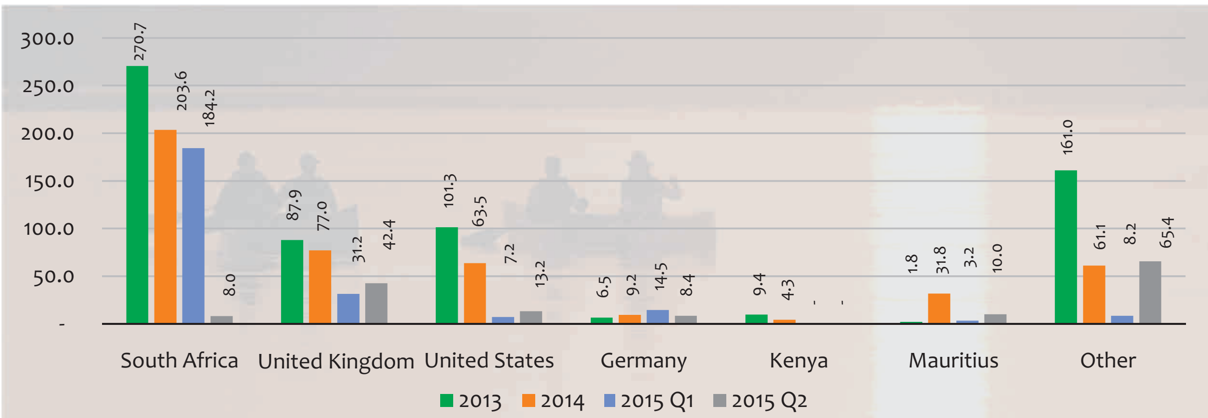
Source: Foreign Private Investment & Investor Perceptions Survey, 2015

6.5 Zambia's Other Investments Abroad

6.5.1 Zambia's Other Investments Abroad by Recipient Country

Other Investments (other than portfolio investment and financial derivatives) held by the private sector abroad, amounted to US $450.5 million in 2014 compared to US $638.7 million recorded in 2013. The investment assets were concentrated in South Africa accounting for US $203.6 million (45.2 percent) at end-2014. This was followed by the United Kingdom and the United States, accounting for 17.1 percent and 14.1 percent of the stock at end-2014, respectively. Mauritius and Germany accounted for 7 percent and 2 percent, respectively. Other countries accounted for US $61 million (13.5 percent). Other investments abroad in form of lending to unrelated enterprises continued to be made by the deposit taking corporations, mining and quarrying, manufacturing and finance sectors (see Figure 6.6).

Figure 6.6: Other Investments Abroad by Recipient Country (US $ millions), 2013- 2015 Q2



Source: Foreign Private Investment & Investor Perceptions, 2015

6.6 Private Sector External Lending (PSEL)

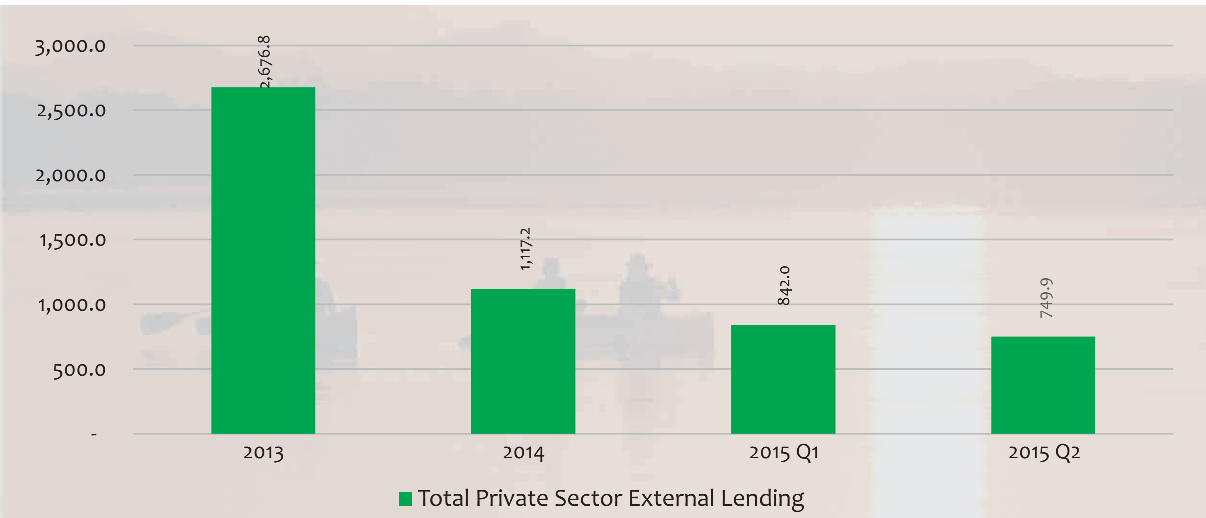
The stock of PSEL advanced by enterprises resident in Zambia, to enterprises abroad, was dominated by lending to Fellow Enterprises and Direct Investment Entities. Major lending instruments included loans, trade credits and advances, and currency and deposits. The stock of PSEL declined to US $1,117.2 million at end-2014 from US $2,676.8 million recorded at end-2013. The fall in the stock of PSEL in 2014 was largely due to net repayments to the mining and quarrying sector by enterprises abroad and asset drawdown by the finance and insurance sectors (see Figure 6.7).

[7] A forward contract (forward) is an unconditional contract by which two counterparties agree to exchange a specified quantity of an underlying item (real or financial) at an agreed price (the strike price) on a specified date




In terms of external lending by relationship, the stocks of external debt assets to direct investment entities, fellow enterprises and others resident abroad declined between 2013 and quarter two of 2015. External debt assets to direct investment entities declined to US $373.9 million in 2014 from US $527 million in 2013. Survey findings show a further decline in quarter one of 2015 and a marginal increase in the stock to US $355.5 million in quarter two of 2015. A similar trend decline was observed in debt assets to fellow enterprises resident abroad. The debt asset stocks were US $1,511.1 million, US $295.7 million, US $239.7 million and US $247.1 million for 2013, 2014, 2015 quarter one and 2015 quarter two respectively (see figure 6.8)

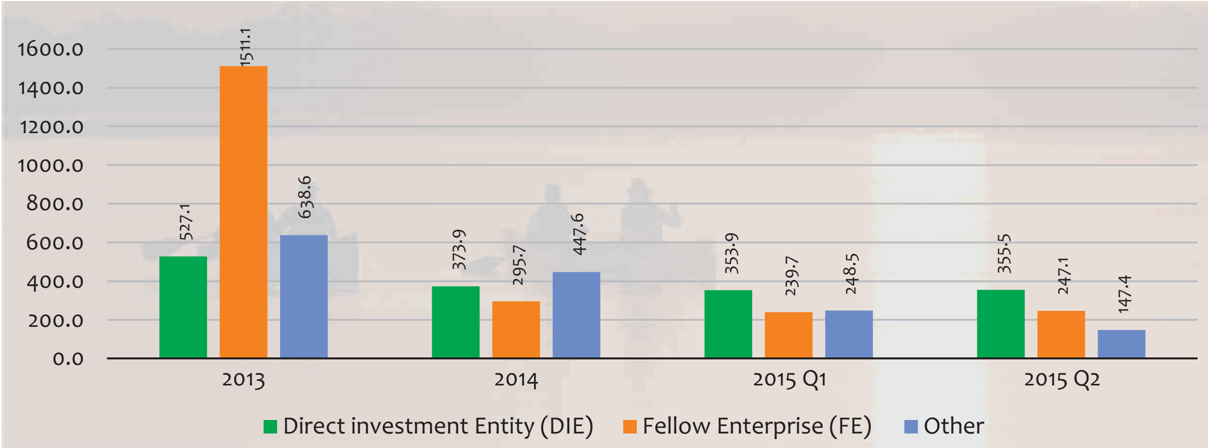
Figure 6.7: Total Stock of Private Sector External Lending (US $ millions), 2013- 2015 Q2



Source: Foreign Private Investment & Investor Perceptions, 2015

Below we present private sector external lending by relationship and by recipient country. While marginal increases in the stock of PSEL to direct investment entities were recorded from 2013 to 2014 particularly for Luxembourg, South Africa and United States, there was a notable decline in stock of PSEL to private investment entities recorded for Ireland (see Table 6.5)

Figure 6.8: Stock of Private Sector External Lending by Relationship (US $ millions), 2013- 2015 Q2



Source: Foreign Private Investment & Investor Perceptions, 2015

A similar trend decline was observed and recorded for stock of PSEL to fellow enterprises dominated by repayments by enterprises resident in the United Kingdom (see Table 6.6)

Table 6.5: Stock of Private Sector External Lending to Direct Investment Entity by Recipient Country (US $ millions), 2013- 2015 Q2

Destination Country	End 2013 Stock	End 2014 Stock	2015 Q1 Stock	2015 Q2 Stock
Luxembourg	280.8	281	281	281
South Africa	37.8	53.9	43.1	44
United States	19.7	21.7	21.1	21.5
Mauritius	2.4	16.8	8.7	8.9
Japan	0	0.5	0	0
India	0	0	0	0
Ireland	186.5	0	0	0
Total	**527.1**	**373.9**	**353.9**	**355.5**

Source: Foreign Private Investment & Investor Perceptions Survey, 2015

According to survey findings, the stock of PSEL to others (non- affiliates) at end 2014 declined. Survey findings further show decline in stock of PSEL to non-affiliates at end-March and end-June 2015 respectively (see Table 6.7)

Table 6.6: Stock of Private Sector External Lending to Fellow Enterprises by Recipient Country (US $ millions), 2013- 2015 Q2

Destination Country	End 2013 Stock	End 2014 Stock	2015 Q1 Stock	2015 Q2 Stock
Nigeria	98.3	137.1	136.6	136.7
South Africa	88	103.9	50.5	52.3
Mozambique	18.9	16.4	18	17.2
Mauritius	20.8	15.7	15.5	16
United Kingdom	1240.8	-2.4	2.3	7.2
Kenya	3	5.2	4.3	4.4
Other	41.3	19.7	12.6	13.2
Total	**1511.1**	**295.7**	**239.7**	**247.1**

Source: Foreign Private Investment & Investor Perceptions Survey, 2015

Table 6.7: Stock of Private Sector External Lending to Others (non-affiliates) by Recipient Country (US $ millions), 2013- 2015 Q2

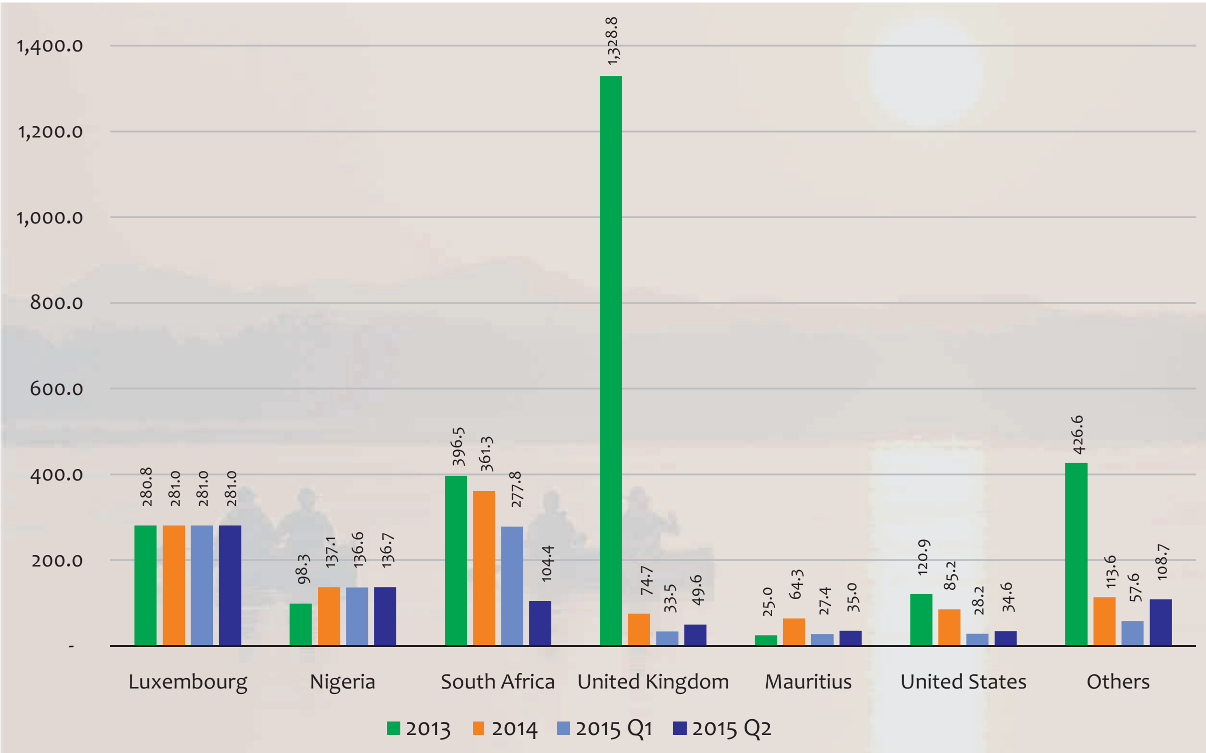
Destination Country	End 2013 Stock	End 2014 Stock	2015 Q1 Stock	2015 Q2 Stock
United Kingdom	87.9	77	31.2	42.4
United States	101.3	63.5	7.2	13.2
Mauritius	1.8	31.8	3.2	10
Germany	6.5	9.2	14.5	8.4
South Africa	270.7	203.6	184.2	8
Malaysia	1.7	0.8	0.8	1
Other	168.6	61.7	7.4	64.4
Total	**638.6**	**447.6**	**248.5**	**147.4**

Source: Foreign Private Investment & Investor Perceptions Survey, 2015

6.6.1 Zambia's Private Sector External Lending by Recipient Country

Survey findings indicated that over the period 2013 to June-2015, the stock of private sector external debt advanced by enterprises resident in Zambia were mainly to South Africa, Luxembourg, Nigeria, United States, United Kingdom and Mauritius. In 2014, these countries jointly accounted for 89.9 percent and others accounted for 10.1 percent (see Figure 6.9).

Figure 6.9: Stock of Private Sector External Lending by Recipient Country, (US $ millions), 2013- 2015 Q2



Source: Foreign Private Investment & Investor Perceptions, 2015

7.0 FOREIGN AFFILIATES STATISTICS




7.0 FOREIGN AFFILIATES STATISTICS

7.1 Introduction

Foreign-controlled enterprises continue to play an increasingly important role in the economies of many host countries. With the phenomenon increase in the level of foreign direct investment inflows over the last two decades, foreign-controlled firms are able to undertake activities that can significantly contribute to the welfare of the host countries, in which they operate.

In many economies affiliates of multinational enterprises are considered better structured to weather difficult financial times as they enjoy superior assets through their parent companies, greater market power and lower costs of capital compared to local unaffiliated companies.

Foreign affiliates are increasingly becoming more important in the world economy as they seek to internationalise and spread costs across the globe, while taking advantage of available opportunities in host economies. To stay competitive, companies are under constant pressure to decrease costs, increase product quality and create innovative solutions and products. As a result of this global phenomena, multinational enterprises (MNEs) have evolved and risen as important contributors to both the host and global economy (Eurostat 2015).

Given the rise in globalisation, increase in regional integration as well as trade negotiations in trade in services, there has been a rising demand for trade in services statistics. The General Agreement on Trade in Services (GATS) categorises trade in services according to four modes of supply - cross border, consumption abroad, commercial presence and presence of natural persons. Distinctions among these modes are based on whether the service supplier and the consumer are present in the same country or in different countries when the transaction is effected. Foreign Affiliates Trade in Services (FATS) includes data on mode three (3) of international trade in services (commercial presence), as classified by the GATS, through affiliates in foreign markets. In mode 3, the service provider through establishing affiliated companies in another economy provides services to the customers in that economy. However, mode three (3) trade in services are not included in the conventional TIS statistics.

Foreign Affiliates Statistics (FATS) are statistics describing the overall operations of foreign-controlled Affiliates (MSITS 2010). Inward Foreign affiliate's Statistics (inward FATS) describe the overall activities of foreign affiliates resident in the compiling economy. A foreign affiliate in the context of inward FATS is an enterprise resident in the compiling country over which an institutional unit not resident in the compiling country has control. In simpler terms, inward FATS describe how many jobs, how much turnover, value added etc. are generated by foreign investors in a given host economy.

Zambia recorded a decrease in FDI assets of US $81.2 million during the first quarter of 2015, however recorded an increase of US $10.4 million in the second quarter, driven largely by changes in debt instruments. FDI assets held abroad by resident fellow enterprises decreased by US $56 million and increased by US $7.3 million during the first and second quarter, respectively. FDI assets held abroad by resident direct investment enterprises decreased by US $20 million in 2014 and increased by US $1.5 million during the first and second quarters of 2015. The decline in FDI assets during the first and a subsequent increase in FDI assets in the second quarter was largely explained by net repayments of debt to resident direct investment enterprises and fellow enterprises by non-resident direct investors (see Table 6.1).

The second section gives data on pure services categories i.e. [ISIC, Rev.4 Categories for Foreign Affiliates in Services (ICFA, Rev.1)], by partner country and by sector[8].

7.2 Methodology of Compiling FATS

The inward Foreign Affiliates Statistics (FATS) in the context of Zambia are compiled following recommendations outlined in the 2010 Manual on Statistics for International Trade in Services (MSITS 2010). In compiling and interpreting FATS statistics, the following issues are important to consider:

Inward Foreign Affiliates Statistics are compiled only for Majority owned foreign affiliates (MOFAs). These are resident enterprises with a single foreign enterprise, or an associated group of foreign investors acting in consent, owning more than 50.0 percent of the ordinary shares or voting power. The concept of majority ownership is used to ensure final management control of MOFAs by the foreign investors. Control in this context is the ability to determine the general policy of an enterprise by choosing appropriate directors, if necessary. In the context of Zambia, FATS like Foreign Direct Investment (FDI) other financial account statistics are compiled on an immediate partner country basis.

The majority ownership concept of majority-owned foreign affiliates (MOFAs) differs from the rules relating to direct investment ownership in the Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6). In the context of FDI, 10.0 percent ownership is used as the lower threshold for direct investment as opposed to more than 50.0 percent rule applicable to FATS.

- If an Enterprise is identified as a MOFA, figures relating to its operating characteristics are entirely included in the Inward FATS statistics. No apportionment by percentage of source of investment is made to its contributions. This approach outlines the major difference with compilation FDI as recommended in the Balance of Payments Manual Six (BPM6).
- Foreign affiliates Statistics are extracted from the comprehensive Foreign Private Investment and Investor Perceptions Survey data following the detailed methodology presented in Annex 1.

[8] The detailed tables on ISIC, Rev.4 Categories for Foreign Affiliates in Services (ICFA, Rev.1) by sector and country are presented in Annex I and II




7.3 Main Findings

In 2014, 162 majority-owned foreign affiliates (MOFAs) in Zambia were enumerated compared with 129 recorded in 2013. Overall, the surveyed enterprises generated sales/turnover amounting to US $14,731.1 million, 7.4 percent higher than US $13,624.3 million registered the preceding year. With regard to employment levels, MOFAs accounted for 87,527 employees, up 11.5 percent from the 78,475 level recorded in 2013. During the same period, assets of majority owned foreign affiliates, at US $26,918.5 million, were 20.9 percent higher than recorded in 2013.The net worth of these enterprises, however, declined by 24.8 percent due largely to a decline in accumulated retained earnings of some enterprises, due losses recorded during the period. In the year under review, overall, MOFAs, recorded a 66.1 percent decline in profits after tax. Consequently, the contribution to taxes on income of MOFAs declined to US $74.8 million, compared to US $699.9 million in 2013. Following the slide in profits, dividend declared by MOFAs fell by 59.2 percent to US $395.7 million, from US $969.7 million registered in 2013.

In the period under review, value added[9] contributed by MOFAs, at US $4,184.1 million, was 11.4 percent lower that recorded in 2013. In addition, the surveyed MOFA accounted for US $6,133.0 million of exports of goods and services, 21.3 percent lower than recorded in 2013. Similarly, MOFAs exports of goods declined by 21.7 percent to US $6,092.1 in 2014, accounting for 59.6 percent total exports) [71.7 percent of total in 2013]. Similarly, MOFAs imports of goods and services at, US $3,081.8 million were 32.1 percent lower than US $4,540.5 million registered in 2013. Imports of goods declined by 31.8 percent with the share in Zambia's imports declining to 34.3 percent (47.1 percent in 2013). In addition, MOFAs paid about US $1,607.9 million in wages and salaries, up from US $1,403.6 million, recorded the preceding year (see Table 7.1).

Table 7.1: Summary of Inward Foreign Affiliates Statistics by Category 2013-2014 (US $millions)

DESCRIPTION	2013	2014
Number of Enterprises	129	162
Sales/Turnover	13,624.3	14,473.1
Gross Output	13,612.5	14,614.9
Employment (Number of employees)	78,475	87,527
Assets at end of Year	22,264.9	26,918.5
Net Worth at end Year	9,290.7	6,987.1
Value-added	4,721.9	4,184.1
Exports of Goods & Services	7,797.2	6,133.0
Of which to foreign affiliates	1,857.5	2,052.5
Of Which Goods	7,778.2	6,092.1
Of Which Services	19.0	40.9
Imports of Goods & Services	4,540.5	3,081.8
Of which from foreign affiliates	1,245.5	1,638.1
Of Which goods	4,328.4	2,951.6
Of Which Services	212.1	130.2
Compensation of Employees	1,403.6	1,607.9
Net Operating Surplus (or loss)	2,056.1	334.8
Taxes on Income	699.9	74.8
Net Profit After Tax (Earnings)	1,166.1	395.7
Total Dividends Distributed/Declared	969.7	395.7
Research and Development	113. 9	12.6
Purchases of Domestic Goods and Services	4,760.0	3,560.3
Of which Goods	3,159.5	2,842.3
Of which Services	1,412.2	1,600.8
Gross Fixed Capital Formation	4,154.0	3,059.6
Of which: Machinery and Equipment	1,987.5	2,296.6
Payments for Royalties and License fees	380.5	266.3
Management Fees	97.5	199.9
Stock of domestic borrowing from banks as at 31st Dec	520.6	214.7

Source: Foreign Private Investment & Investor Perceptions Survey, 2014

[9] Value added is defined as gross output minus operating expenditure, where gross output is defined as sales/turnover plus values of closing stock less opening stock.

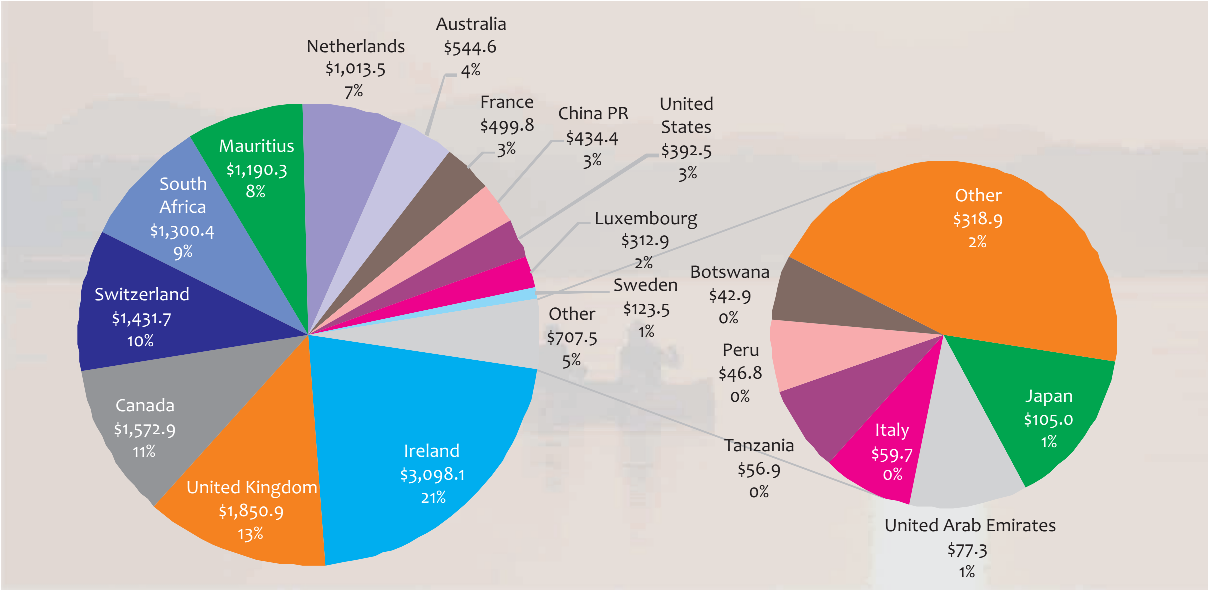


7.4 Inward FATS Analysed by Immediate Investing Country

7.4.1 Sales/Turnover by Source Country

With regard to sales/turnover of MOFAs by partner country, Ireland accounted for the largest share at US $3,098.1 million representing 21.0 percent. Other countries with notable shares in Sales/Turnover included; United Kingdom (13.0 percent), Canada (11.0 percent), Switzerland (10.0 percent), South Africa (9.0 percent), Mauritius (8.0 percent) and Netherlands (7.0 percent) and Australia (4.0 percent) (see Figure 7.1).

Figure 7.1: Sales/Turnover of MOFAs by Source Country, 2014 (US $millions)



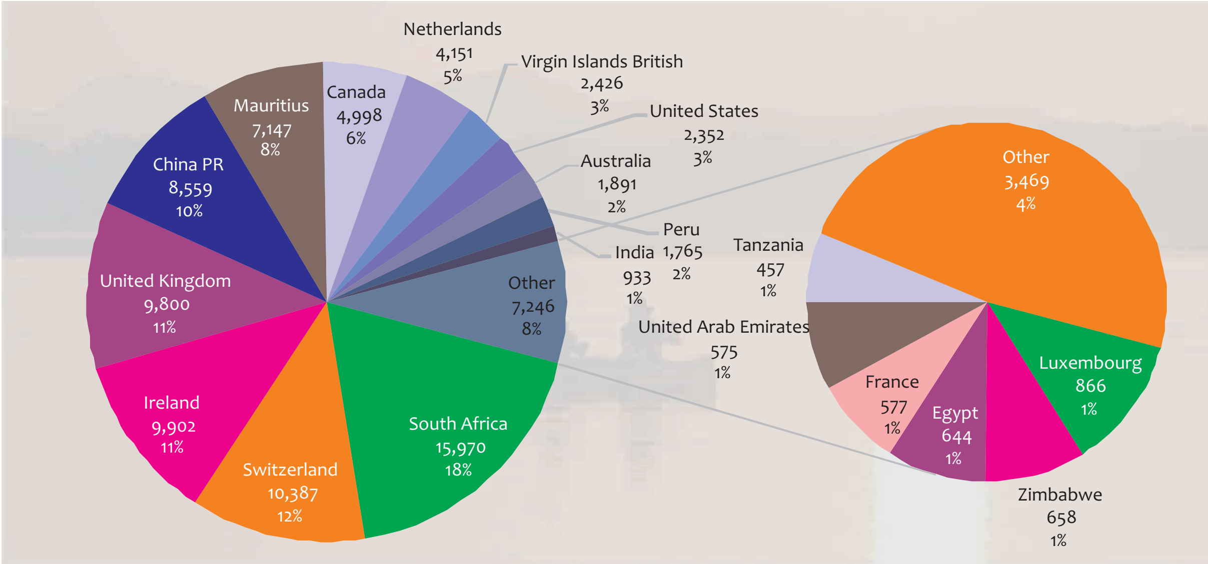
Source: Foreign Private Investment & Investor Perceptions, 2015

7.4.1 Employment Levels of MOFAs by Source Country

In terms of employment levels by partner country, the survey findings show that, South Africa, Switzerland, Ireland, United Kingdom, China, Canada, Mauritius, Netherlands and British Virgin Islands were the largest, collectively accounting for 83.8 percent of the total employees of MOFAs in 2014 (See Figure 7.2).

Comparing the levels of employment in 2014 and the preceding year, the survey findings showed that notable increases in employment were recorded by MOFAs originating from South Africa, China, Ireland, and Mauritius. Notable decreases in employment were recorded by MOFAs originating from the United Kingdom, and Switzerland.

Figure 7.2: Employment Levels of MOFAs by Source Country, 2014

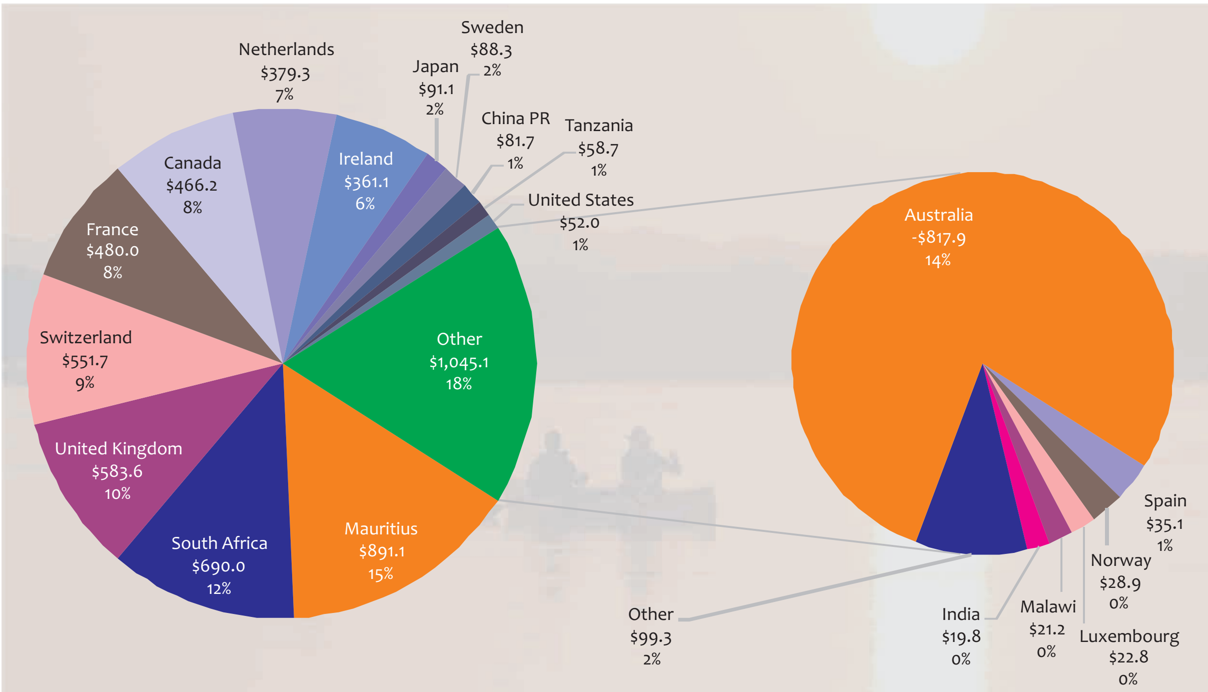


Source: Foreign Private Investment & Investor Perceptions, 2015

7.4.2 Value Added of MOFAs by Immediate Partner Country

With regard to contribution to value added, Mauritius, South Africa, United Kingdom, Switzerland, France, Canada, and Netherlands had the largest share, collectively accounting for 96.6 percent of the total value added (see Figure 7.3).

Figure 7.3: Value Added of MOFAs by Immediate Partner Country (US $ millions), 2014

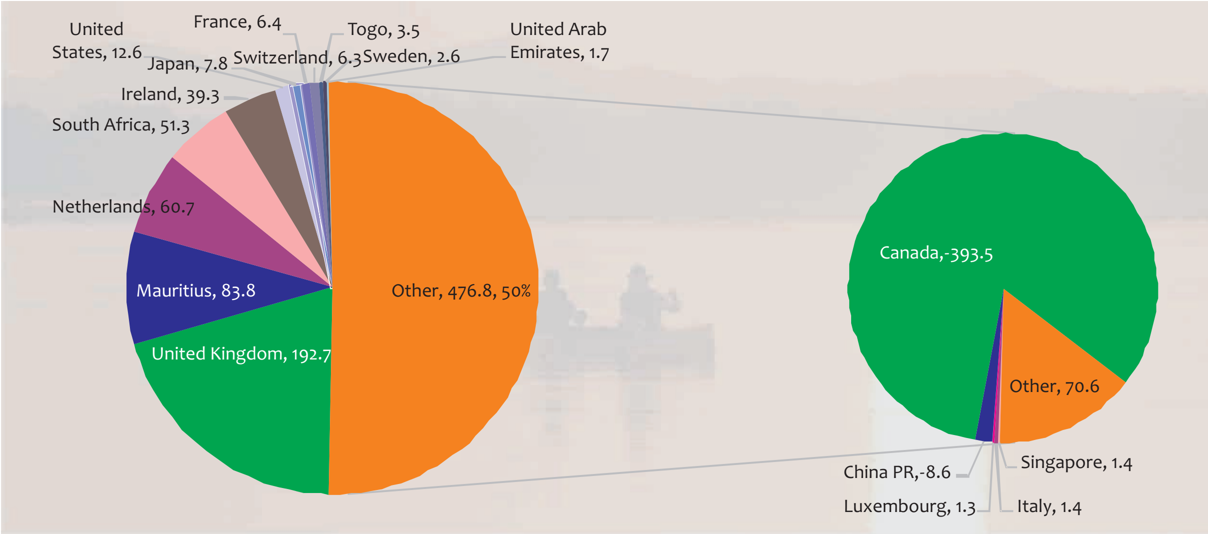


Source: Foreign Private Investment & Investor Perceptions, 2015

7.4.3 Taxes on Income by MOFAs by Immediate Partner Country

With regard to contribution to taxes on income (corporate tax), the survey findings show that the United Kingdom had the largest share, followed by Mauritius, Netherlands, South Africa, and Ireland (see Figure 7.4).

Figure 7.4: Taxes on Income of MOFAs by Immediate Partner Country (US $millions), 2014

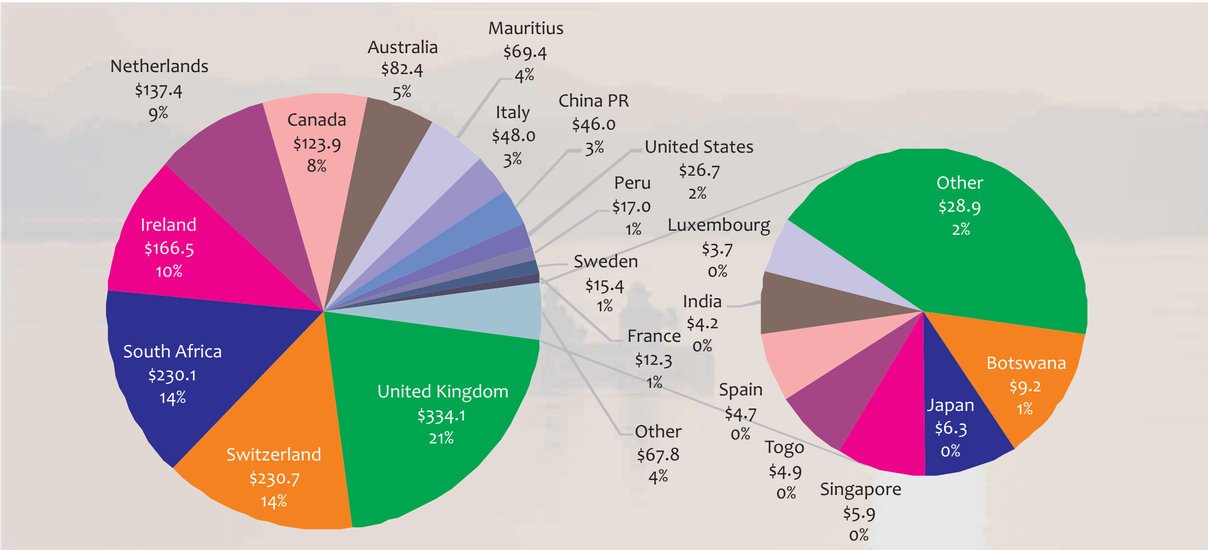


Source: Foreign Private Investment & Investor Perceptions, 2015

7.4.5 Salaries and Wages Paid in 2014 by Immediate Partner Country

During the year under review, the United Kingdom continued to account for the largest share of compensation of employees (salaries and wages) at 21.0 percent (20.0 percent in 2013). This was followed by Switzerland, South Africa, Ireland, Netherlands, Canada, Australia, and Mauritius, which, together with the United Kingdom accounted for 85.5 percent (See Figure 7. 5).

Figure 7.5: Salaries and Wages Paid in 2014 by Immediate Partner Country



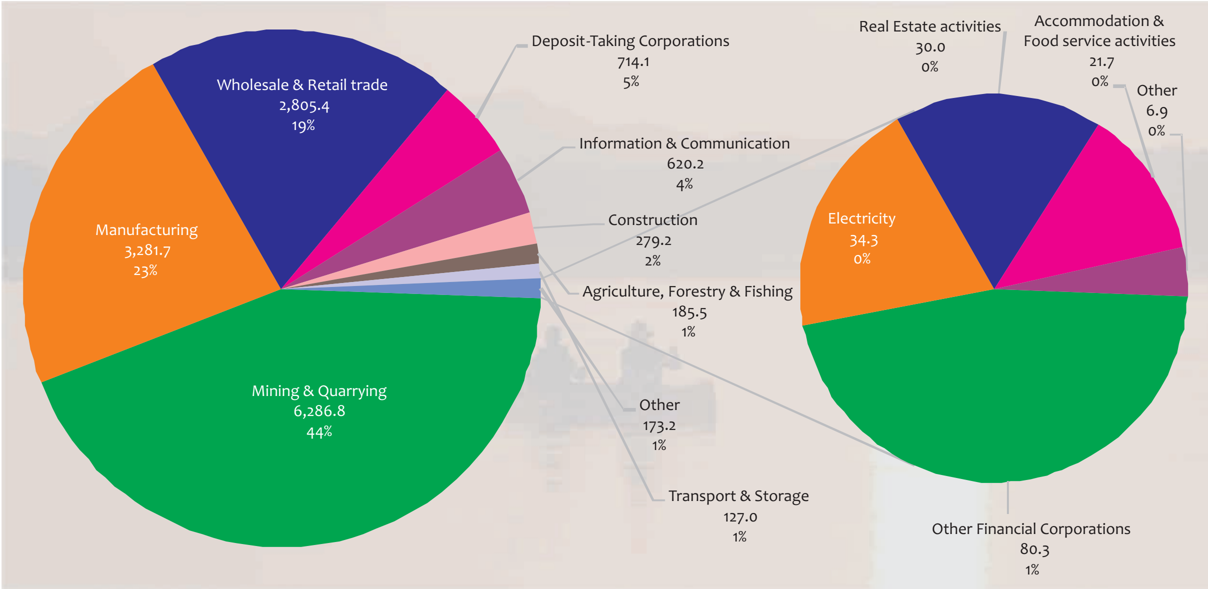
Source: Foreign Private Investment & Investor Perceptions, 2015

7.5 Inward FATS analysed by Recipient Sector

7.5.1 Sales/Turnover by Recipient Sector

In the year 2014, the sales/turnover generated by MOFAs was dominated by the mining and quarrying sector at US $6,286.8 million (44.0percent), down from US $6,619.6 million (49.0 percent) registered in 2013. Other major sectors contributing to sales/turnover included; manufacturing at 23.0 percent, wholesale and retail trade (19.0 percent), deposit-taking corporations (5.0 percent) and information and communication (4.0 percent) (see Figure 7.6).

Figure 7.6: Sales/Turnover of MOFAs by Source Sector, 2014 (US $millions)

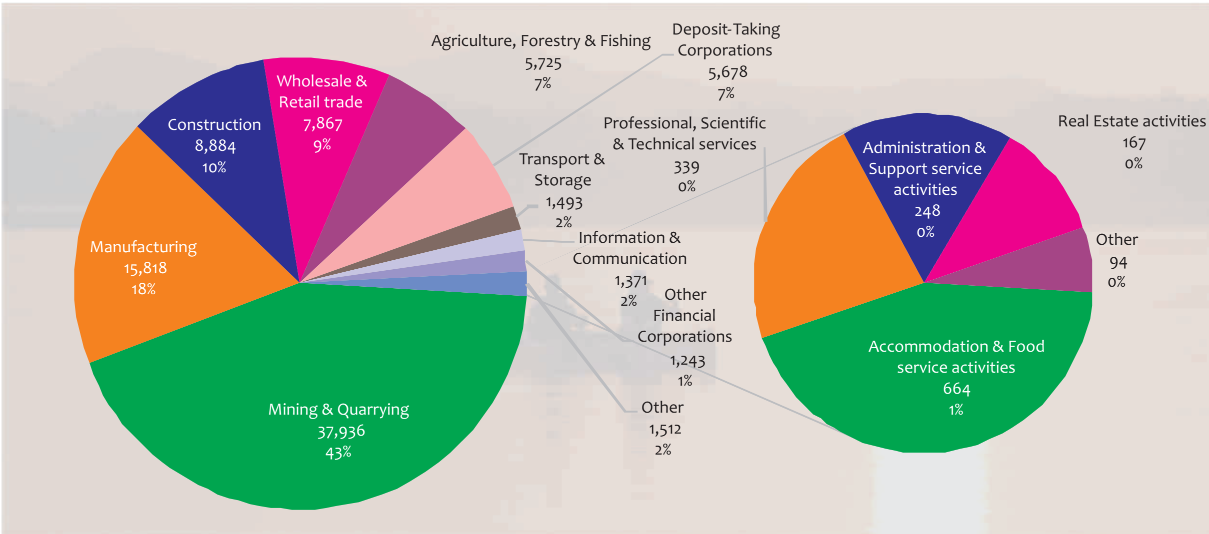


Source: Foreign Private Investment & Investor Perceptions, 2015

7.5.2 Employment Levels of MOFAs by Sector

The survey findings show that the mining and quarrying sector continued to account for the largest share of employees of MOFAs at 37,936 in 2014, representing 43.0 percent up from 37,121 (47.3 percent in 2013). Similarly, the manufacturing sector maintained its second position accounting for 18.0 percent. Other major contributing sectors included construction accounting for 10.0 percent, wholesale and retail trade (9.0 percent), agriculture, forestry and fishing (7.0 percent), and deposit-taking corporations (7.0 percent). The rest of the sectors had relatively lower levels of employment (see Figure 7.7).

Figure 7.7: Employment Levels of MOFAs by Sector, 2014



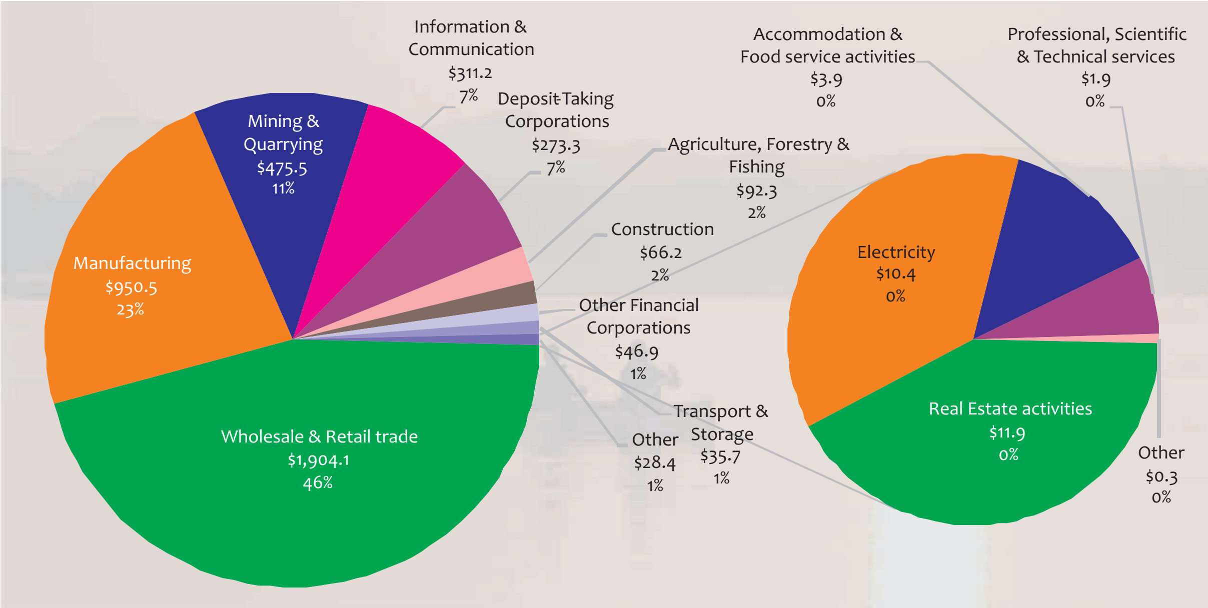
Source: Foreign Private Investment & Investor Perceptions, 2015

7.5.3 Value Added of MOFAs by Sector

With regard to value added by sector, survey findings show that wholesale and retail trade dominated, at US $1,904.1 million, representing 46.0 percent, displacing the mining and quarrying sector which dominated in 2013. The manufacturing sector, however, maintained the second position, accounting for 23.0 percent, followed by mining and quarrying (11.0 percent), information and communication (7.0 percent) and deposit-taking corporations (7.0 percent) (see Figure 7.8). Other sectors such as agriculture, forestry and fishing, electricity and gas, construction, and other financial institutions had relatively lower shares.



Figure 7.8: Value Added of MOFAs by Sector (US $millions), 2014

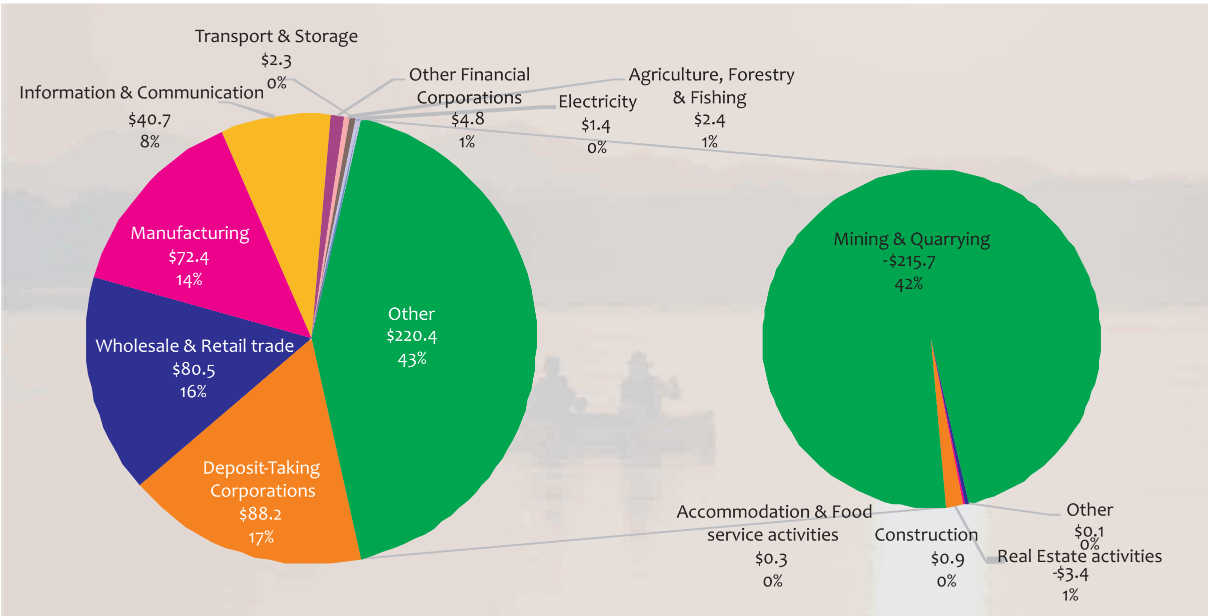


Source: Foreign Private Investment & Investor Perceptions, 2015

7.5.4 Taxes on Income of MOFAs by Sector

In the year under review, deposit taking corporations accounted for the largest share of taxes on income at US $88.2 million, representing 17.0 percent, displacing the mining and quarrying sector. This was followed by wholesale and retail trade (16.0 percent), manufacturing (14.0 percent), and information and communication (8.0 percent), (see Figure 7.9).

Figure 7.9: Taxes on Income of MOFAs by Sector (US $millions), 2014

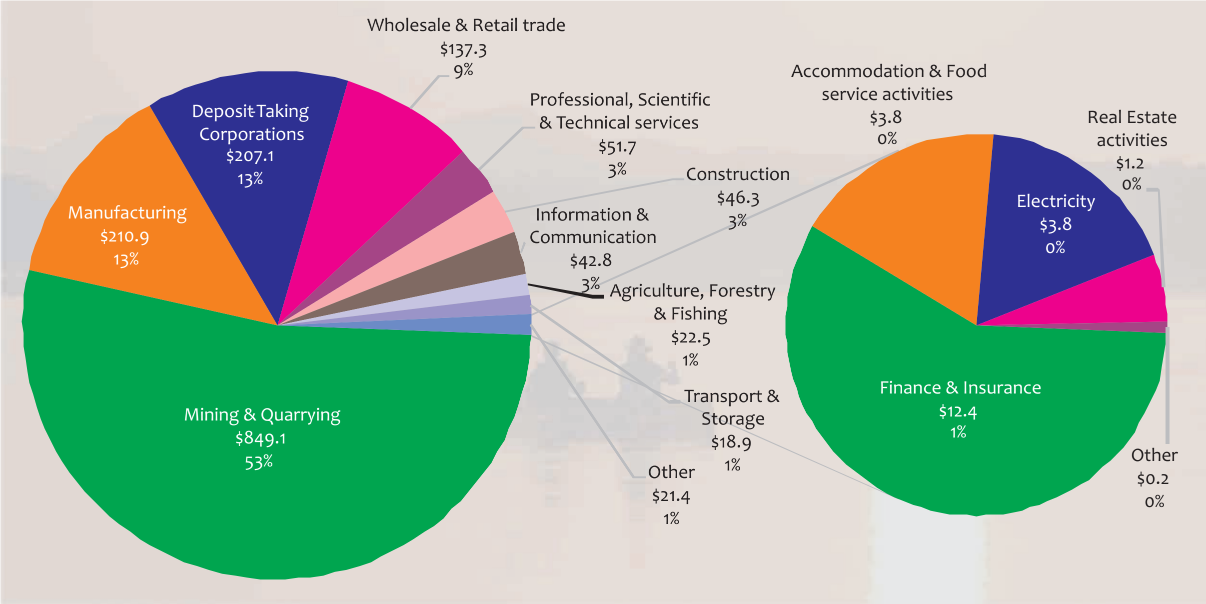


Source: Foreign Private Investment & Investor Perceptions, 2015

7.5.5 Compensation of Employees (Salaries and Wages) by Sector

During the same period, compensation of employees (salaries and wages) by sector continued to be dominated by the mining and quarrying sector, accounting for 53.0 percent. This was followed by manufacturing at 13.0 percent, deposit taking corporations (13.0 percent), and wholesale and retail trade (9.0 percent) (See Figure 7.10).

Figure 7.10Salaries and Wages by Sector 2014, US $ per Month



Source: Foreign Private Investment & Investor Perceptions, 2015

8.0 CONTRIBUTION TO CORPORATE SOCIAL RESPONSIBILITY

8.0 CONTRIBUTION TO CORPORATE SOCIAL RESPONSIBILITY

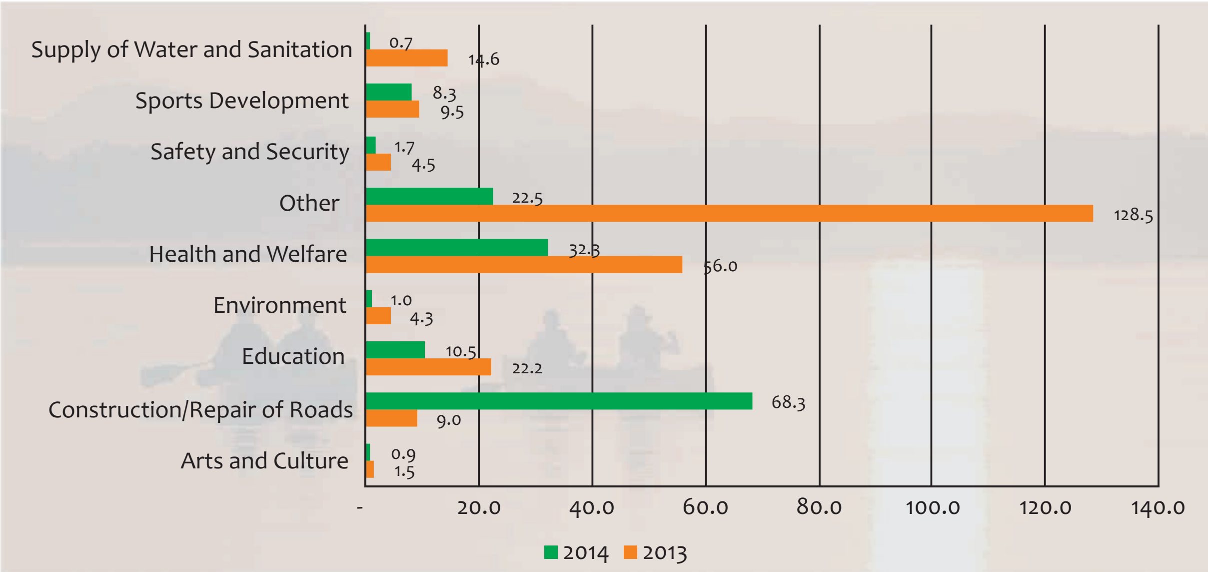
Introduction

Corporate Social Responsibility (CSR) is a measure of good governance and social responsibility. The surveyed companies undertook CSR activities through various activities such as arts and culture, roads repair, sports, health, and education, among others. A total of US $146 million in expenditure was recorded for the year 2014. In comparison to the US $250 million recorded in 2013, this represented a significant decline of 42 percent respective of the periods 2013 and 2014.

8.1 Corporate Social Responsibility Expenditure by Category

Out of the total US $146 million invested in Corporate Social Responsibility (CSR) in 2014, expenditure by category shows that construction and road repair recorded US $68.3 million, accounting for 47.0 percent of the total expenditure. This represented a shift in resource allocation from the year 2013 when health and welfare had the highest expenditure at US $56 million, followed by education at US $22.2 million. In 2014, health and welfare was in second place with an expenditure of US $56 million (22 percent) while education and sports development accounted for 7 percent and 6 percent of the total expenditure respectively (See figure 8.1).

Figure 8.1: Corporate Social Responsibility Expenditure by Category (US $ millions), 2013 – 2014

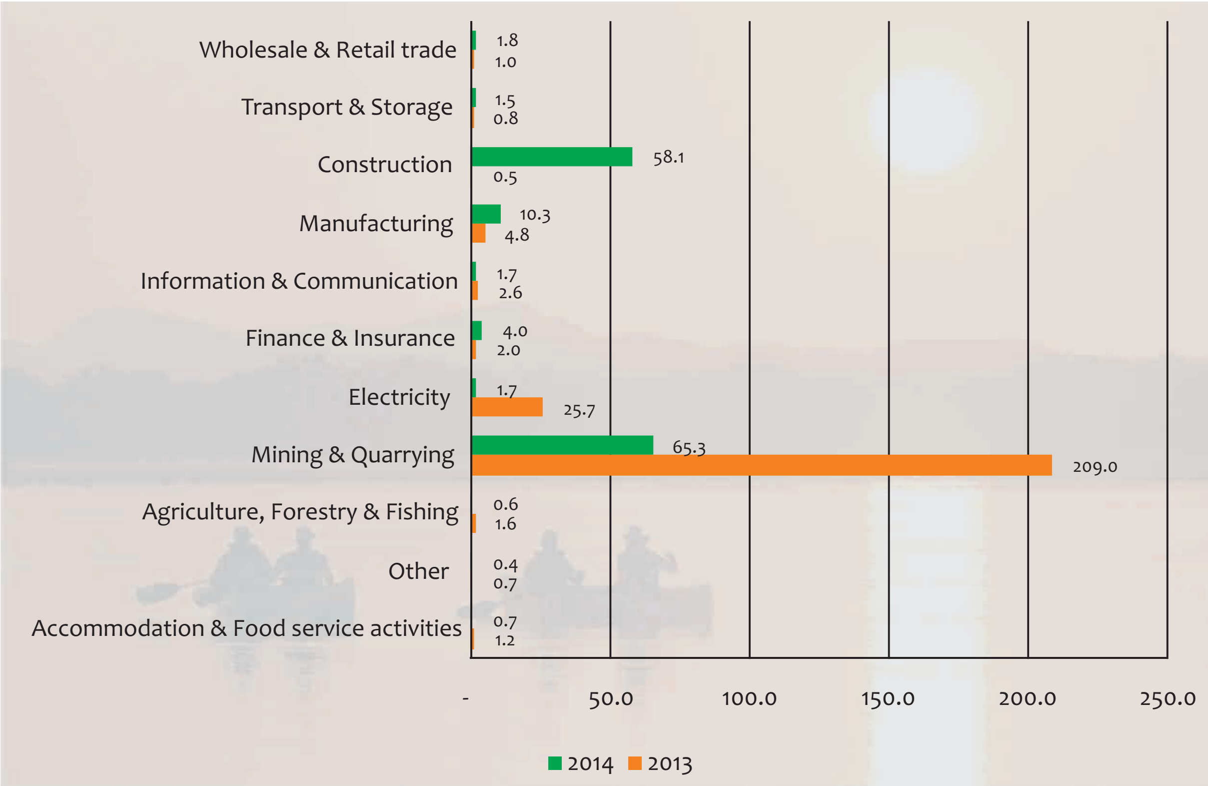


Source: Foreign Private Investment & Investor Perceptions Survey, 2015

8.2 Corporate Social Responsibility Expenditure by Sector

The mining and quarrying sector recorded the highest contribution to CSR expenditure in 2014 at US $65.3 million, representing 45 percent of the total expenditure. This was followed by construction at US $58.1 million (40 Percent) and manufacturing in third place at US $10.3 million (7 percent). The remaining sectors had low expenditures accounting for a collective total of US $12.5 million, representing 9 percent of the total CSR expenditure (see Figure 8.2).

Figure 8.2: Corporate Social Responsibility Expenditure by Sector (US $ millions) 2013 - 2014



Source: Foreign Private Investment & Investor Perceptions Survey, 2015

9.0 INVESTOR PERCEPTIONS

9.0 INVESTOR PERCEPTIONS

9.1 Introduction

This chapter contains analyses of perceptions of the enterprises surveyed on the investment climate and policy environment in respect of their business operations. The areas covered in the survey are the state of export and import exposure; government strategies contained in the 2015 national budget such as industrialisation and economic diversification; government policy measures such as decentralisation and the promotion of value addition; service delivery by selected key government ministries and agencies; economic and financial factors; political and governance factors, as well as health and labour.

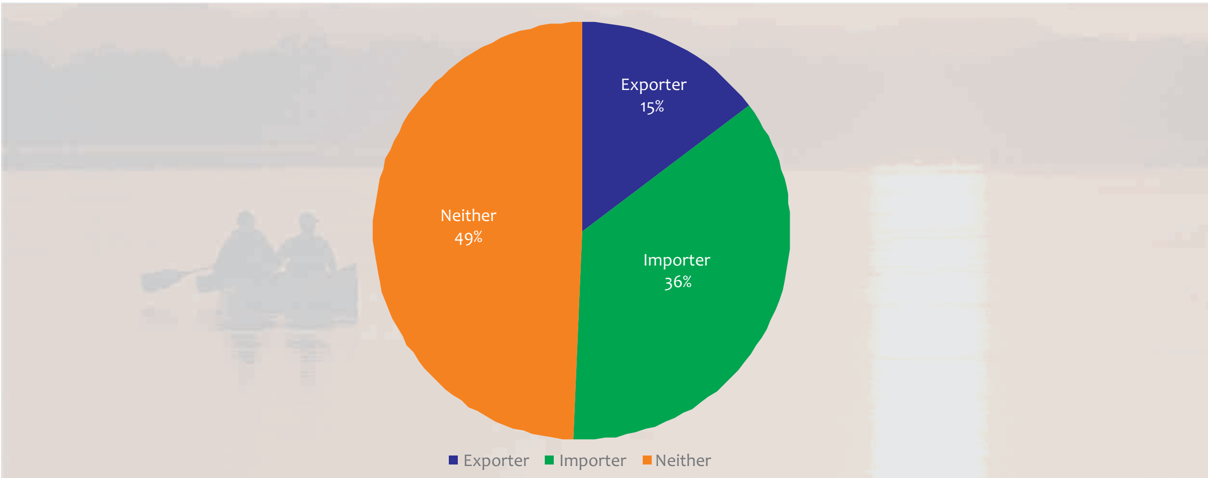
Further, the chapter presents analyses of investor perceptions on the cost of doing business using the World Bank benchmark indicators. Government policies that affect investment and trade are also analysed. The chapter concludes with private sector investor outlook and expansion strategies.

9.2 Key Findings

9.2.1 State of Export and Import Exposure

Respective of the enterprises surveyed, the findings showed that 49.0 percent of the respondent enterprises were neither exporters nor importers. Exporters and Importers accounted for 15.0 percent and 36.0 percent respectively of the total respondent enterprises (see Figure 9.1).

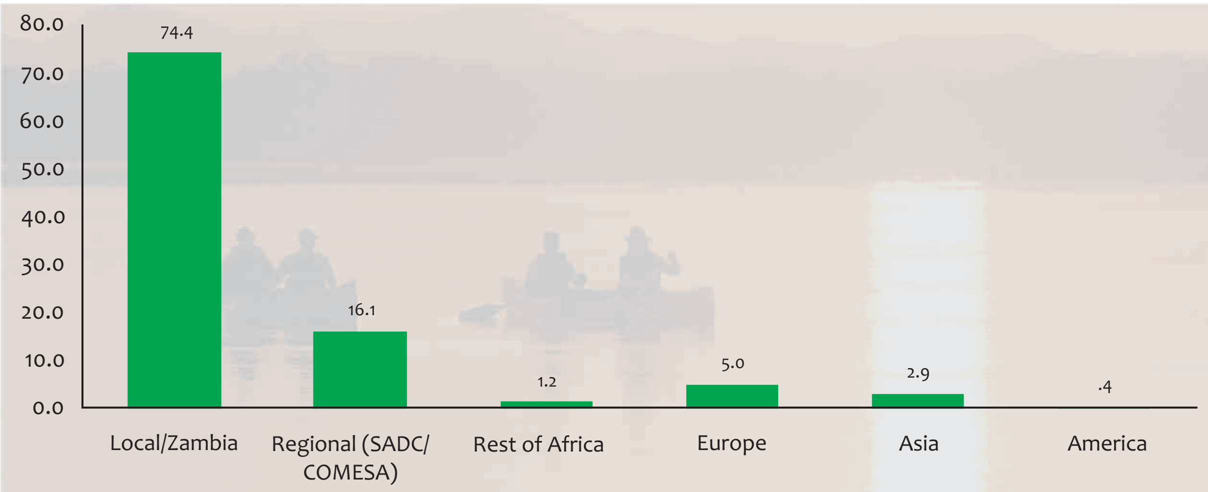
Figure 9.1:Trade Structure (Percent), 2015



Source: Foreign Private Investment & Investor Perceptions, 2015

The enterprises surveyed indicated that 74.4 percent of their market was local. The SADC and COMESA region came in second at 16.1 percent; the rest of the African continent constituted export market share of 1.2 percent; Europe and Asia had a combined share of 8.0 percent, while the United States constituted a negligible market share of 0.4 percent (see Figure 9.2).

Figure 9.2:Product Markets by Destination (Percent)

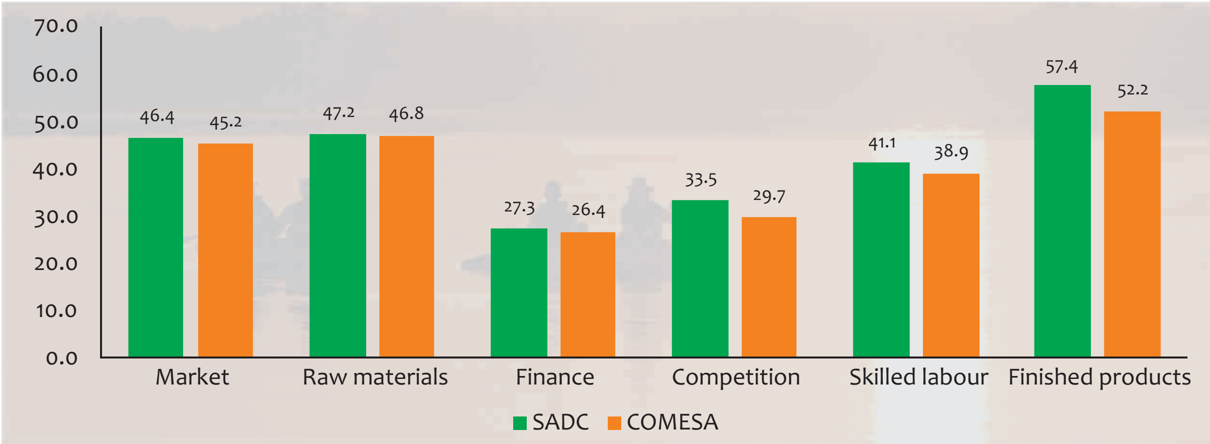


Source: Foreign Private Investment & Investor Perceptions Survey, 2015

9.2.2 Impact of Regional Organisation in Attracting FDI

The SADC and COMESA markets had significant impact on the business operations of the enterprises surveyed. Among the respondent companies, 46.4 percent exported to the SADC region and 45.2 percent to the COMESA market. Forty seven (47) percent of the respondents sourced raw materials from the SADC market, while more than 50.0 percent sourced finished goods from both the SADC and COMESA markets (see Figure 9.3).

Figure 9.3:Access to the SADC and COMESA Markets (Percent), 2015

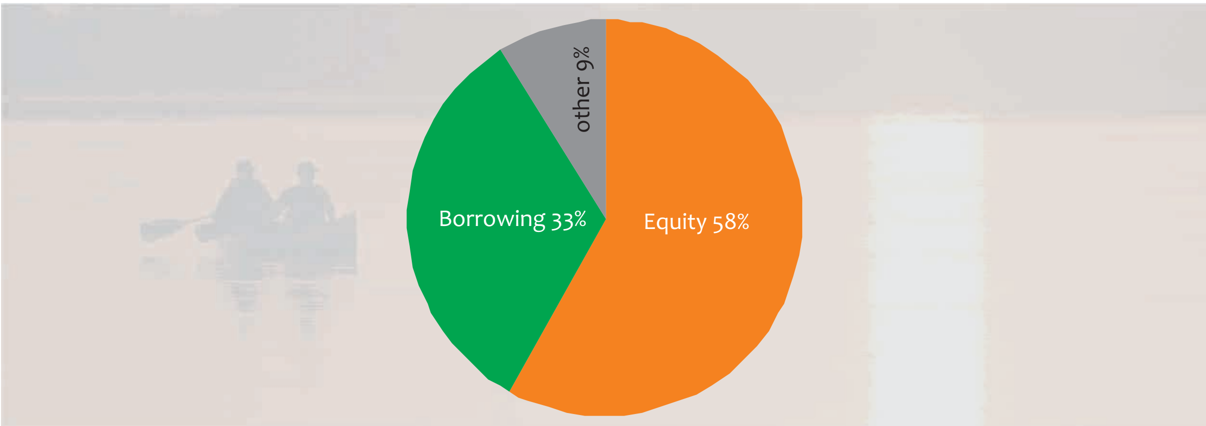


Source: Foreign Private Investment & Investor Perceptions Survey, 2015

9.2.3 Source of Financing

With regard to financing, 58.0 percent of the respondents indicated equity as their major source of financing. Thirty three (33) percent of the enterprises borrowed to fund their business operations, of which 40.0 percent was sourced locally while the remaining 60 percent was borrowed from abroad (see Figure 9.4).

Figure 9.4: Source of financing (Percent), 2015



Source: Foreign Private Investment & Investor Perceptions Survey, 2015

9.2.4 Assessment of Government Strategies Contained in 2015 National Budget

The Government's policy measures, as outlined in the 2015 national budget were well received by the respondents (see Figure 9.5).

Figure 9.5:Assessment of Government Strategies in the 2015 National Budget

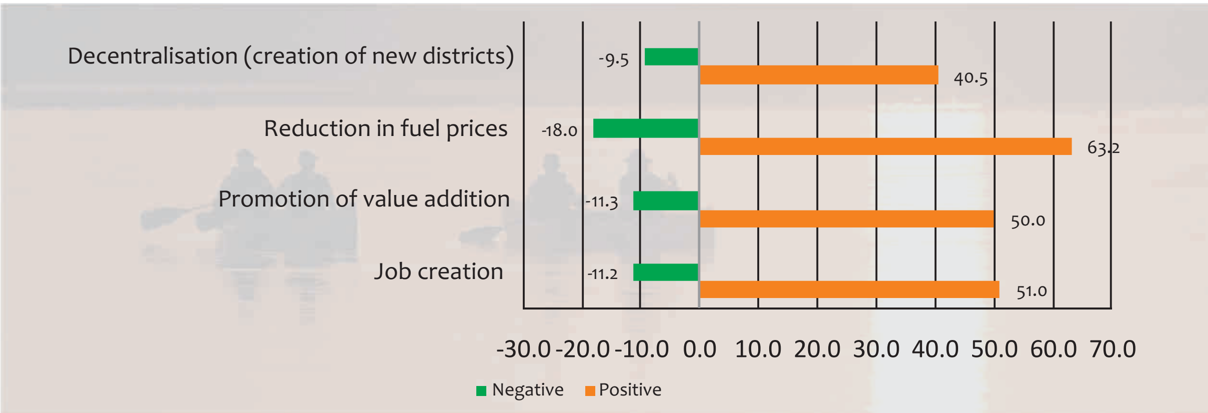
Source: Foreign Private Investment & Investor Perceptions Survey, 2015

The survey findings indicated that 67.4 percent of the respondents were in favour of the extension and rehabilitation of the electricity transmission and distribution network. The Government's measures on industrialisation were the most favoured with a positive response of 83.4 percent. This was followed by economic diversification at 78.6 percent and the rehabilitation of the railway network was third at 73.0 percent.

9.2.5 Effect of Government's Policy Measures

The effects of recent Government policy measures on the business operations of the respondent enterprises are shown in Figure 9.6.

Figure 9.6:Effect of Selected Policy Measures (Percent), 2015



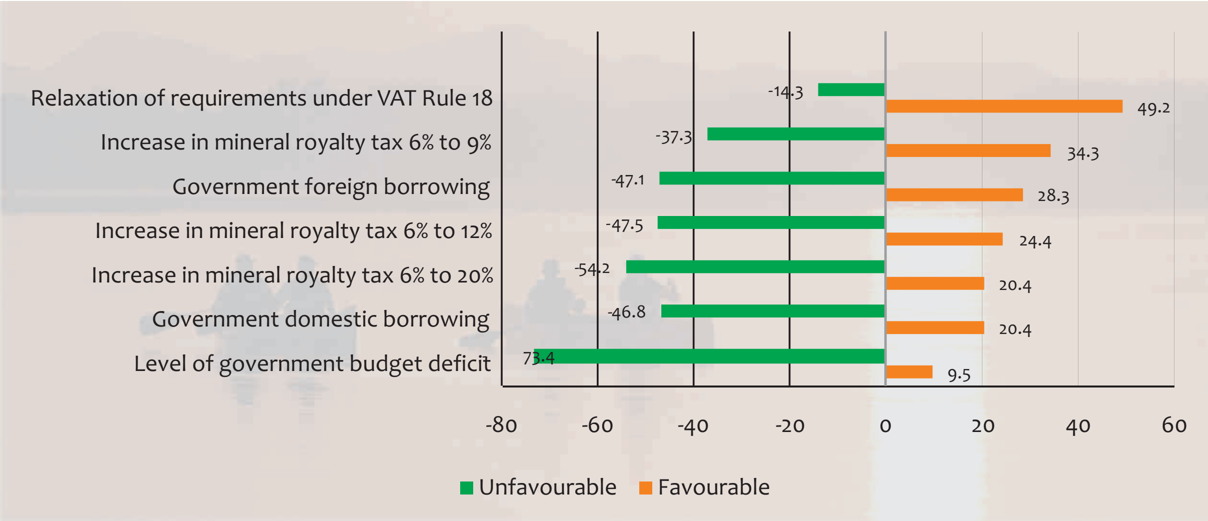
Source: Foreign Private Investment & Investor Perceptions Survey, 2015

The survey findings revealed that the reduction of fuel prices was well received, with 63.2 percent of the respondents indicating that the measure had a positive effect on their businesses. Government's measures in the promotion of value addition and job creation were well received with 50.0 percent and 51.0 percent of the respondents, respectively, indicating positive responses.

9.2.6 Assessment of Government Fiscal Policy

In response to Government fiscal policy measures aimed at promoting investment and trade, the respondent enterprises had mixed views in terms of the perception and reaction. The relaxation of the requirement under VAT Rule 18 was well received with a positive response of 49.2 percent. However, the level of government budget deficit was the least favoured with a negative response of 73.4 percent. Government's borrowing, both foreign and domestic was perceived to have a negative effect as indicated by 47.1 percent and 46.8 percent of the respondents, respectively (See Figure 9.6.).

Figure 9.6: Assessment of Government Fiscal Policy (Percent), 2015



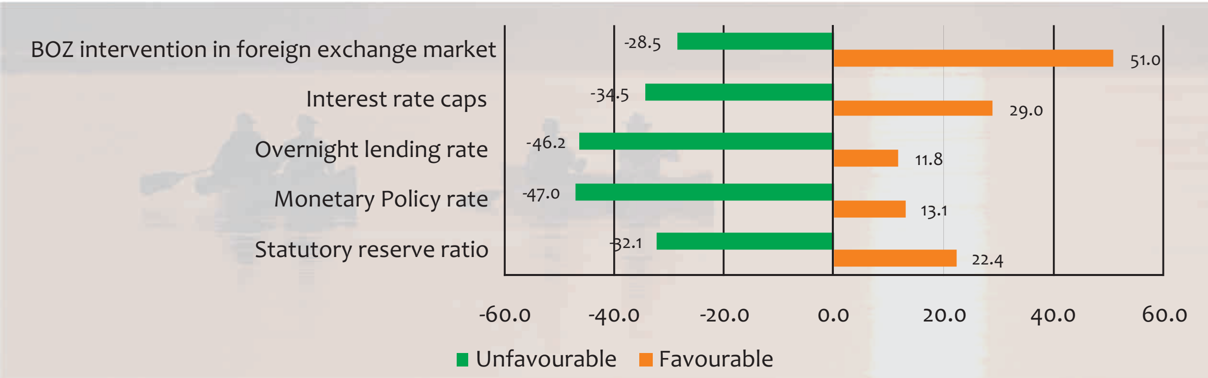
Source: Foreign Private Investment & Investor Perceptions Survey, 2015

9.2.7 Assessment of Government Monetary Policy

Government's recent monetary policy measures that were assessed by respondent enterprises included the capping of interest rates, and increasing of the monetary policy rate, the statutory reserve ratio, the overnight lending rate, and Bank of Zambia interventions in the foreign exchange market.

Intervention in the foreign exchange market was well received by 51.0 percent of the respondents. However, 46.2 percent and 47.0 percent of the respondents respectively, indicated that the increase in overnight lending rate and the increase in the monetary policy rate had an unfavourable effect on investment (see Figure 9.7).

Figure 9. 7: Assessment of Government Monetary Policy (Percent), 2015



Source: Foreign Private Investment & Investor Perceptions Survey, 2015

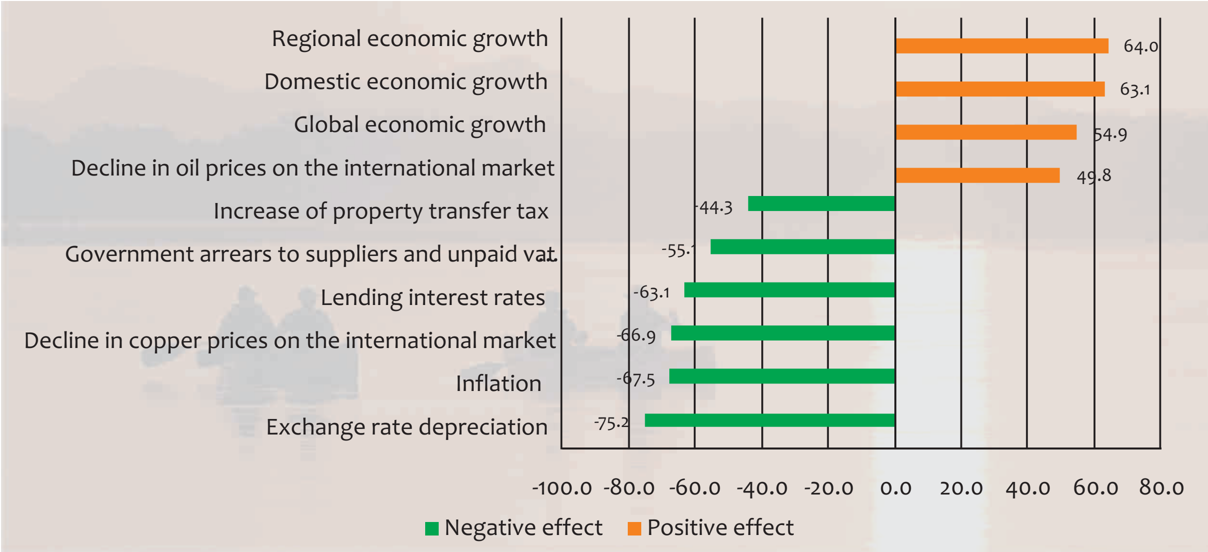
9.2.8 Economic, Financial, Governance, Political and Health Factors

This section discusses the key domestic and external factors in investment decisions.

9.2.8.1 Economic, Financial and Other Factors

The major factors considered in the survey were global economic growth, domestic economic growth, regional economic growth, government economic policy, commodity prices on international market, inflation, government domestic debt, availability of international business finance, lending interest rates and the ZMW/USD exchange rate. The major findings are reflected in Figure 9.8.

Figure 9.8:Economic, Financial and Other Factors



Source: Foreign Private Investment & Investor Perceptions Survey, 2015

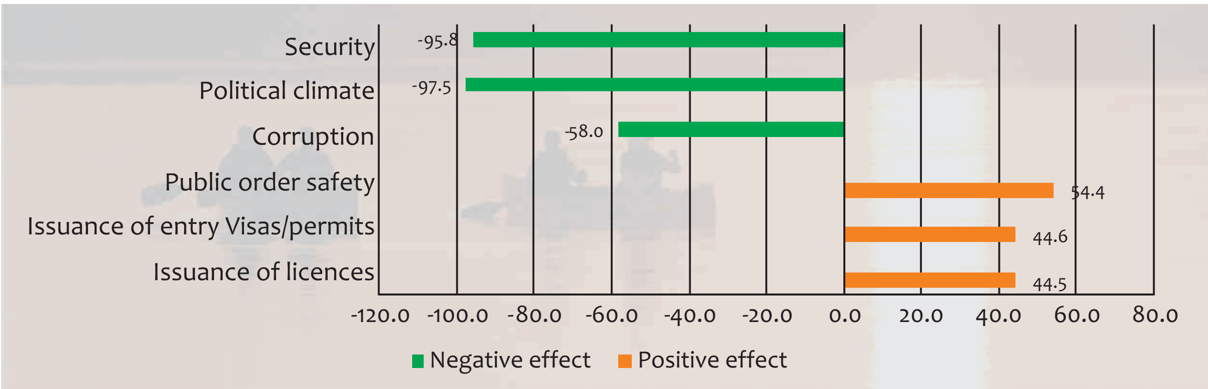
The survey findings of 64.0 percent of respondents showed regional economic growth to be the most important positive factor in investment decisions. Additionally, 63.1 percent and 54.9 percent of the enterprises indicated that domestic economic growth and global economic growth, respectively, had a positive effect on investment decisions. With regard to the exchange rate factor, 75.2 percent of the respondents indicated that the depreciation of the Zambian Kwacha had a negative effect on their business operations. Further, 67.5 percent of the respondents indicated that inflation (which stood at 7.1 percent at the time of the survey – July 2015) had a negative effect on their investment.

9.2.8.2 Political and Governance Factors

The political and governance factors considered in the survey were the political climate, public order and safety, security and crime, corruption, and issuance of work-permits to expatriate employees. As reflected in Figure 9.9, the factors that generated negative responses were much higher than those that were positively received.

The political climate and security were perceived to have a negative effect by 97.5 and 95.8 percent of the respondents, respectively. However, public order and safety at 54.4 percent, issuance of visas and permits at 44.6 percent, and the issuance of licences at, 44.5 percent were perceived to have a positive effect on investment decisions (see Figure 9.9).

Figure 9.9:Political and Governance Factors (Percent), 2015

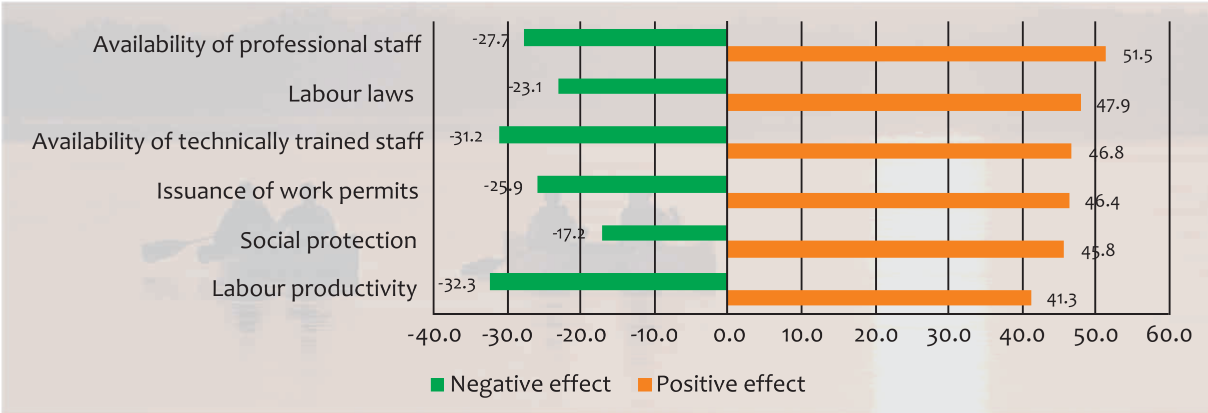


Source: Foreign Private Investment & Investor Perceptions Survey, 2015

9.2.8.3 Labour Factors

The labour factors considered in the survey were the availability of professional staff, availability of technically trained staff, labour laws, and issuance of work permits, social protection and labour productivity. Fifty two (52.0) percent of the respondents indicated that the availability of professional staff had a positive impact, while 47.9 percent indicated that the labour laws had a positive impact on their business operations. As reflected in Figure 9.10, positive perceptions outweighed the negative.

Figure 9.10:Effect of Labour Factors (Percent), 2015



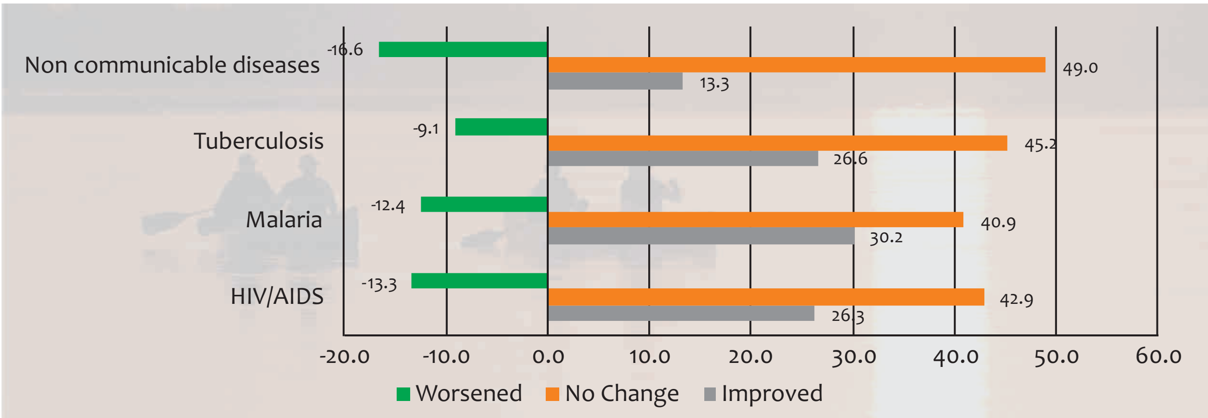
Source: Foreign Private Investment & Investor Perceptions Survey, 2015

9.2.8.4 Health Factors

The survey findings with respect to the effect of disease burden such as non-communicable diseases, malaria, tuberculosis and HIV/AIDS were considered.

According to survey findings, most of the respondents indicated that there was no change in the effect of the level of disease burden on their investment and business operations. The respondents who indicated that there was no change were 49.0 percent for non-communicable diseases; 45.2 percent for tuberculosis, 42.9 percent for HIV/AIDS and 40.9 percent for Malaria (see Figure 9.11).

Figure 9.11: Effect of Selected Diseases on Investment and Business Operations **(Percent)**



Source: Foreign Private Investment & Investor Perceptions Survey, 2015

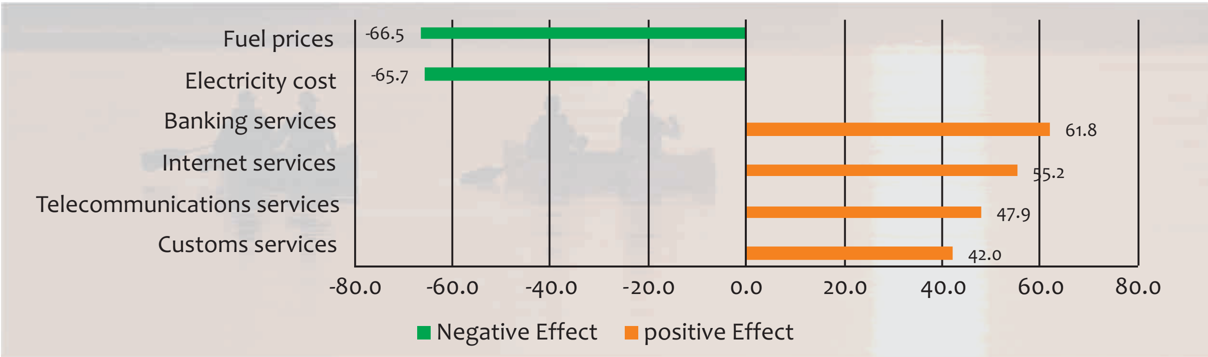
9.2.8.5 Efficiency and Cost of Services

Other economic factors captured in the survey concerned services such as banking, internet, telecommunication and customs.

As shown in Figure 10.12, 65.7 percent and 66.5 percent of the respondents indicated that electricity and fuel costs, respectively, had a negative effect on investment. In terms of banking and internet services, 50.0 percent of the respondents indicated that these services had a positive effect on investment. Telecommunications had a positive response of 47.9 percent. Only 39.0 percent of the respondents indicated that the time taken to clear goods at the border was reasonable (see Figure 9.12).




Figure 9.12:Effect of Transport and Energy Factors (Percent), 2015

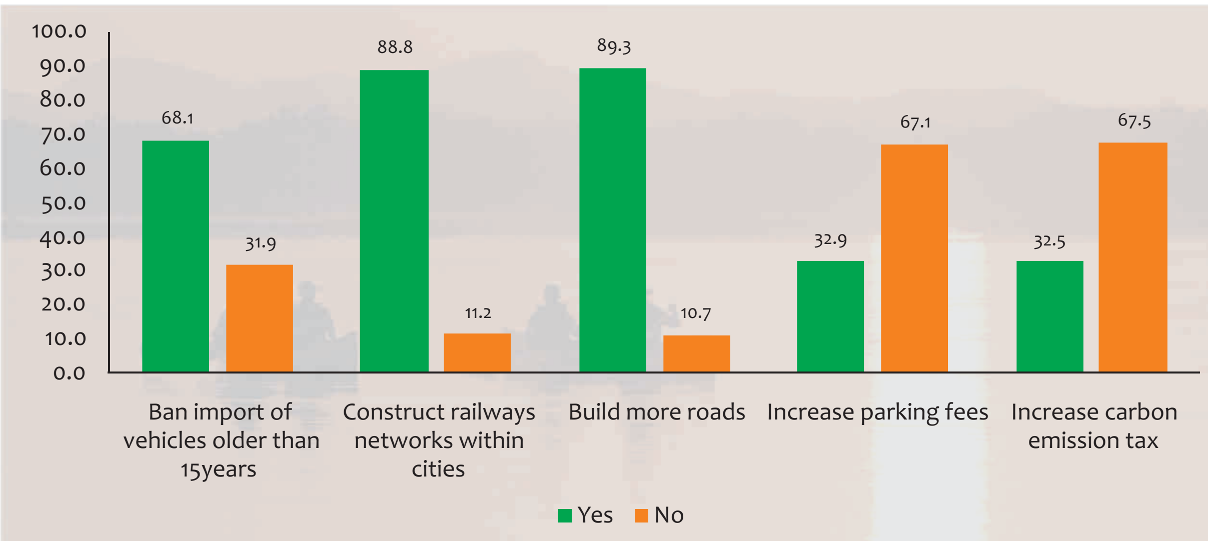


Source: Foreign Private Investment & Investor Perceptions Survey, 2015

9.2.8.5.1 Effect of traffic congestion and measures to reduce traffic congestion

Overall, 33.9 percent of respondents indicated that traffic congestion had a negative effect. Measures to reduce traffic congestion were well received with the building of more roads ranking the highest, at 89.3 percent. Construction of railway networks within cities and the ban on the importation of vehicles older than 15 years, were approved by 88.8 percent and 68.1 percent of respondents, respectively. On the increase of parking fees and carbon emission tax, 67.1 percent and 67.5 percent of respondents, respectively, gave a negative response (see Figure 13).

Figure 9.13:Respondent's views on the proposed measures to reduce traffic congestion (Percent)



Source: Foreign Private Investment & Investor Perceptions Survey, 2015

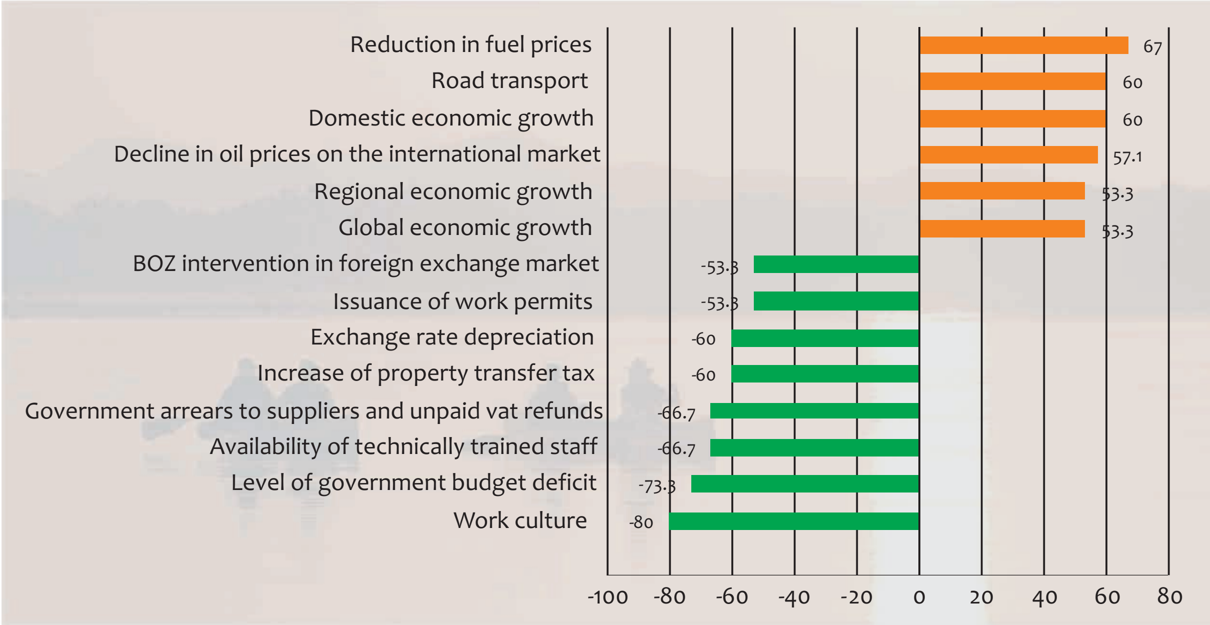
9.2.8.6 ECONOMIC, FINANCIAL AND OTHER FACTORS BY SECTOR

This section presents survey findings of investor perceptions on economic, financial and other factors by sector.

9.2.8.6.1 Agriculture, forestry and fishing

In the analysis of the agriculture sector, the reduction in fuel prices (67 percent), road transport (60 percent) and domestic economic growth (60 percent) topped the list of positive economic factors. However, 80 percent of the respondents indicated that work culture had a negative effect on investment. The level of government budget deficit, government foreign debt, electricity supply and labour productivity all came in second with 73 percent of the respondents indicating that the factors had negative effect on their business operations. Other negative factors included the availability of technically trained staff and exchange rate depreciation (see Figure 9.14).

Figure 9.14: Economic, Financial and Other Factor Effect in the Agriculture, forestry and fishing Sector (Percent)

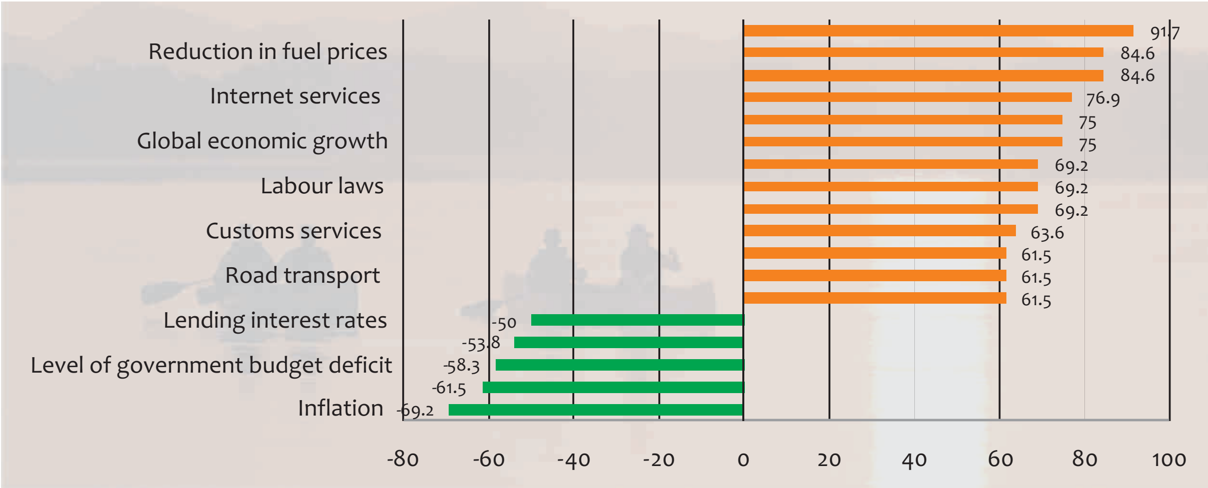


Source: Foreign Private Investment & Investor Perceptions Survey, 2015

9.2.8.6.2 Construction

In the construction sector, most factors received favourable responses. Some of the factors which had a positive effect on investment were regional economic growth, reduction in fuel prices, job creation, internet services and global economic growth. Among the factors which received negative responses were inflation (69.2 percent) and cost of electricity (61.5 percent) (see Figure 9.15).

Figure 9.15: Effect of Economic, Financial and Other Factors in the Construction Sector (Percent), 2015



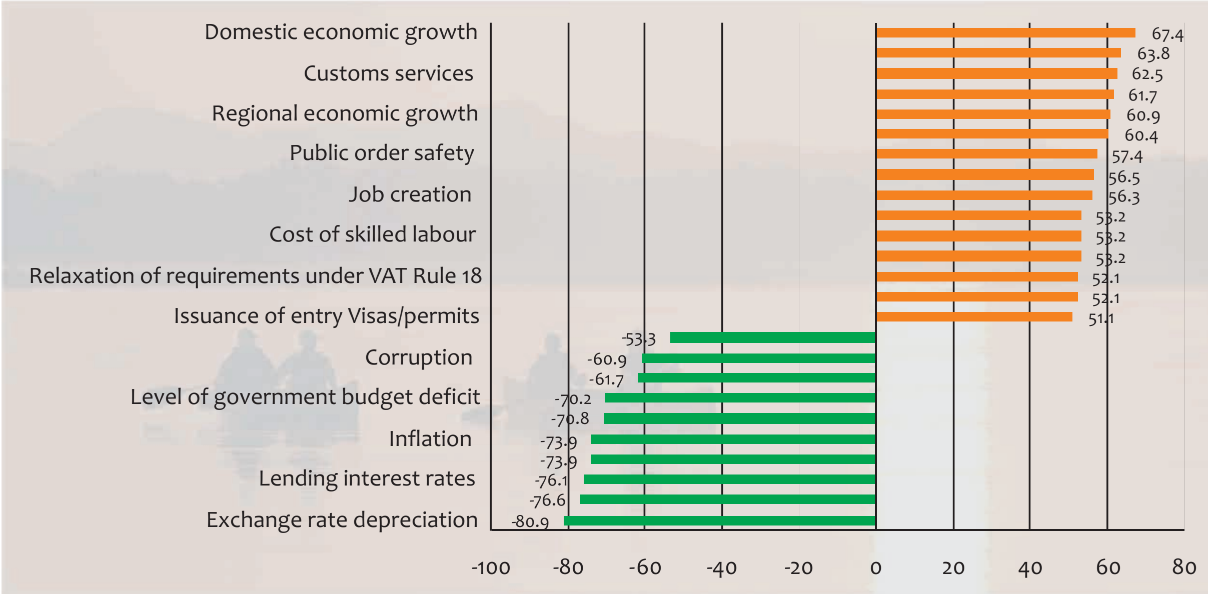
Source: Foreign Private Investment & Investor Perceptions Survey, 2015

9.2.8.6.3 Manufacturing

In the manufacturing sector, as shown in Figure 9.16, domestic economic growth (67.4 percent), labour laws (63.8 percent), custom service (62.5 percent) and issuance of work permits (61.7 percent) topped this list of factors which had a positive effect on investment.

The depreciation of the Kwacha had the highest negative response of 80.9 percent indicating a negative effect on investment and business operations. Electricity supply was second at 76.6 percent followed by lending interest rates following at 76.1 percent. Inflation and the decline in copper prices both had a negative response of 73.9 percent (see Figure 9.16).

Figure 9.16: Effect of Economic, Financial and Other Factors in the Manufacturing Sector (Percent)

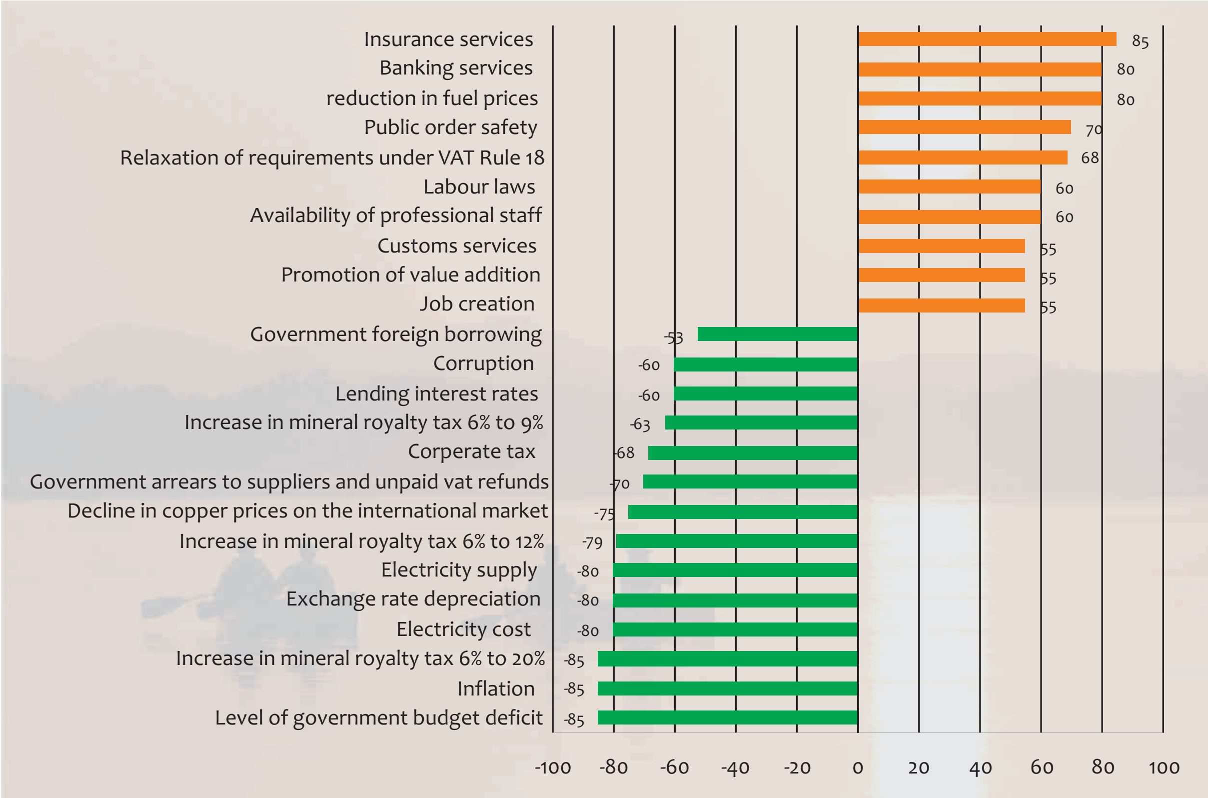


Source: Foreign Private Investment & Investor Perceptions Survey, 2015

9.2.8.6.4 Mining and quarrying

In the mining and quarrying sector 85 percent of the respondents indicated that level of government budget deficit, inflation, and increase in mineral royalty tax to 20.0 percent from 6.0 percent had a negative effect on investment. Issuance of services, banking services and reduction of fuel prices had positive assessment by 85.0 percent, 80.0 percent and 80.0 percent of the respondents respectively (see Figure 9.17).

Figure 9.17: Effect of Economic, Financial and Other Factors in the Mining and quarrying Sector (Percent)

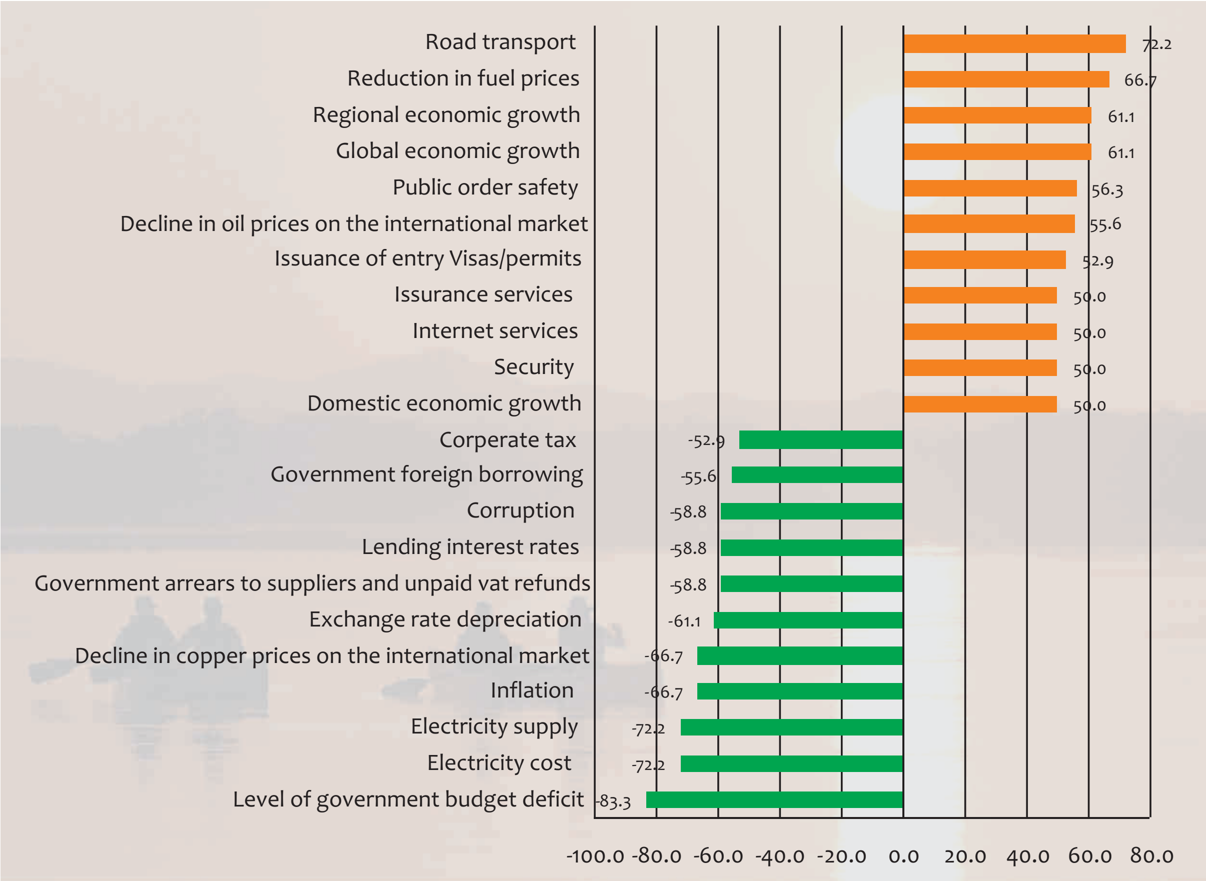


Source: Foreign Private Investment & Investor Perceptions Survey, 2015

9.2.8.6.5 Tourism

The survey findings in the tourism sector showed that the level of government budget deficit and the cost electricity had a negative effect on investment with 83.3 percent, and 72.2 percent of respondents, respectively, saying so. These factors ranked the highest among the negative factors. The factors which had positive effects were road transport, reduction in fuel prices and regional economic growth at 72.2 percent, 66.7 percent and 61.1 percent of the respondents, respectively (see Figure 9.18).

Figure 9.18: Effect of Economic, Financial and Other Factors in the Tourism Sector (Percent)



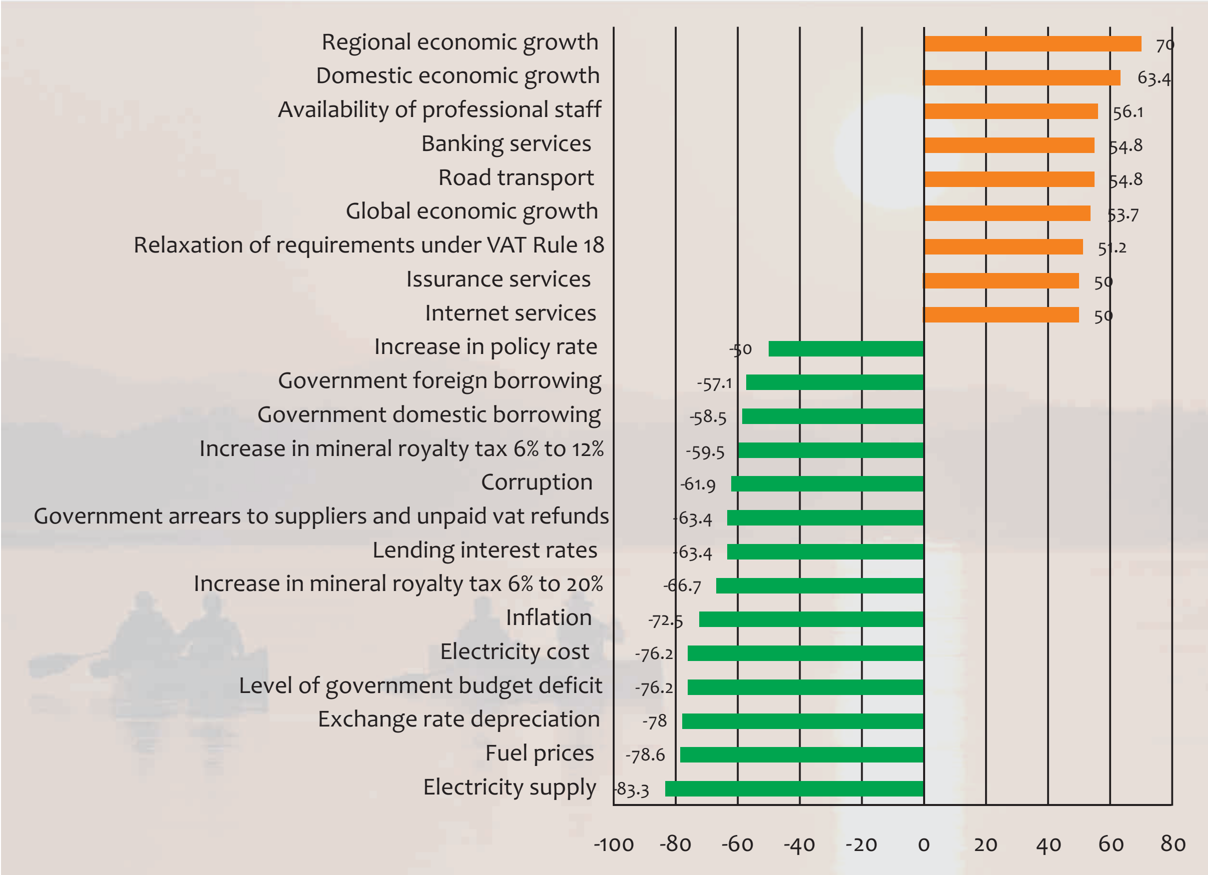
Source: Foreign Private Investment & Investor Perceptions Survey, 2015

9.2.8.6.6 Wholesale and Retail Trade

The survey findings with respect to the wholesale and retail sector are shown in Figure 9.19. Respondents indicated that the key factors that negatively affected investment in the sector were electricity supply (83.3 percent), fuel price (78.6 percent) and depreciation of the ZMK/USD exchange rate, (78.0 percent). Regional and domestic economic growth topped factors with positive effects on investment, with 70.0 percent and 63.4 percent of respondents indicating so, respectively.




Figure 9.19: Effect of Economic, Financial and Other Factors in the Wholesale and Retail Trade Sector (Percent)

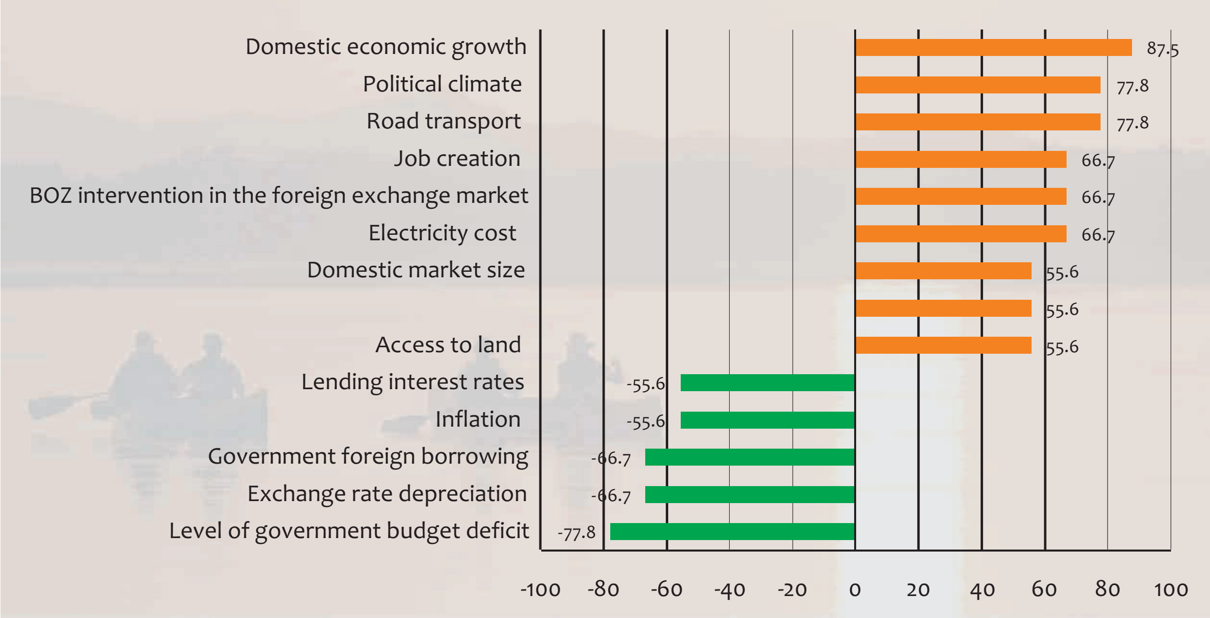


Source: Foreign Private Investment & Investor Perceptions Survey, 2015

9.2.8.6.7 Real Estate

Of the total respondents in the real estate sector, 87.5 percent indicated that domestic economic growth had a positive effect on their business. Political climate and road transport were received positively by 77.8 percent of the respondents. Level of government budget deficit (77.8 percent), depreciation of the Kwacha (66.7 percent) and government foreign borrowing (66.7 percent) were perceived to have negative impact on investment. Inflation and lending rates shared a negative response of 55.6 percent (see Figure 9.20).

Figure 9.20: Economic, Financial and Other Factor Effect in the Real Estate Sector (Percent)

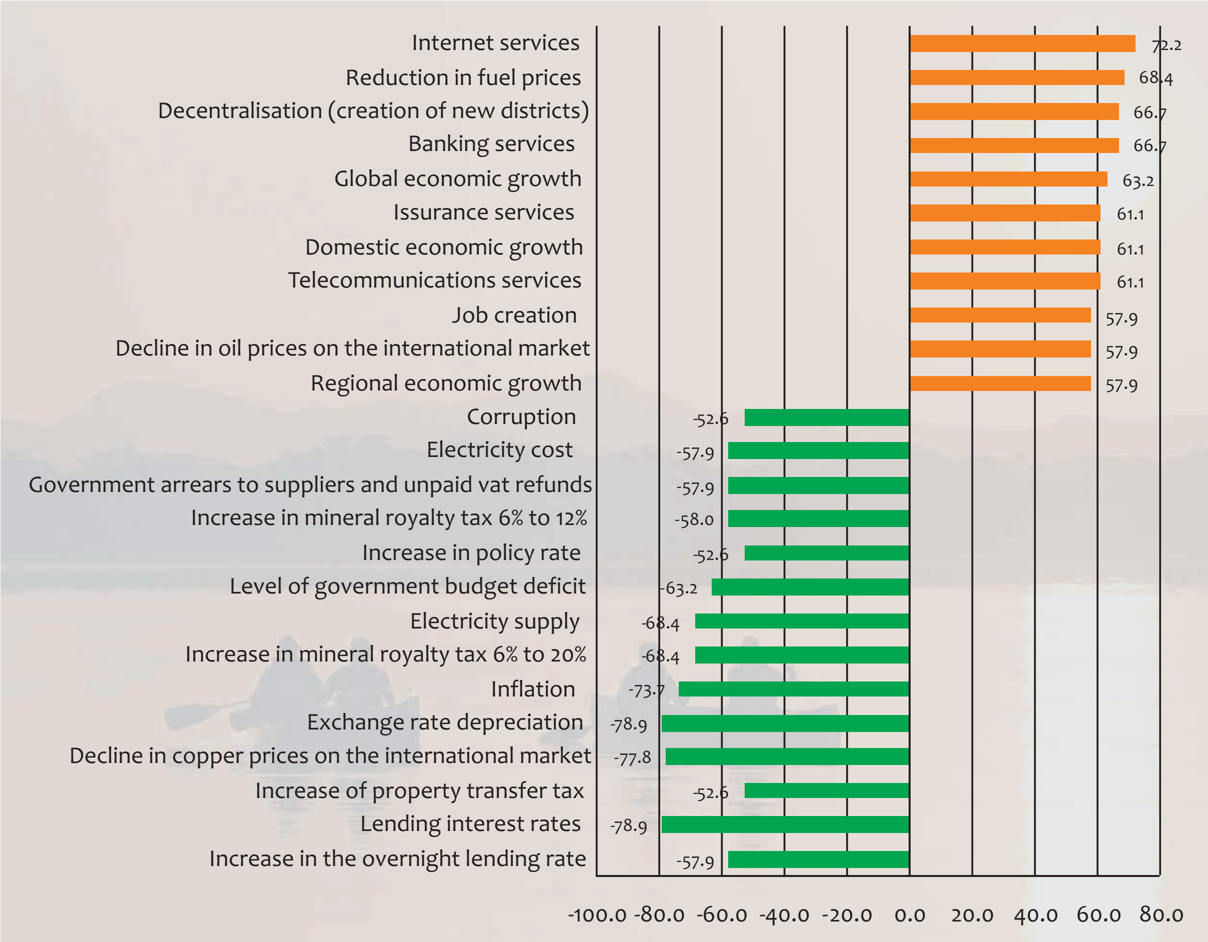


Source: Foreign Private Investment & Investor Perceptions Survey, 2015

9.2.8.6.8 Transport

The survey findings in the Transport sector showed that 78.9 percent of the respondents indicated that lending interest rates and the exchange rate depreciation had a negative effect on investment, while 72.2 percent of the respondents indicated that internet services had a positive effect on investment. Of the respondents, 77.8 percent and 73.7 percent indicated that the decline in copper prices and inflation had negative effect on investment (see Figure 9.21).

Figure 9.21: Effect of Economic, Financial and Other Factors in the Transport Sector (Percent)



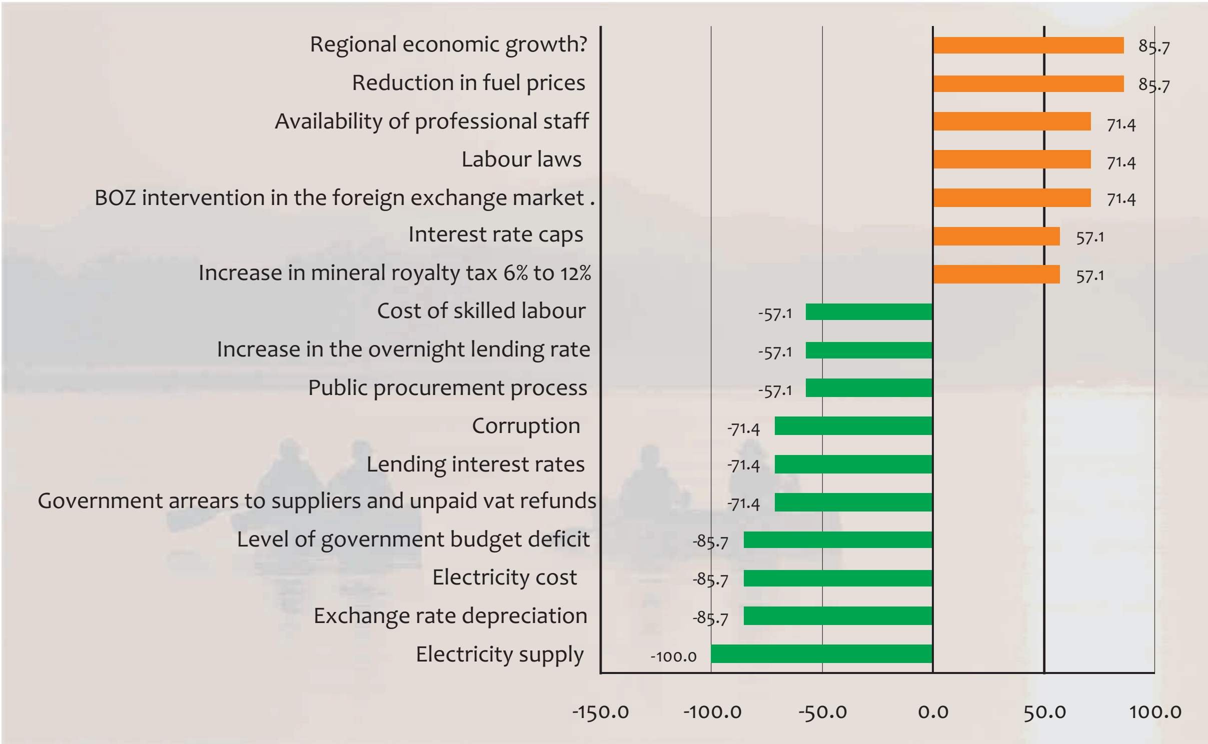
Source: Foreign Private Investment & Investor Perceptions Survey, 2015




9.2.8.6.9 Information and Communication

In the information and communication sector, all the respondents indicated that electricity supply was a major factor and had a negative impact on investment and business operation. Level of government budget deficit, electricity cost, and exchange rate depreciation came in second at 85.7 percent. Regional economic growth and reduction in fuel prices both had a positive response of 85.7 percent. Availability of professional staff, labour laws and Bank of Zambia intervention in the foreign exchange market all had a positive response rate of 71.4 percent. (see Figure 9.22).

Figure 9.22: Effect of Economic, Financial and Other Factors in the Information and Communication Sector (Percent)

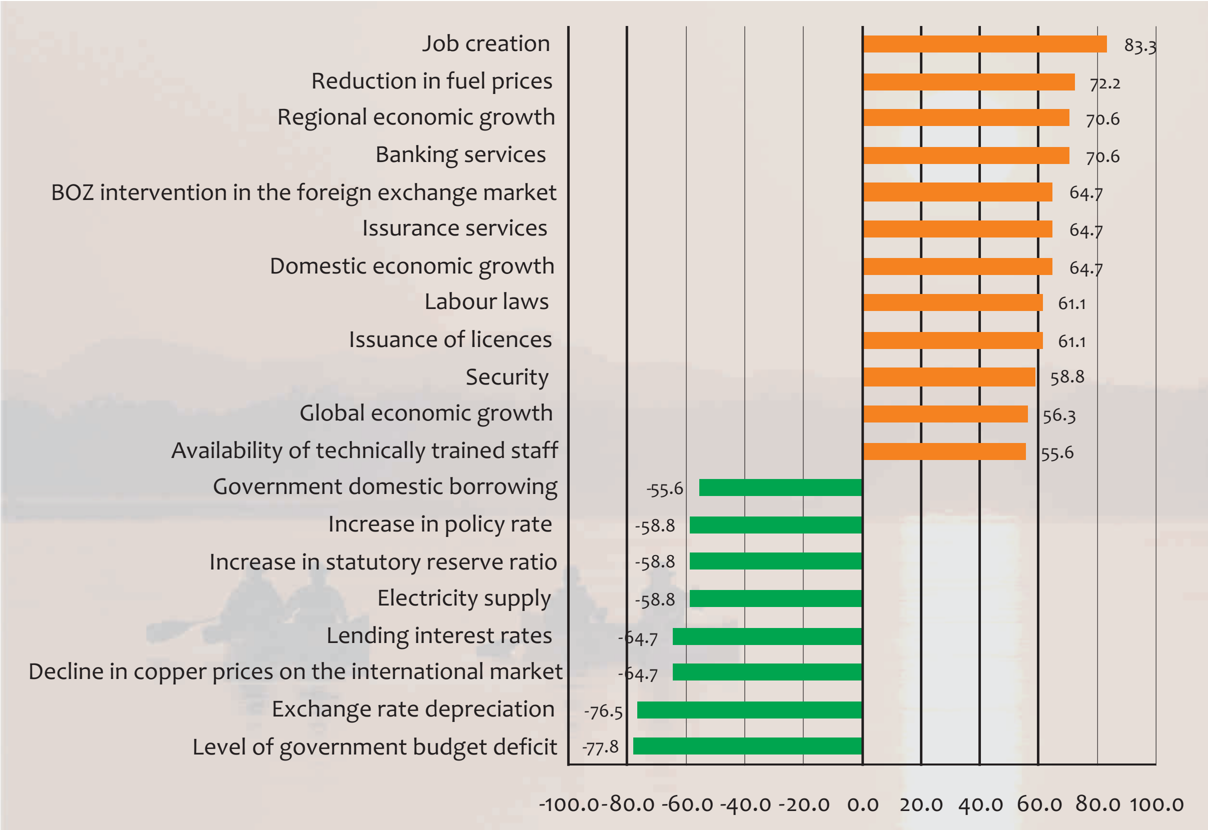


Source: Foreign Private Investment & Investor Perceptions Survey, 2015

9.2.8.6.10 Insurance and Other Financial Institutions

Out of the total respondents in the financial and insurance sector, 83.3 percent indicated that job creation had a positive effect on their investment. Reduction in fuel prices and regional economic growth were both rated positively at 72.2 percent and 70.6 percent respectively. The highest ranked negative factors affecting investment and business operations level of government budget deficit (77.8 percent), depreciation of the exchange rate (76.5 percent) and decline in copper prices on the international market (64.7 percent) . Lending interest rates also ranked 64.7 percent in negative responses (see Figure 9.23).

Figure 9.23: Effect of Economic, Financial and Other Factors in the Insurance and Other Financial Institutions Sector (%)



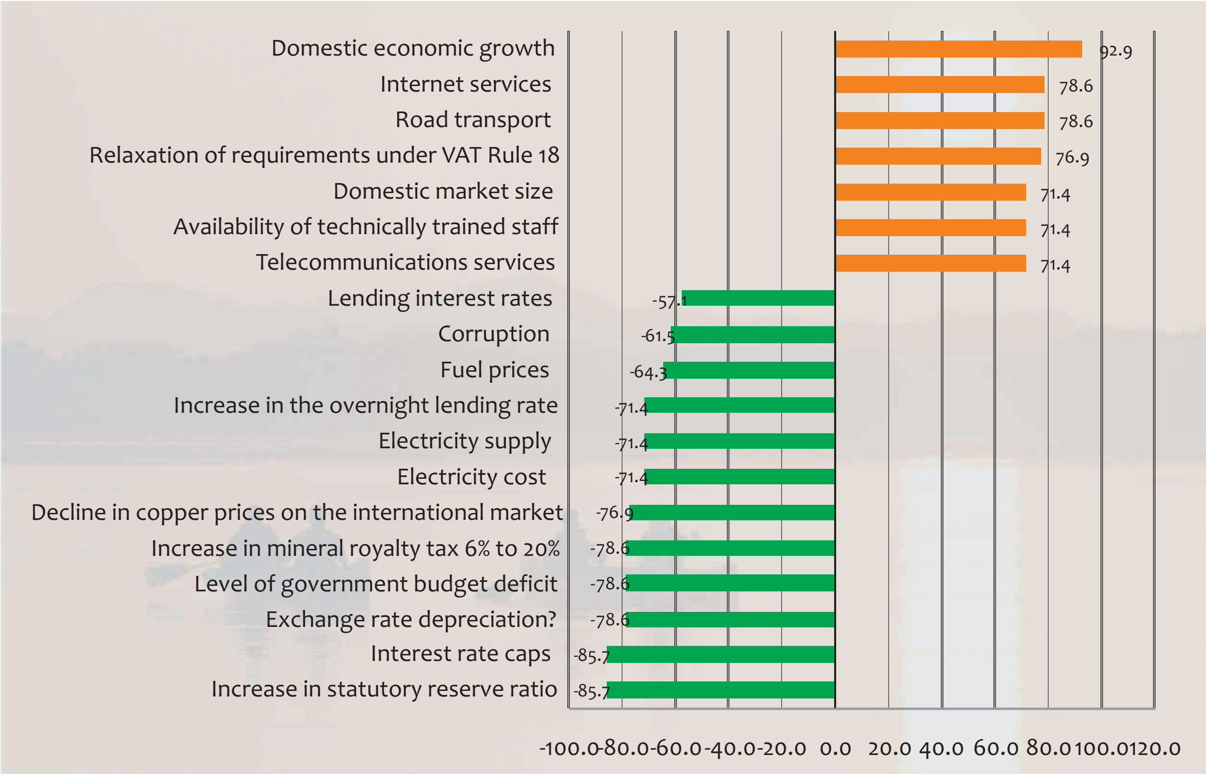
Source: Foreign Private Investment & Investor Perceptions Survey, 2015

9.2.8.6.11 Deposit-Taking Institutions

In the deposit taking institutions sector, the survey findings showed that the highest ranking factors which had a positive effect on investment were domestic economic growth (92.9 percent of respondents), internet services and road transport (each at 78.6 percent) and the relaxation of the requirements under VAT Rule 18 at 76.9 percent. Interest in statutory reserve ratio and interest rate caps were the two factors with the highest negative ranking of 85.7 percent (see Figure 9.24).




Figure 9.24:Effect of Economic, Financial and Other Factors in the Deposit-Taking Financial Sector (Percent)



Source: Foreign Private Investment & Investor Perceptions Survey, 2015

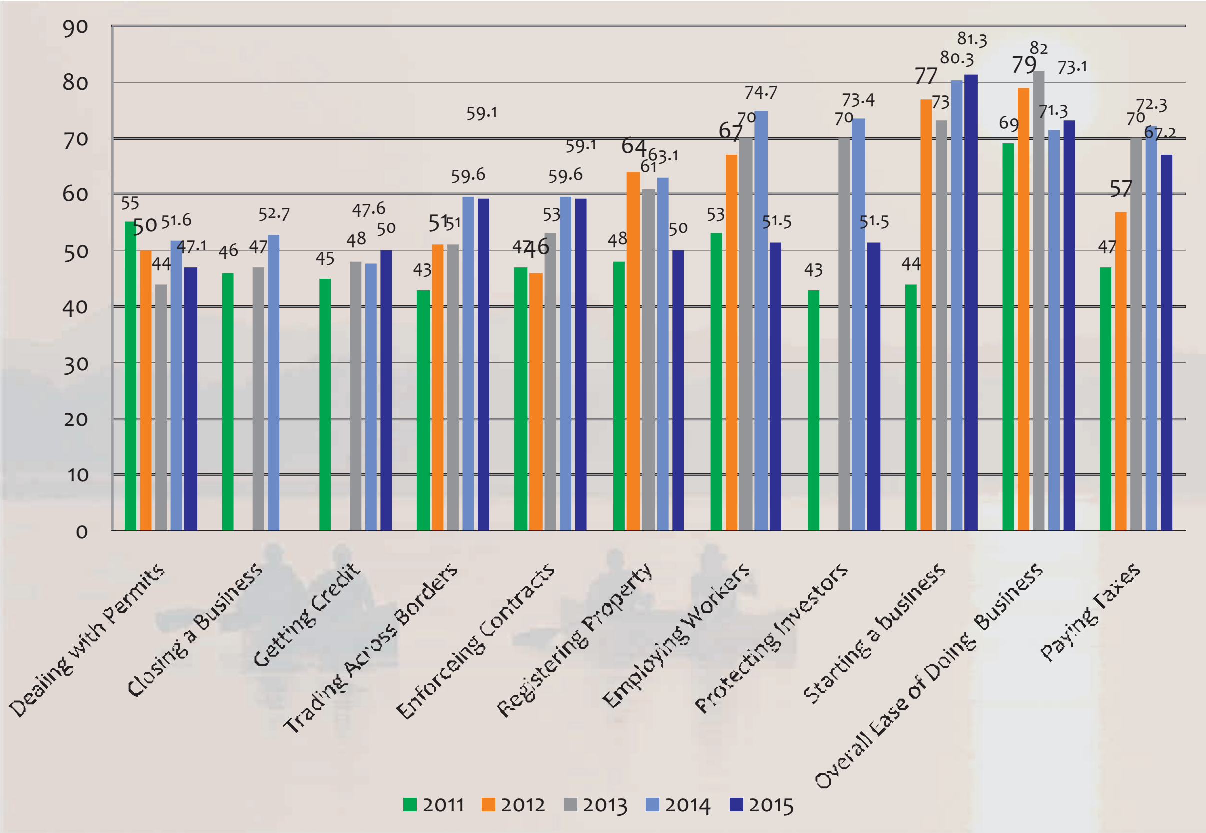
9.2.8.7Doing Business Factors

The Ease of Doing Business Survey is modelled after the World Bank standard indicators. In the 2015 survey, all the factors were positively assessed above 40.0 percent of the respondents on the 'good to excellent' ranking except two factors, resolving insolvency (32.6 percent) and getting electricity (37.6 percent). In the order of ranking, the top five factors from the highest positive ranking were: "Starting a Business" (81.3 percent), "overall ease of doing business" (73.1 percent), "paying taxes" (67.2 percent), "enforcing contracts" (59.1 percent) and "trading across borders" (59.1 percent) at, (see Figure 9.25).

Comparing the performance of the top three factors in the last 5 years, "Starting a business" had the most positive ranking in 2014 and 2015. "Overall ease of doing business" had the highest positive ranking in 2011, 2012 and 2013. In 2014, the ranking of this factor deteriorated to 5th. In the 2015 survey, the "overall ease of doing business" ranking improved to 4th position. "Paying taxes" ranked 3rd in the 2015 survey improving from 4th place in 2014. "Employing workers" and "protecting investors" deteriorated from 2nd and 3rd positions respectively in 2015 to share the 6th position in 2015.

In the World Bank Doing Business Report 2016, Zambia's overall ranking improved to 97 in 2016 from 111 in 2015. The ranking of the factors: "getting credit" and paying taxes" attributed to this improvement in ranking. "Getting credit" ranking improved from 23 in 2015 to 19 in 2016. The introduction of credit scoring by the Zambia Credit Bureau was responsible for this achievement. "Paying taxes" had a significant improvement in ranking from 78 in 2015 to 46 in 2016. The paying of taxes was made easier by the implementation of electronic filling and payment of VAT. It is however important to state that the property transfer tax rates were increased thereby making paying taxes more costly. Two major factors that had a negative impact on the overall cost of doing business in Zambia according to the WBDBR 2016 were "starting a business", and "trading across borders". In comparison to the 2015 Report, the ranking for "Starting a Business" indicator deteriorated from 68 in 2015 to 78 in 2016. According to the report, this was due to the increment in registration fees. "Trading across borders" recorded a positive increase in ranking from 177 in 2015 to 152 in 2016. Documentation and border compliance for both exporting and importing was increased by the initial stage of implementation of ASYCUDA World, a web based customs platform.

Figure 9.25: Change in Doing Business Factors (Percent), 2011-2015



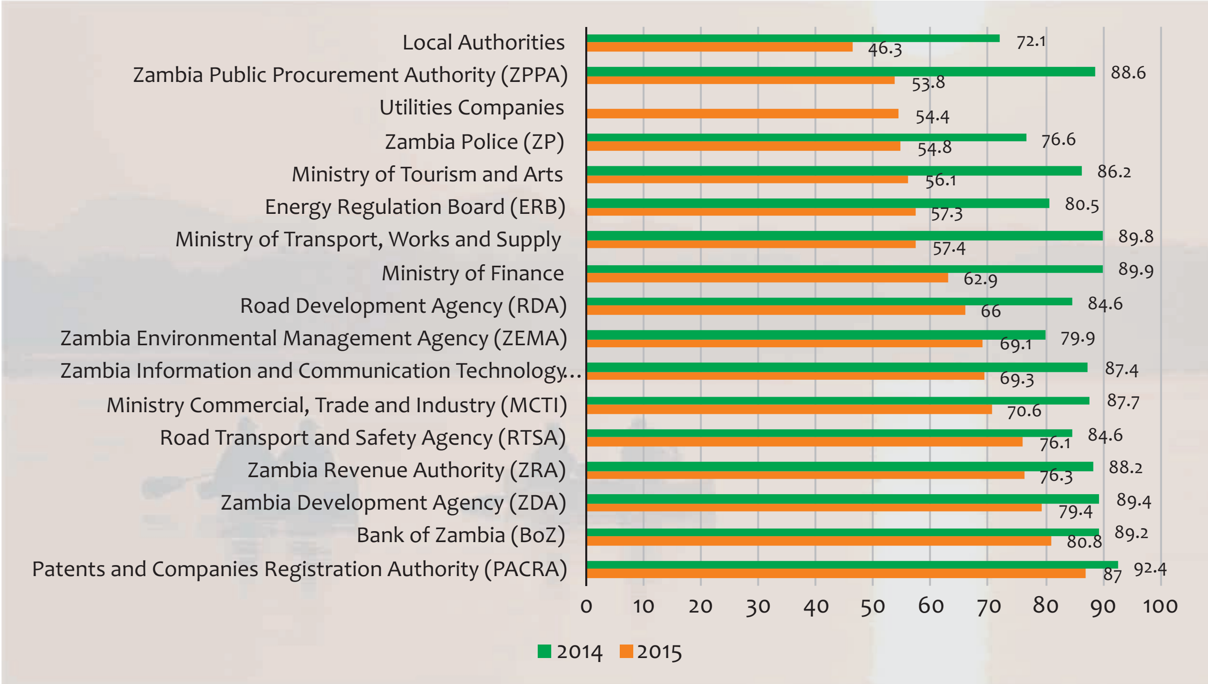
Source: Foreign Private Investment & Investor Perceptions Survey, 2015

9.2.8.8 Service Delivery by Government Ministries and Statutory Bodies

The 2015 survey findings relating to Government Agencies' service delivery are presented in Figure 9.26. The assessment of the Government Agencies was generally favourable, with the Patents and Company Registration Agency (PACRA) service assessed as good to excellent by 87.0 percent of the respondents. The Bank of Zambia (BoZ) and Zambia Development Agency (ZDA) had positive reviews by 87 percent and 80.8 percent of the respondents, respectively. The Local Authorities, Zambia Police and Utility Companies topped the list of worst (bad to very bad) assessed, at 50.4 percent, 40.6 percent and 39.9 percent of the respondents, respectively. In comparison to the 2014 survey findings, the rankings of all of Government's agencies and ministries declined. In 2014, PACRA had the highest ranking of 92.4 percent, The BoZ at 89.2 percent and ZDA at 89.4 percent.




9.26: Service Delivery by Government Ministries and Agencies (percent), 2014 and 2015



Source: Foreign Private Investment & Investor Perceptions, 2015

9.2.8.9 Investor Rating of Government Efforts in Promoting Investment

The following key factors were captured in assessing the investors' perception of Government efforts in promoting investment: business registration processes; policy dialog and advisory services; implementation of investment incentives. The survey findings revealed that generally, Government efforts in promoting investment were rated favourably with all the areas assessed receiving a rating of "good to excellent" by over 65 percent of respondents. Business registration processes received the highest approval by 89.8 percent of the respondents (see Figures 9.27).

Figure 9.27: Investor Perception on investment promotion policy (Percent)

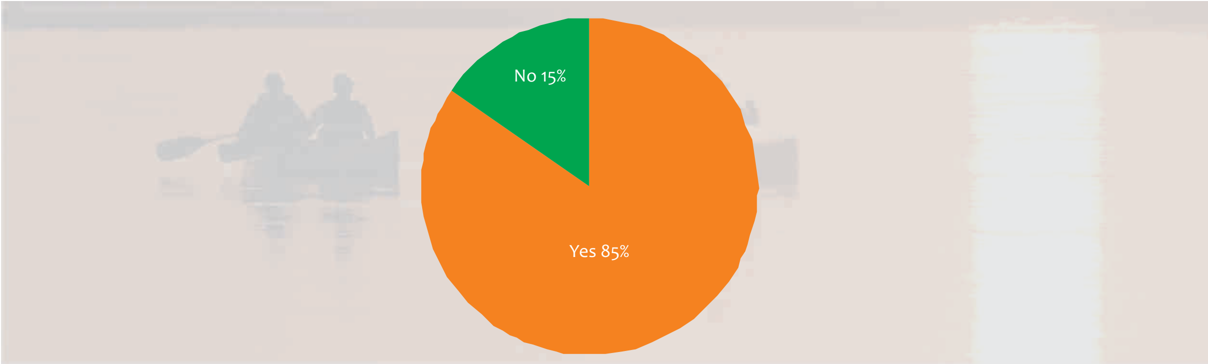
Source: Foreign Private Investment & Investor Perceptions Survey 2015

9.2.8.10 Investor Outlook and Expansion Strategies

The survey findings revealed that 85.0 percent of the respondents indicated they would expand their businesses (see Figures 9.28).



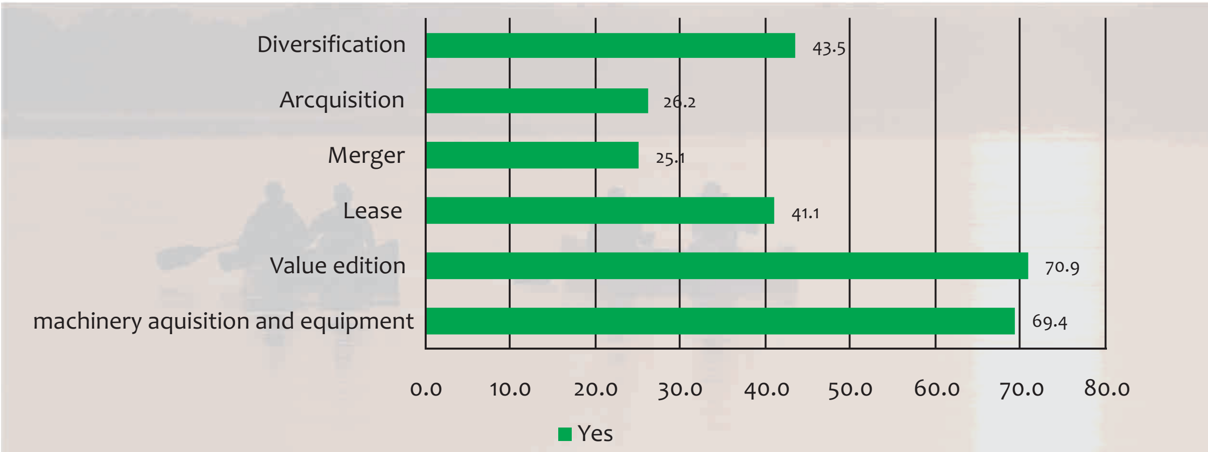

Figure 9.28: Expansion Prospects



Source: Foreign Private Investment & Investor Perceptions Survey, 2015

The respondent enterprises indicated various strategies for the expansion of their projects. Value addition, at 70.9 percent, was the most preferred followed by the acquisition of machinery and equipment at 69.4 percent. Diversification and Lease came in third and fourth at 43.5 percent and 41.1 percent respectively. The least expansion strategies considered were through mergers and acquisitions at 25.1 percent and 26.2 percent respectively (see Figure 9.29).

Figure 9.29: Mode of Expansion Strategy (Percent)



Source: Foreign Private Investment & Investor Perceptions Survey 2015

10. REPORT OF THE PROCEEDINGS OF THE PCF DISSEMINATION WORKSHOP



10.0 REPORT ON THE PROCEEDINGS OF THE PCF DISSEMINATION

The Bank of Zambia, in collaboration with the Zambia Development Agency (ZDA), Central Statistical Office (CSO) and Private Sector Development Industrialisation and Job Creation (PSDIJC), held a dissemination workshop for the 8th Cycle of the Foreign Private and Investor Perceptions survey findings on 1st December, 2015 in Lusaka. This chapter presents the proceedings of the workshop.

10.1 Bank of Zambia Governor's Opening Remarks

The Governor of the Bank of Zambia officially opened the workshop. In his opening remarks, the Governor expressed gratitude to the co-sponsors PSDIJC, ZDA and CSO for their continued partnership on the project and gave assurance of their commitment as a noble cause and vital input to policy decisions in the macroeconomic management of the country. He further pledged commitment by the Bank to continue working in close collaboration with other stakeholders and commended all companies that participated in the survey for their cooperation.

The Governor informed the meeting that the survey results were aimed at capturing the magnitudes, types, sources and direction of foreign private investment for the year 2014 and the first and second quarters of 2015, as well as investor perceptions on the investment climate in Zambia.

10.2 Statement by Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI)

The Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) through the representative, welcomed the results and reiterated their commitment to developing sustainable capacity within member countries of the MEFMI region in the compilation and monitoring of foreign private capital.

10.3 Remarks by the Zambia Chamber of Commerce and Industry (ZACCI)

The representative from the Zambia Chamber of Commerce and Industry (ZACCI) stated that the survey results adequately addressed a number of questions by the thoroughness of the survey methodology and the extent of the parameters covered. It was noted that the results provided both the public and private sector with information that will assist the different sectors in coming up with prudent economic policies at micro and macro level. The representative added that the survey through the comprehensive comments and recommendations was extremely useful to the wider business community and the public at large.

10.4 Remarks by the Private Sector Development Industrialisation and Job Creation (PSDIJC)

The representative of the Private Sector Development Industrialisation and Job Creation (PSDIJC) commended the efforts made in disseminating the 2015 foreign private investment and investor perceptions survey findings. The key objective of PSDIJC is that of creating an investment climate that is competitive, transparent, efficient, and business friendly that attracts both local and foreign investment. Furthermore, PSDIJC stressed the importance of having a business friendly environment that was necessary for ensuring that the private sector can begin to grow and diversify their businesses. The participants were informed that PSDIJC had been collaborating with CSO, ZDA and the Bank of Zambia in undertaking the survey since 2008 by providing financial support and one of the positive outcomes of the collaboration was the building of capacity within the participating agencies to collect, analyse and disseminate data and information on private capital flows.

10.5 Questions, Observations and Comments from Participants

The following were the observations, general remarks and comments from the workshop participants;

- Difference between deposit taking institutions and commercial banks

  Deposit taking institutions is a broad category that covers both commercial banks and non-bank institutions that take deposits.

- Contribution of the diversification priority sectors such as agriculture and tourism to the survey data

  Participants were informed that the final report will include some sectoral analysis. The need to diversify the economy away from the growth sectors to the non-growth sectors was also stressed.

- Extent of the coverage of the survey and the consistency of survey findings with statistics from other institutions like the Central Statistical Office (CSO).

  It was explained that all the big players in the economy are captured. It was further explained that the survey covered about 95% of companies with foreign direct investment. It is as good as a census because all the companies known to have FDI are covered. The survey is conducted jointly by member institutions of the Balance of Payments Statistics Committee, which includes the CSO and ZDA. Data is shared among the three institutions. Therefore, any data gaps arising from the survey are filled with secondary information from the CSO and ZDA. To further ensure consistency, some Balance of Payments data from the Bank of Zambia is used to finalise some components of FPC.

  Participants were also informed that value added is calculated in accordance with the general principles of compilation used by the CSO.




- What measures are being implemented to foster diversification? The participant further added that there was need to consult industry leaders when coming up with such policies.

  It was explained that some of the views on diversification are reflected in the perceptions section of the report. The perceptions report aids in eliciting feedback from the players as well as the formulation of policy.

- Were there any challenges in obtaining data on foreign assets from the respondents and if the survey data was consistent with the regional data on foreign assets compiled by the IMF's CDIS?

  Participants were informed that there were challenges but these have increasingly been overcome overtime. In terms of compilation, the survey is very much in line with regional and IMF standards.

- Was there any change in sentiments by portfolio investors (in the Eurobonds and government securities) in the six months prior to December 2015, given the change in the macroeconomic indicators?

  It was explained that non-resident investors are not included in the sample. However, there are other sources that could be used to get their perceptions.

- The assertion that the rating of access to credit from good to excellent was due to liquidity in the banking system was not entirely correct. The improvement in access to credit was largely due to improvements in efficiency by the banking sector.

  It was acknowledged that despite the tight monetary policy, Banks have were still able to extend credit, an indication that the sector had become more efficient at lending.

- How were monetary and financial policies responding to increased levels of private sector debt as a component of incoming FDI, given the expressed desire to expand by engaging in value adding activities?

  It was explained that there must be specific policy responses and measures, with interventions formulated in consultation with relevant stakeholders. From a monetary policy perspective, increased leverage by firms may mean the emergence of macro risks.

- Why were results showing high levels of investor confidence and willingness to expand, despite economic and energy challenges?

  Participants were informed that the results are based on the perceptions of companies. However, the survey team could relook at the responses and provide more information. Although there are challenges in the short term, there are strong growth prospects in the medium to long terms. The strong prospects are conditional on addressing the short term challenges. The firms that have invested may expand because the government is addressing the challenges that have beset the economy.

- There was huge potential in the region for development and trade. But what efforts are being made to collectively address the problems that the region is facing such as the electricity shortage?

  It was explained that there are deliberate efforts that are aimed at collectively mobilising resources to address electricity challenges. For example, the rehabilitation of the Kariba dam is a collaborative exercise between Zambia and Zimbabwe.

- It was suggested that the survey should be extended to cover firms that do not have major foreign direct investment to get a broader picture. Data on these firms may be obtained from the Patents and Company Registration Agency (PACRA).

  It was explained that the sampling frame is bigger than the sample. The survey covers more than 300 companies. Although the sample is small, these companies contribute about 70 percent of total output in the economy. This is because the survey covers all the big players in each industry. The sampling frame can however, still be improved as suggested.

10.6 Closing Remarks by the Director General of the Zambia Development Agency (ZDA)

The closing remarks were made by the Director General of the Zambia Development Agency (ZDA). He underscored the importance of monitoring and analysing of the private capital flows in promoting investment and trade. He highlighted the importance of understanding and appreciating the perceptions that the private sector investors held about the Zambian economy and the business environment in general. The survey findings on investor perceptions contained information that lead to areas that required further reform. The Director General noted that investor perceptions provided necessary feedback on government policy measures and the general business environment in the country and was important to economic management of government institutions in providing appropriate and well informed advice on policy options to policy makers.

The Director General highlighted on some significant investment projects that had been achieved in the year 2015 such as Maamba Collieries Ltd - a coal fired power plant with an estimated investment of over US $700 million and Dangote Cement Plant with an investment of US $400 million. He informed the meeting that the projects were significant in as far as FDI inflows were concerned in the country as well as in their ability to contribute to raising the investor confidence in Zambia. Further, he noted that the investments in these projects had potential to contribute to growth of Zambia's export earnings. He reiterated ZDA's commitment to supporting the private sector as well as the Public Private Partnerships as effective vehicles for promoting Zambia's economic growth and development.

11 CONCLUSION




11.0 CONCLUSION AND RECOMMENDATIONS

Zambia recorded a rise in net FDI inflows to US $3,194.9 million in 2014 from US $1,690.5 million registered in 2013. Private sector foreign liabilities in 2014 as well as the first and second quarters of 2015, were mainly in form of FDI liabilities with mining and quarrying sector receiving the largest share of inflows. Consistent, with the global trend in 2014, which recorded a decline, foreign direct investment inflows to Zambia posted a decline of 29.1 percent from the 2013 levels. This was largely explained by reduced investment inflows in the mining and quarrying, manufacturing, construction, deposit taking corporations, agriculture, forestry and fishing, real estate and electricity sectors. The respondents broadly attributed this reduction in FDI liabilities to effects of the depreciation of the exchange rate as well as changes in government policies and administrative arrangements during the year which affected the operations of most enterprises. Equity capital and debt instrument components of FDI recorded significant declines, with reinvested earnings registering a higher net inflow in 2014 compared to the 2013 level. The fall in FDI may reflect the need to improve the business environment for continued building of investor's confidence and attracting investment.

In terms of the source country of FDI liabilities, the United Kingdom dominated, accounting for 39.9 percent, of which 67.4 percent was accounted for by the mining and quarrying sector. The stock of PSED was 17.5 percent higher than recorded in 2013, and was largely in terms of long term borrowing with loans accounting for the largest share mainly in form of borrowing from affiliates and concentrated in the mining and quarrying sector.

During the same period, Zambia's private sector recorded a decrease in foreign assets due to drawn down and net repayments in form of FDI assets, especially in the mining and quarrying and electricity sector. Portfolio equity and other investment assets recorded declines whilst financial derivatives increased in 2014 from the previous period's record. Sales/turnover by Majority-Owned Foreign Affiliates (MOFAs) increased by 7.4 percent to US $144,731.1 million, whilst their employment levels, rose by 11.5 percent to 87,527 employees, from 78,475 recorded in 2013. However, the net worth of MOFAs declined largely due to a decrease in accumulated retained earnings, on account of losses recorded during the period. Consequently, the contribution to taxes on income declined, following a fall in profits; dividends declared also fell, as well as the value added (gross output less operating expenditure) which was 11.4 percent lower than the 2013 level. With regard to Corporate Social Responsibility (CSR), a total of US $146.0 million was invested in CSR activities in 2014 with construction and road repair receiving the highest share of the total expenditure.

While successive government administrations have advocated for export oriented production across sectors, the survey findings showed that most enterprises were inward rather than outward looking for markets for their products and services. The survey findings further revealed that the surveyed enterprises relied more on equity as opposed to debt for financing of their business operations.

Investor perception survey findings on policies with regard to level of government budget deficit, government foreign and domestic borrowings were undesirable, with most enterprises rating a negative response. The results for both budget deficit and foreign and domestic borrowing are reflective of the need for urgent policy review, given the resultant negative effect on private sector investment. Monetary policy, in particular the increase in the policy rate and the overnight lending rate, was not well received by the private sector. However, the private sector indicated that economic factors such as the global, regional and domestic growth had positive effects on their investment. Issues of investor concern included factors such as: exchange rate depreciation, inflation, a fall in copper prices, increase in lending interest rates, Government arrears to suppliers, unpaid VAT refunds, and an increase in property tax. In addition, governance factors such as the political climate, security and corruption were rated negative. However, public order and safety, issuance of visas and permits, and issuance of licences received positive feedback during the review period.

In assessing the ease of doing business in Zambia, the doing business factors premised on the World Bank standard indicators were considered. All the factors were positively assessed except the resolving insolvency and getting electricity factors. Among the positive factors, the starting a business factor ranked the highest, followed by paying taxes, enforcing contracts and fourth was trading across borders. The 2015 World Bank Doing Business report, indicated deterioration in the protecting investors' indicator ranking from 80^{th} position in 2014 to 83^{rd} position in 2015. Similarly, the starting business indicator ranking and the getting electricity factor ranking declined.

Investor outlook pointed to expansion of firms, with 85.0 percent of the respondents indicating value addition as the most preferred mode of expansion strategy.

The overall findings nevertheless, suggest that there is still considerable dissatisfaction in areas relating to government policies as well as institutions that play a key role in the investment process. Policies and practices that govern these institutions require urgent review and implementation in fostering investor confidence for increased investment.

Based on the above, the following are the key recommendations:

I. Continued Effort to Diversify Sectorial Distribution of FDI

FDI inflows have generally been rising in line with international trends in recent years, despite recording a decline in 2014. FDI inflows have traditionally been dominated by the mining and quarrying sector, with smaller or residual amounts going to other sectors. This trend can particularly be explained by the heavy dependence on the mining and quarrying sector, especially for foreign exchange earnings and overall economic activity. There is a need for the export base to be diversified in order to reduce the high dependence on copper; there is need to come up with



deliberate policy measures to encourage investment in government's priority and growth sectors.

Zambia has not fully utilised its natural resources to secure diversification. Specific industries are still facing challenges hence the need for government to come up with a holistic framework that involves a sector by sector assessment of constraints in finding appropriate solutions. These solutions should be complemented with greater effort to getting domestic firms take advantage of FDI flows especially in sectors spearheaded through economic zones (MFEZ). Further, as a way of encouraging Zambian firms to invest in technological development for long term diversification, Government needs to encourage spill overs from new FDI to domestic firms.

II. Promote Trade and Competitiveness

With regard to diversification, even though there has been progress, Government needs to promote trade and competitiveness in view of the changing external conditions such as the declining copper prices and tightening of the international financial conditions that are likely to pose growing risks that could lower investment. There is need to encourage companies operating in Zambia to take advantage of regional and global integration by diversifying exports globally and in the COMESA and SADC regions. This will require measures that include the reduction of trade costs that are associated with crossing borders. There is need to improve local value addition chains by propagating for strong institutional partnership between Government and the companies, to build confidence and transparency thereby increasing value added content for job creation.

III. Ensuring Macroeconomic Stability and Reducing External Vulnerability

The Zambian economy is currently facing strong headwinds with persistent low copper prices, domestic policy uncertainties, exchange rate depreciation; which are dampening the business environment due to high costs incurred in doing business. With the surge in the key external risks, global market volatility could result in outflows and higher financing costs. This could have adverse effects on the expected investment earnings. It's imperative that Government efforts to diversify be strengthened to help maintain exchange rate flexibility and build resilience against external shocks. As such, there is urgent need to ensure macroeconomic stability by adjusting fiscal policy and maintaining a tight monetary policy stance to help stabilise the exchange rate. With stability in the macroeconomic environment such as price stability, there will be improvement in the cost of doing business which will act as an incentive for encouraging foreign investment flows into the country.

IV. Improve Investor Confidence

To maintain Zambia as an attractive investment destination, frequent regulatory changes and uncertainty about policy direction, which could lead to a drop in FDI inflows, should be avoided. Therefore, there is need for Government to improve dialogue with stakeholders on issues of policy and regulation changes as a way of building confidence for attracting FDI inflows. Improving the business environment would also help enhance competitiveness and promote job creation.

V. Continued Improvements in Ease of Doing Business

It should be noted that efforts to improve the investment climate in the country are being undertaken and implemented. However, there is need for investment and business support institutions to continuously resolve and improve on areas with which the business community has shown concern. This urgent need for policy resolve and improvement is reflected in the 2015 World Bank Doing Business report, which indicated deterioration in protecting investor's indicator ranking from 80th position in 2014, to 83rd position in 2015. It would be important for business support institutions to help facilitate quality investment to work towards improving the identified areas of concern. Also key to attracting increased investment, is for Government to continue improving on the ease of doing business ranking.

12 REFERENCES



12.0. REFERENCES

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Annex




13.0 ANNEX

Annex I: Survey Methodology

1.1 Introduction

This annex presents an outline of the activities that were undertaken in the conduct of Phase VIII of the survey on foreign private investment and investor perceptions in Zambia. It covers issues relating to the organisation of the survey and survey techniques which includes sample design, survey instruments, field and data processing activities, and evaluation of coverage and response rate.

Phase VIII of the PCF was done on a sample basis. The primary objective of the survey is to obtain data on Foreign Assets and Liabilities (FAL) of the largest enterprises in Zambia. These account for nearly 95 percent of foreign assets and liabilities in the country.

1.2 Sample Design

1.2.1 Sampling Frame

The register of enterprises that was used for Phase VIII of the survey was updated using a list of enterprises from major new projects monitored by the Zambia development Agency, the Zambia Revenue Authority (ZRA) Value Added Tax (VAT) Register of large companies and the ZRA Trader database.

1.2.2 Sample size

The target sample size for Phase VIII of the survey was 351 enterprises, based on available resources. The survey retained all the 259 companies that were surveyed in Phase VII and reported foreign assets and liabilities. The remaining 92 companies were sampled from the rest of the companies on the frame.

1.2.3 Sample allocation and Stratification

The sampling frame was stratified by industry. The Kish square root method of allocation (Kish, 1988) was used to allocate the 92 companies to the various industries. This method of allocation ensured that large as well as smaller industries had a fair representation. The Kish allocation formula is given below

$$m_h = n * \alpha \sqrt{W_h^2 + \frac{1}{H^2}}$$

Where;

Mh= number of enterprises allocated in industry h

n= Number of companies to be allocated

a=Adjustment factor

wh=Weight of industry h (turnover as the measure of size)

H= Number of industries on the frame

1.2.4 Sample Distribution

Distribution of the sample by industry shows that the Manufacturing (19.9%) Wholesale and Retail trade (14.2%), and Mining and Quarrying (11.4%), had the highest percentage of enterprises on the sample.

Table 1: Sample distribution by Industry

Industry	Frequency	Percent
Accommodation & Food service activities	25.0	7.1
Administration & Support service activities	8.0	2.3
Agriculture, Forestry & Fishing	19.0	5.4
Construction	23.0	6.6
Deposit taking corporation	19.0	5.4
Education	3.0	0.9
Electricity	5.0	1.4
Human Health & Social work activities	3.0	0.9
Information & Communication	14.0	4.0
Insurance and Other Financial Institutions	23.0	6.6
Manufacturing	70.0	19.9
Mining & Quarrying	40.0	11.4
Professional, Scientific & Technical services	9.0	2.6
Real Estate activities	17.0	4.8
Transport & Storage	23.0	6.6
Wholesale & Retail trade	50.0	14.2
Total	**351.0**	**100.0**

Source: Foreign Private Investment & Investor Perceptions Survey, 2014

1.3 Organization of the Survey

The Foreign Private Investment and Investor Perceptions 2015 Survey was conducted on the strength of legal mandates of the Bank of Zambia Act No. 43 of 1996, Census and Statistics Act Chapter 127 of the Laws of Zambia and the Zambia Development Agency Act Number 11 of 2006. These pieces of legislation not only give authority to the institutions to collect data, but also make provisions for the confidentiality of the data collected and stipulate penalties for non-compliance.

The field staff for the survey came from BoZ, CSO, ZDA, Ministry of Tourism, and other BoP member institutions. The Bank of Zambia, being the Chair and Secretariat of the committee as well as the compiler of Balance of Payments Statistics for Zambia, coordinated the survey.

The 2015 survey was jointly sponsored by the Bank of Zambia and the Zambia Development Agency and entirely depended on locally built technical expertise at all stages of the survey including questionnaire design, enumerator training, filed work, software update, data entry, analysis and report writing.

1.4 Questionnaire Design

A structured questionnaire was designed to collect data on general information of the enterprise which include; location, shareholding structure, inward foreign affiliates trade in services (FATS), sector (industrial classification), employment, actual investments and profitability and corporate social responsibility. In addition, data on foreign assets and liabilities between residents and non-residents (both flows and stocks) for calendar years 2013 and 2014 as well as for the first and second Quarters of 2015 were obtained.

Further, investor perceptions on selected financial, economic, political and other factors were incorporated. Respondent enterprises were given an option to indicate the most important factors that determined their decisions to invest in Zambia.

1.5 Training and Sensitization

The training of supervisors and enumerators was held in Lusaka from 8th to 10th July 2015. The objective of the training was to equip the interviewers with the background and purpose of the survey, understanding private investment components of the Balance of Payments (BoP) and International investment Position (IIP) in the context of the Balance of Payments and International Investment Position Manual 6th edition (BPM6); understanding the survey questionnaire; familiarization with investor perception questions and related issues; practical training on how to extract information from financial statements to complete the survey form and how to check for consistency in the data provided by the respondents.

Would be respondents were informed of the survey through emails and phone calls.

1.6 Data collection

Data collection was done in two phases. The first phase began with a launch on 27th July 2015, ending on 10th August 2015. A total of 20 staff comprising supervisors and enumerators participated in the two (2) weeks exercise. The follow up survey was conducted from 17th to 30th August 2015, with the same number of participants. Thereafter, follow ups were made to deal with non-response, and address some inconsistencies in the data in order to improve data quality.




1.7 Data processing

Questionnaire editing and data entry was done during the period 1st to 13th September 2015. CSPro software was used to capture the data. This was followed by a data cleaning and validation exercise from 17th to 27th September 2015. Data cleaning and validation involved running diagnostic tests to identify mistakes on aggregate; correcting input errors and inconsistencies in the database before producing data outputs.

Report writing took place from 13th to 23rd October 2015.

1.8 Response rate

The survey targeted 351 enterprises. All the 351 enterprises were visited and 305 enterprises responded. The overall response rate was 86.9 percent. Of the 259 enterprises with FAL, 258 responded, yielding a response rate of 99.6 percent.

1.9 Dissemination

The dissemination workshop was aimed at strengthening the partnership between the lead institutions with the private sector and other stakeholders. Feedback from the workshop provides valuable input in the conduct of the survey. It also helps in the formulation of both policy and institutional reforms to enhance and facilitate growth in foreign private investment. Other than the dissemination workshop, the following were done to widen the coverage of dissemination:

- Posting of the final survey report with relevant policy recommendations on BoPSC member institutions' websites;
- Hand delivery of the Final FPI&IP Report by the BoPSC to enumerated companies and other major stakeholders; and
- Distributing of the PCF Report by the BoPSC on demand to the private and public sectors, and answering queries as they occur.

1.10 Major Challenges and Limitations

A number of challenges encountered during the survey include the following:

- Small sample size due to financial limitations. This limited the adequacy of detailed sectoral analysis.
- Accounting Period – Some companies had accounting periods that did not conform to January – December as required by the survey methodology. For data provided by such companies, adjustments were made to estimate for the calendar year positions and flows;
- Some respondents' understanding of some survey questions, concepts and classifications was low, resulting in incomplete or inaccurate information, thereby increasing the amount of work during data editing.
- Due to non-availability of quarterly financial statements for some enterprises for the first and second quarters of 2015, the quarterly numbers provided could not be validated.

1.11 Database Quality, Weaknesses and Up-rating

1.11.1 Data Quality

Data quality of survey response was directly related to:

- The quality of field enumeration and supervision (very good);
- Form design and in-build checks (rated excellent);
- Respondents' understanding of the concepts, classification and survey questions (rated good);
- Respondents' willingness in completing the return (rated good);
- Respondents' accuracy in completing the return (rated good);
- Technical editing skills by enumerators and their supervisors in the field (very good);
- Technical editing and validation skills by the data processing team (excellent);
- The availability of other indicators/tools to compare the data with, such as enterprise financial statements and previous BOP estimates (excellent);

1.11.2 Data Validation and Up-rating:

Data validation was done by:

- Using financial statements to check the data;
- Requesting for additional information and clarifications from respondents;
- Using local knowledge supplied by senior BoPSC staff;
- Consistency checks by comparing with data submitted in the previous round.

Data under various FPC aspects were then generated. To obtain better FPC estimates, the survey data was up-rated using sector specific up-rating factors derived from the survey and the sampling frame. Some industries did not need up-rating because all the enterprises on the sampling frame were covered. For those that needed up-rating, table 2 presents the sectoral up-rating factors used:

Table 2: Sectoral up-rating factors

Industry	Factor
Accommodation & Food service activities	1.0027
Administration & Support service activities	1.0516
Agriculture, Forestry & Fishing	1.1847
Construction	1.0511
Insurance & Other financial services	1.0671
Manufacturing	1.0188
Mining & Quarrying	1.0000
Other service activities	1.0394
Professional, Scientific & Technical services	1.0516
Real Estate activities	1.0353
Transport & Storage	1.0300
Wholesale & Retail trade	1.0495
Grand Total	**1.01968**

Source: Foreign Private Investment & Investor Perceptions Survey, 2014

1.12 Foreign Affiliates Statistics:

Multinational enterprises/Foreign affiliates make notable contributions to economies of the host countries. With the rise in globalisation, enhanced regional integration and trade negotiations including in trade in services, there has been a rising interest in trade in services data. The General Agreement on Trade in Services (GATS) categorises trade in services according to four modes of supply - cross border, consumption abroad, commercial presence and presence of natural persons. Distinctions among these modes are based on whether the service supplier and the consumer are present in the same country or in different countries when the transaction is effected.

Foreign Affiliates Trade in Services (FATS) measures mode three (3) of international trade in services (commercial presence), as classified by the GATS, through affiliates in foreign markets. In mode 3, the service provider through establishing affiliated companies in another economy provides services to the customers in that economy. Mode three (3) trade in services are not included in the conventional TIS statistics. Foreign Affiliates Statistics (FATS) encompass both inward and outward FATS data. Foreign affiliate's statistics (inward FATS) describe the activities of an economy's affiliates resident in that economy and their contribution while, outward FATS describe the activity of foreign affiliates abroad controlled by the compiling country. In simpler terms, outward FATS data describe, for example, how many employees worked in affiliated companies that are resident outside Zambia and controlled by Zambian enterprises. Outward FATS give an idea of the economic impact of Zambian investments abroad.

Foreign affiliates are getting more and more important in the global economy. Such enterprises spread costs by producing or supplying goods or services across the world as well as bring greater range of products to consumers. In order to stay competitive, multinational enterprises are under constant pressure to decrease costs, increase product quality and create innovative solutions. As a result of this global phenomena, multinational enterprises (MNEs) have evolved and risen as important contributors to the world economy.

Overall inward FATS statistics examines the contribution made by these foreign affiliates to the Zambian economy and other key indicators by partner country and by sector. The analysed statistics include among others:

- The number of people employed;
- Sales/turnover;
- Contribution to taxes on income tax;
- Total assets;
- Profits after tax;
- Exports and imports of goods and services;
- Expenditure on research and development;
- Compensation of employees, training expenditure;
- Payment of royalties and license fees;
- Output and value added;

Data on pure services categories i.e. [ISIC, Rev.4 Categories for Foreign Affiliates in Services (ICFA, Rev.1)], by partner country and by sector

1.13 Methodology of Compiling FATS

Zambia compiles Inward FATS statistics as recommended by the 2010 Manual on Statistics for International Trade in Services (MSITS 2010). The following key issues are critical in compiling and interpreting FATS statistics:

Inward FATS are compiled only for Majority owned foreign affiliates (MOFAs). MOFAs are firms with a single foreign

enterprise, or an associated group of foreign investors acting in consent, owning more than 50.0 percent of the ordinary shares or voting power. The concept of majority ownership is used to ensure final management control of MOFAs by the foreign investors. Control in this context is the ability to determine the general policy of an enterprise by choosing appropriate directors, if necessary.

The majority ownership concept of majority-owned foreign affiliates (MOFAs) differs from the rules relating to direct investment ownership in the Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6). In the latter case, 10.0 percent ownership is used as the lower threshold for direct investment as opposed to more than 50.0 percent rule applicable to FATS.

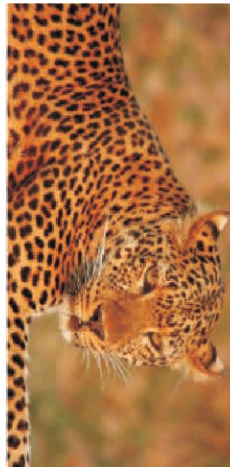
In compiling FATS, if a firm is identified as a MOFA, figures relating to its operating characteristics are entirely included in the Inward FATS statistics. No apportionment by percentage of source of investment is made to its contributions. This approach differs from the FDI compilation as recommended in the Balance of Payments Manual 6.

FATS are extracted from the comprehensive survey data.

Annex II: Foreign Direct Investment Flows by Source Country, 2013 - 2015 Q2 (US $ Millions)

Source Country	2014				Quarter 1, 2015								Quarter 2, 2015							
	Equity capital Flows	Reinvested earnings Flows	Debt instrument Flows	Total	Equity capital		Reinvested earnings		Debt instrument		Total Flows	Total Exc. Rate Effect	Equity capital		Reinvested earnings		Debt instrument		Total Flows	Total Exc. Rate Effect
					Flows	Exc. Rate Effect	Flows	Exc. Rate Effect	Flows	Exc. Rate Effect			Flows	Exc. Rate Effect	Flows	Exc. Rate Effect	Flows	Exc. Rate Effect		
Australia	17.7	(853.8)	16.1	(820.0)	0.0	(0.2)	0.1	(0.8)	(10.9)	(5.5)	(10.8)	(6.6)	(0.0)	0.0	(0.0)	0.0	2.0	0.3	2.0	0.3
Bangladesh	(0.0)	(0.0)	-	(0.0)	0.0	(0.0)	0.0	(0.0)	-	-	0.0	(0.0)	(0.0)	0.0	(0.0)	0.0	-	-	(0.0)	0.0
Belgium	-	-	(1.5)	(1.5)	-	-	-	-	(1.6)	(0.4)	(1.6)	(0.4)	-	-	-	-	0.5	0.0	0.5	0.0
Bermuda	(1.6)	(3.5)	-	(5.1)	1.4	(8.6)	(1.0)	5.0	3.0	-	3.3	(3.6)	0.1	0.4	(0.3)	(0.2)	3.1	-	2.8	0.2
Botswana	2.4	0.9	0.9	4.1	47.0	(9.6)	0.2	(2.0)	0.0	(0.5)	47.2	(12.1)	(4.7)	0.9	(0.1)	0.1	(0.0)	0.0	(4.8)	1.1
Brazil	(2.4)	7.8	6.8	12.3	0.4	(2.7)	0.3	(1.7)	0.9	(6.7)	1.6	(11.1)	(0.0)	0.1	4.9	0.1	2.3	0.3	7.2	0.5
Cameroon	1.7	(0.8)	-	0.9	1.2	(2.4)	(2.1)	1.6	-	-	(0.9)	(0.8)	(0.0)	0.1	(0.1)	(0.1)	-	-	(0.1)	0.0
Canada	(0.1)	586.1	(265.6)	320.4	0.2	(0.3)	(39.7)	(2.6)	14.2	(21.0)	(25.3)	(23.9)	(0.0)	0.0	1.8	0.1	15.6	1.0	17.5	1.1
Cayman Islands	(0.0)	(0.1)	-	(0.1)	(0.1)	(0.0)	0.0	0.0	-	-	(0.1)	0.0	(0.0)	0.0	(0.1)	(0.0)	-	-	(0.1)	(0.0)
Channel Islands	(0.0)	0.2	-	0.2	0.0	(0.0)	(0.1)	-	-	-	(0.1)	(0.0)	(0.0)	0.0	0.0	(0.0)	-	-	0.0	(0.0)
China PR	3.1	80.1	146.0	229.2	10.8	(24.4)	3.0	(4.7)	(8.9)	(26.3)	4.9	(55.3)	(0.1)	1.2	4.4	0.3	2.6	1.2	6.9	2.7
Congo DR	-	-	55.6	55.6	-	-	-	-	(0.1)	(0.0)	(0.1)	(0.0)	-	-	-	-	0.1	0.0	0.1	0.0
DBSA	-	-	-	-	-	-	-	-	0.1	(1.5)	0.1	(1.5)	-	-	-	-	0.1	0.1	0.1	0.1
Egypt	(0.4)	0.6	3.4	3.7	0.1	(0.5)	0.8	(0.4)	(0.5)	(1.6)	0.4	(2.5)	(0.0)	0.0	0.4	0.0	1.6	0.1	2.0	0.1
Eritrea	(0.1)	0.0	-	(0.1)	(0.6)	(0.2)	(0.0)	(0.0)	-	-	(0.7)	(0.2)	0.0	0.0	0.0	0.0	-	-	0.0	0.0
Finland	-	-	(0.0)	(0.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
France	(0.8)	(15.7)	(75.4)	(91.9)	0.1	(1.9)	5.5	(12.3)	(2.6)	(2.1)	3.0	(16.3)	(0.0)	0.1	(6.7)	0.6	0.5	0.1	(6.2)	0.8
Germany	2.9	(1.9)	(1.3)	(0.3)	0.2	(1.2)	0.6	0.9	0.6	(0.0)	1.3	(0.3)	(0.0)	0.1	(2.6)	(0.0)	0.0	0.0	(2.6)	0.0
Ghana	-	-	(0.0)	(0.0)	-	-	-	-	(0.0)	(0.0)	(0.0)	(0.0)	-	-	-	-	(0.0)	0.0	(0.0)	0.0
Guernsey	(0.0)	1.4	-	1.3	0.0	(0.0)	0.5	(3.0)	-	-	0.5	(3.0)	(0.0)	0.0	(0.0)	0.1	-	-	(0.0)	0.1
India	1.0	(5.9)	174.2	169.3	9.3	(33.8)	1.2	(1.1)	0.0	(0.0)	10.5	(34.9)	1.3	1.6	2.2	0.1	(0.0)	0.0	3.5	1.7
Ireland	14.8	132.7	(93.2)	54.2	29.6	(7.4)	22.0	(8.7)	0.0	(0.2)	51.6	(16.3)	16.2	0.6	22.1	0.4	0.0	0.0	38.4	1.1
Italy	(0.0)	(0.5)	(0.0)	(0.5)	0.0	(0.0)	0.4	(2.9)	0.0	(0.1)	0.5	(3.0)	(0.0)	0.0	(0.0)	0.1	0.0	0.0	(0.0)	0.1
Japan	2.1	(4.1)	0.9	(1.0)	0.3	(0.7)	0.3	(1.8)	0.4	(0.0)	0.9	(2.5)	0.4	0.0	(0.0)	0.1	0.0	0.0	0.3	0.1
Kazakhstan	(1.5)	1.2	-	(0.3)	0.0	(0.1)	(0.7)	(0.3)	0.5	(1.5)	(0.2)	(1.9)	(0.0)	0.0	(0.0)	0.0	0.1	0.1	0.1	0.1
Kenya	0.3	0.2	(2.1)	(1.6)	0.4	(0.2)	0.2	0.0	0.0	(0.7)	0.6	(0.8)	(0.0)	0.0	(0.0)	0.0	0.1	0.0	0.1	0.0
Lebanon	(2.4)	2.1	-	(0.3)	2.3	(2.3)	0.3	(1.9)	-	-	2.6	(4.2)	(0.1)	0.1	(0.0)	0.1	-	-	(0.2)	0.2
Lesotho	-	-	(0.0)	(0.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liechtenstein	(0.0)	0.2	-	0.2	0.0	(0.0)	(0.1)	-	-	-	(0.1)	(0.0)	(0.0)	0.0	0.0	(0.0)	-	-	0.0	(0.0)
Luxembourg	0.1	(5.7)	(0.8)	(6.3)	0.0	(0.2)	(4.7)	0.1	(1.5)	(3.6)	(6.2)	(3.6)	(0.0)	0.0	(15.7)	(0.0)	(3.2)	0.1	(18.8)	0.1
Malawi	(0.7)	(0.3)	(0.1)	(1.2)	0.3	(2.0)	0.1	0.2	0.0	(0.0)	0.4	(1.8)	(0.0)	0.1	0.0	(0.0)	0.0	0.0	(0.0)	0.1
Mali	-	-	0.1	0.1	-	-	-	-	0.0	(0.0)	0.0	(0.0)	-	-	-	-	0.0	0.0	0.0	0.0
Mauritius	(1.2)	25.5	11.2	35.4	4.3	(21.4)	(5.6)	(7.2)	(2.5)	(16.2)	(3.8)	(44.8)	(0.2)	1.0	(2.8)	0.3	0.8	0.7	(2.2)	2.0
Mozambique	-	-	0.5	0.5	-	-	-	-	0.0	(0.1)	0.0	(0.1)	-	-	-	-	0.0	0.0	0.0	0.0
Namibia	(0.1)	0.6	(0.0)	0.5	0.2	(0.2)	0.2	(0.2)	-	-	0.4	(0.3)	(0.0)	0.0	0.0	0.0	-	-	0.0	0.0
Netherlands	(9.2)	(116.2)	(3.7)	(129.1)	(3.5)	(34.7)	(5.8)	(38.6)	(5.2)	(7.4)	(14.4)	(80.7)	2.4	1.6	10.4	1.7	6.3	0.3	19.1	3.5
Nigeria	10.4	(0.9)	144.9	154.4	0.6	(7.7)	(0.3)	2.8	21.8	(59.0)	22.0	(63.9)	0.5	0.4	(0.3)	(0.1)	11.8	2.9	12.0	3.2
Norway	(4.0)	3.6	-	(0.4)	0.1	(0.7)	-	-	-	-	0.1	(0.7)	(0.0)	0.0	-	-	-	-	(0.0)	0.0
Other	0.1	-	-	0.1	0.0	(0.0)	-	-	0.2	(4.5)	0.2	(4.5)	(0.0)	0.0	-	-	0.4	0.2	0.4	0.2
Peru	(0.0)	(0.9)	0.5	(0.4)	0.0	(0.0)	0.0	(0.5)	0.1	(0.1)	0.1	(0.6)	(0.0)	0.0	(0.3)	0.0	0.0	0.0	(0.3)	0.0
Philippines	-	-	(0.0)	(0.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rwanda	-	-	-	-	-	-	-	-	(0.0)	(0.0)	(0.0)	(0.0)	-	-	-	-	(0.0)	0.0	(0.0)	0.0
Senegal	(0.0)	0.1	-	0.1	0.0	(0.0)	0.0	(0.0)	-	-	0.0	(0.0)	(0.0)	0.0	(0.0)	0.0	-	-	(0.0)	0.0
Singapore	96.9	0.8	27.7	125.4	3.6	(23.5)	0.3	(1.3)	9.2	(5.5)	13.1	(30.3)	(0.3)	1.1	0.1	0.1	8.1	0.4	7.9	1.5
South Africa	(9.5)	56.4	(16.4)	30.5	24.9	(73.3)	24.4	(45.1)	(7.6)	(80.4)	41.7	(198.8)	2.8	3.6	8.3	2.3	(0.6)	3.6	10.6	9.6
Spain	7.6	(1.3)	0.0	6.3	0.1	(0.5)	(0.5)	(0.5)	0.0	(0.6)	(0.4)	(1.6)	(0.0)	0.0	0.4	0.0	0.5	0.0	0.8	0.1
Swaziland	(0.1)	(3.4)	-	(3.5)	0.0	(0.1)	(0.2)	1.0	(0.0)	(0.0)	(0.2)	1.0	(0.0)	0.0	0.0	(0.0)	(0.0)	0.0	0.0	(0.0)
Sweden	-	237.4	1.4	238.8	4.2	-	(146.5)	-	4.9	(2.0)	(137.3)	(2.0)	-	-	1.4	-	(3.8)	0.2	(2.4)	0.2
Switzerland	2.0	4.7	515.9	522.6	0.6	(5.4)	(72.1)	(2.2)	167.0	(15.3)	95.4	(22.8)	0.5	0.3	(23.0)	0.1	137.5	0.7	115.0	1.1
Tanzania	(9.8)	(0.9)	2.0	(8.7)	5.9	(5.9)	1.3	(0.6)	0.6	(5.0)	7.8	(11.6)	(0.3)	0.3	1.9	0.0	0.5	0.2	2.1	0.6

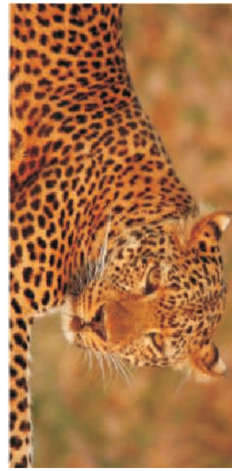
Source: Foreign Private Investment & Investor Perceptions Survey, 2015



Annex II: Foreign Direct Investment Flows by Source Country, 2013 - 2015 Q2 (US $ Millions) Cont'

Source Country	2014				Quarter 1, 2015								Quarter 2, 2015							
	Equity capital	Reinvested earnings	Debt instrument	Total	Equity capital		Reinvested earnings		Debt instrument		Total	Total	Equity capital		Reinvested earnings		Debt instrument		Total	Total
	Flows	Flows	Flows		Flows	Exc. Rate Effect	Flows	Exc. Rate Effect	Flows	Exc. Rate Effect	Flows	Exc. Rate Effect	Flows	Exc. Rate Effect	Flows	Exc. Rate Effect	Flows	Exc. Rate Effect	Flows	Exc. Rate Effect
Thailand	(0.0)	(0.0)	(0.7)	(0.8)	(0.1)	(0.0)	0.0	(0.0)	0.0	(0.0)	(0.1)	(0.1)	-	-	(0.0)	0.0	0.0	0.0	0.0	0.0
Togo	(7.3)	5.6	-	(1.7)	13.8	(8.9)	3.7	4.2	-	-	17.5	(4.8)	(0.2)	0.6	0.6	(0.2)	-	-	0.5	0.4
Uganda	-	-	-	-	-	-	-	-	0.1	(0.6)	0.1	(0.6)	-	-	-	-	(2.1)	0.0	(2.1)	0.0
United Arab Emirates	0.9	5.0	6.5	12.4	0.3	(0.8)	4.1	(5.7)	(5.9)	(8.5)	(1.5)	(15.0)	(0.0)	0.0	(0.2)	0.3	1.0	0.3	0.7	0.7
United Kingdom	(36.5)	(83.1)	670.8	551.3	13.5	(31.3)	19.2	(18.5)	201.7	(3.4)	234.5	(53.2)	0.5	1.6	5.6	1.0	216.8	0.2	222.8	2.7
United States	31.6	27.3	(33.7)	25.2	1.2	(17.5)	7.4	(7.3)	14.6	(9.7)	23.3	(34.5)	(1.6)	0.8	5.0	0.4	(31.4)	0.5	(28.0)	1.8
Virgin Islands British	(0.1)	0.1	-	(0.0)	0.0	(0.1)	0.8	(2.0)	1.1	-	2.0	(2.1)	(0.0)	0.0	0.8	0.1	-	-	0.8	0.1
Zimbabwe	0.1	6.1	2.5	8.7	0.0	(0.1)	(0.5)	(5.0)	0.1	(0.6)	(0.4)	(5.7)	0.0	0.0	(1.6)	0.2	0.1	0.0	(1.6)	0.3
Grand Total	**108.1**	**87.4**	**1,293.2**	**1,488.6**	**172.7**	**(330.6)**	**(183.0)**	**(163.2)**	**393.9**	**(291.0)**	**383.6**	**(784.8)**	**16.8**	**16.9**	**16.5**	**8.1**	**371.2**	**13.7**	**404.6**	**38.7**

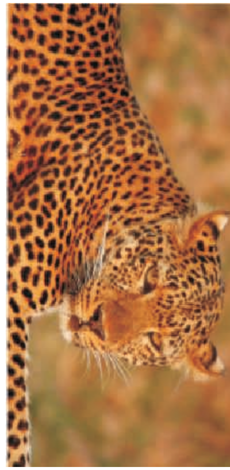
Source: Foreign Private Investment & Investor Perceptions Survey, 2015



Annex III: Foreign Direct Investment Stocks by Source Country, 2013 - 2015 Q2 (US $ Millions)

Source Country	Dec.2013				Dec. 2014				March.2015				June.2015			
	Equity capital	Accumulated Retained Earning/ Loss	Debt instrument	Total	Equity capital	Accumulated Retained Earning/ Loss	Debt instrument	Total	Equity capital	Accumulated Retained Earning/ Loss	Debt instrument	Total	Equity capital	Accumulated Retained Earning/ Loss	Debt instrument	Total
Australia	1,560.6	(172.3)	12.1	1,400.5	1,564.8	(1,003.5)	45.5	606.8	1,564.6	(1,004.2)	29.0	589.5	1,564.6	(1,004.1)	31.3	591.8
Bangladesh	0.0	0.3	-	0.3	0.0	0.2	-	0.2	0.0	0.1	-	0.1	0.0	0.1	-	0.1
Belgium	-	-	2.0	2.0	-	-	2.3	2.3	-	-	0.2	0.2	-	-	0.7	0.7
Bermuda	1.6	(25.7)	358.1	334.0	46.3	(27.0)	366.7	386.0	39.1	(23.0)	369.7	385.7	39.6	(23.6)	372.7	388.7
Botswana	48.9	10.5	3.2	62.7	51.4	10.8	2.9	65.2	88.9	9.0	2.4	100.3	85.1	9.0	2.4	96.5
Brazil	93.8	(31.2)	188.4	251.0	14.6	9.3	36.1	59.9	12.3	7.8	30.3	50.4	12.4	12.8	32.9	58.1
Cameroon	7.7	1.5	-	9.2	12.7	(8.6)	-	4.1	11.6	(9.1)	-	2.5	11.6	(9.3)	-	2.4
Canada	25.9	1,979.2	1,230.7	3,235.8	24.6	2,552.8	994.4	3,571.8	24.5	2,510.5	987.6	3,522.5	24.5	2,512.4	1,004.2	3,541.1
Cayman Islands	0.2	(0.2)	-	(0.0)	0.1	(0.2)	-	(0.1)	0.0	(0.2)	-	(0.2)	0.0	(0.3)	-	(0.3)
Channel Islands	0.3	2.0	-	2.3	0.0	-	-	0.0	0.0	(0.1)	-	(0.1)	0.0	(0.1)	-	(0.1)
China PR	408.4	240.6	967.0	1,616.0	169.9	237.8	1,128.9	1,536.6	156.3	236.1	1,093.8	1,486.1	157.4	240.8	1,097.6	1,495.8
Congo DR	-	-	31.4	31.4	-	-	144.3	144.3	-	-	144.1	144.1	-	-	144.2	144.2
DBSA	-	-	7.2	7.2	-	-	7.9	7.9	-	-	6.5	6.5	-	-	6.7	6.7
Egypt	3.1	2.7	8.2	14.1	2.4	2.2	8.8	13.4	2.1	2.6	6.7	11.4	2.1	3.1	8.4	13.5
Eritrea	1.2	-	-	1.2	1.1	0.0	-	1.1	0.3	0.0	-	0.3	0.3	0.0	-	0.3
Finland	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-
France	10.0	92.0	16.7	118.7	10.2	66.0	11.6	87.7	8.4	59.2	6.8	74.5	8.5	53.1	7.4	69.0
Germany	2.6	(1.2)	0.3	1.7	7.6	(2.3)	1.3	6.7	6.6	(0.8)	1.9	7.7	6.6	(3.4)	1.9	5.1
Ghana	-	-	0.0	0.0	-	-	0.0	0.0	-	-	0.0	0.0	-	-	0.0	0.0
Guernsey	0.0	29.2	-	29.3	0.0	16.2	-	16.2	0.0	13.6	-	13.7	0.0	13.7	-	13.8
India	83.6	21.2	70.4	175.3	181.6	5.9	251.5	439.0	157.2	6.0	251.5	414.7	160.1	8.2	251.5	419.9
Ireland	54.5	344.3	577.3	976.0	47.6	490.0	88.2	625.8	69.8	503.3	88.0	661.1	86.7	525.9	88.0	700.6
Italy	0.2	(0.0)	0.6	0.8	0.2	15.5	0.5	16.3	0.2	13.1	0.4	13.7	0.2	13.2	0.5	13.8
Japan	11.8	37.3	8.5	57.5	13.9	44.0	10.1	68.0	13.4	42.5	10.5	66.4	13.8	42.5	10.5	66.9
Kazakhstan	1.8	0.4	9.4	11.6	0.3	1.6	8.3	10.2	0.3	0.6	7.2	8.1	0.3	0.6	7.4	8.3
Kenya	0.7	(0.3)	6.4	6.8	1.0	(0.2)	3.7	4.5	1.2	0.0	3.0	4.3	1.2	0.0	3.1	4.4
Lebanon	14.9	8.2	-	23.1	12.5	10.3	-	22.8	12.5	8.6	-	21.2	12.5	8.7	-	21.2
Lesotho	-	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-
Liechtenstein	0.0	(0.2)	-	(0.2)	0.0	-	-	0.0	0.0	(0.1)	-	(0.1)	0.0	(0.1)	-	(0.1)
Luxembourg	12.7	(0.1)	11.5	24.1	73.4	(146.0)	29.4	(43.3)	73.2	(150.7)	24.3	(53.1)	73.2	(166.3)	21.3	(71.8)
Malawi	11.4	(0.7)	0.1	10.8	10.6	(1.0)	0.0	9.7	9.0	(0.7)	0.0	8.3	9.0	(0.7)	0.0	8.4
Mali	-	-	0.1	0.1	-	-	0.2	0.2	-	-	0.2	0.2	-	-	0.2	0.2
Mauritius	83.0	(40.6)	109.0	151.4	115.1	38.5	202.2	355.8	98.0	25.7	183.5	307.2	98.9	23.1	185.0	307.0
Mozambique	-	-	0.0	0.0	-	-	0.5	0.5	-	-	0.4	0.4	-	-	0.4	0.4
Namibia	0.9	0.6	50.9	52.5	0.8	1.0	-	1.8	0.8	1.0	-	1.9	0.8	1.1	-	1.9
Netherlands	290.8	246.3	44.4	581.4	224.9	215.3	40.3	480.4	186.8	170.9	27.7	385.3	190.7	183.0	34.2	407.9
Nigeria	30.4	(14.0)	112.7	129.1	41.2	(14.8)	317.3	343.7	34.1	(12.4)	280.1	301.8	34.9	(12.8)	294.8	317.0
Norway	0.0	(3.6)	-	(3.6)	3.9	-	-	3.9	3.3	-	-	3.3	3.3	-	-	3.3
Other	0.0	-	15.1	15.1	0.1	-	24.4	24.5	0.1	-	20.1	20.1	0.1	-	20.7	20.8
Peru	0.0	3.7	-	3.7	0.0	2.8	0.5	3.3	0.0	2.3	0.4	2.8	0.0	2.0	0.5	2.5
Phillipines	-	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-
Rwanda	-	-	0.0	0.0	-	-	0.0	0.0	-	-	0.0	0.0	-	-	-	-
Senegal	0.0	(8.0)	-	(8.0)	0.0	0.3	-	0.3	0.0	0.2	-	0.2	0.0	0.2	-	0.2
Singapore	157.5	(14.2)	27.7	171.0	126.2	7.2	29.8	163.3	106.4	6.2	33.5	146.0	107.1	6.4	42.0	155.4
South Africa	316.4	97.2	562.1	975.6	458.9	311.1	471.4	1,241.4	410.6	290.3	383.4	1,084.3	416.9	301.0	386.4	1,104.4
Spain	1.5	4.0	4.9	10.5	2.7	2.7	3.2	8.6	2.3	1.7	2.6	6.6	2.3	2.1	3.2	7.5
Swaziland	0.4	(2.3)	0.0	(1.9)	0.3	(5.6)	0.0	(5.3)	0.3	(4.7)	0.0	(4.4)	0.3	(4.8)	0.0	(4.5)
Sweden	0.1	0.2	20.3	20.6	0.1	180.4	18.8	199.3	4.3	33.9	21.7	60.0	4.3	35.3	18.1	57.7
Switzerland	66.6	222.7	875.0	1,164.3	68.6	233.5	1,444.1	1,746.2	63.8	159.2	1,595.8	1,818.8	64.5	136.3	1,734.0	1,934.8
Tanzania	40.9	4.4	19.0	64.3	31.7	3.5	27.1	62.3	31.7	4.1	22.7	58.5	31.8	6.1	23.4	61.2

Source: Foreign Private Investment & Investor Perceptions Survey, 2015



Annex III: Foreign Direct Investment Stocks by Source Country, 2013 - 2015 Q2 (US $ Millions) Cont’

Source Country	Dec.2013				Dec. 2014				March.2015				June.2015			
	Equity capital	Accumulated Retained Earning/ Loss	Debt instrument	Total	Equity capital	Accumulated Retained Earning/ Loss	Debt instrument	Total	Equity capital	Accumulated Retained Earning/ Loss	Debt instrument	Total	Equity capital	Accumulated Retained Earning/ Loss	Debt instrument	Total
													-			
Thailand	0.2	0.2	1.1	1.5	0.1	0.2	0.3	0.6	-	0.2	0.2	0.4	53.3	0.2	0.2	0.4
Togo	55.6	(28.0)	-	27.6	48.1	(22.4)	-	25.7	52.9	(14.5)	-	38.4	-	(14.0)	-	39.3
Uganda	-	-	1.8	1.8	-	-	3.2	3.2	-	-	2.7	2.7	3.7	-	0.6	0.6
United Arab Emirates	3.3	(2.4)	118.9	119.9	4.2	30.5	46.0	80.7	3.7	29.0	31.5	64.1	626.7	29.0	32.8	65.5
United Kingdom	805.2	462.0	1,470.8	2,737.9	642.4	452.3	2,128.6	3,223.4	624.7	453.0	2,326.9	3,404.6	77.0	459.6	2,543.9	3,630.2
United States	140.9	12.6	163.9	317.5	94.1	39.1	128.8	262.0	77.8	39.3	133.7	250.8	0.9	44.7	102.8	224.5
Virgin Islands British	7.8	0.5	1.1	9.5	1.0	15.8	-	16.8	0.9	14.6	1.1	16.7	0.6	15.5	1.1	17.6
Zimbabwe	0.6	25.0	0.8	26.5	0.7	27.1	3.1	30.9	0.6	21.6	2.6	24.8	3,988.1	20.1	2.7	23.5
Grand Total	4,358.3	3,504.0	7,109.3	14,971.6	4,112.3	3,792.1	8,032.0	15,936.4	3,954.4	3,445.9	8,134.8	15,535.2		3,470.6	8,519.7	15,978.4

Source: Foreign Private Investment & Investor Perceptions Survey, 2015

Annex IV: Portfolio Equity Investment Stocks and Flows by Source Country (US $ millions), 2013 - 2015 Q2

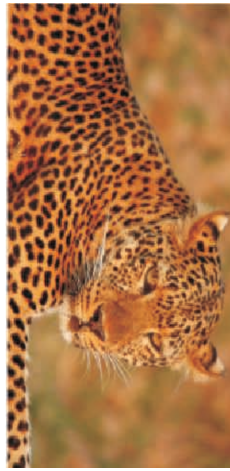
Source Country	2013	Flows	2014	Flows	2015 Q1	Flows	2015 Q2
United Kingdom	63.8	(2.9)	60.9	(2.7)	58.1	0.1	58.3
Australia	0.4	0.0	0.4	-	0.4	-	0.4
South Africa	0.2	0.0	0.2	-	0.2	-	0.2
Other	3.6	1.3	4.9	(0.3)	4.5	0.1	4.6
Total	**68.0**	**(1.6)**	**66.4**	**(3.1)**	**63.3**	**0.2**	**63.5**

Source: Foreign Private Investment & Investor Perceptions Survey, 2015

Annex V: Portfolio Equity Investment Stocks and Flows by Sector (US $ millions), 2013 - 2015 Q2

Sector	2013	Flows	2014	Flows	2015 Q1	Flows	2015 Q2
Manufacturing	67.2	(1.6)	65.6	(3.0)	62.6	0.2	62.8
Mining and Quarrying	0.4	0.0	0.4	-	0.4	-	0.4
Wholesale and Retail Trade	0.2	0.0	0.2	-	0.2	-	0.2
Deposit Taking Corporations	0.1	(0.0)	0.1	(0.0)	0.1	0.0	0.1
Total	**68.0**	**(1.6)**	**66.4**	**(3.1)**	**63.3**	**0.2**	**63.5**

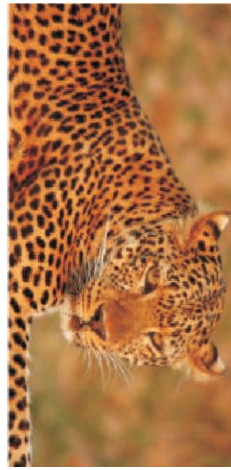
Source: Foreign Private Investment & Investor Perceptions Survey, 2015



Annex VI: Other Investments Stocks and Flows by country (US $ Millions), 2013 - 2015 Q2

Source Country	2013	Disbursements	Principal paid	Interest Paid	Net Flows	Other Changes	2014	2015 Q1	2015 Q2
ADB	15.6	-	0.5	0.2	(0.5)	-	13.1	10.9	11.3
Australia	3.7	-	0.4	-	(0.4)	-	2.8	1.9	2.0
Austria	10.3	1.5	-	0.9	1.5	-	10.3	12.2	12.4
Bahrain	100.0	-	-	-	-	-	100.0	100.0	100.0
Belgium	0.9	0.0	0.0	-	0.0	-	0.5	1.1	0.8
Botswana	8.8	-	-	0.0	-	-	7.7	5.8	5.9
Canada	(1.8)	8.3	0.5	-	7.9	0.0	6.0	5.4	6.1
China PR	741.7	315.1	62.7	5.3	252.4	-	926.5	806.1	821.6
Congo DR	-	-	0.0	-	(0.0)	-	0.0	0.0	0.0
DBSA	1.0	-	-	-	-	-	1.0	0.8	0.8
Egypt	4.7	6.3	3.4	0.2	2.9	-	6.9	4.8	4.6
EIB	4.2	-	0.1	0.0	(0.1)	0.0	3.5	2.9	3.0
France	22.6	4.9	9.0	1.1	(4.0)	-	17.5	15.1	16.2
Germany	0.0	0.1	0.1	-	(0.0)	-	0.0	0.0	0.0
Guernsey	0.0	-	0.0	-	(0.0)	-	0.0	-	-
Hong Kong	0.8	2.2	2.0	-	0.2	-	1.8	1.5	1.5
IFC	29.9	-	-	-	-	-	25.8	21.3	21.9
India	0.2	24.7	0.2	0.0	24.5	-	23.8	23.7	1.3
Indonesia	0.0	-	0.0	-	(0.0)	-	-	-	-
Ireland	2.7	0.0	0.3	-	(0.3)	-	2.5	2.0	2.1
Italy	1.6	0.0	0.1	-	(0.1)	-	1.4	1.1	1.2
Kenya	18.6	5.1	2.4	0.9	2.7	-	20.7	14.6	61.2
Korea (DPR)	1.0	2.8	2.6	-	0.2	-	2.3	1.9	1.9
Lebanon	0.4	1.0	0.9	-	0.1	-	0.8	0.7	0.7
Luxembourg	1.3	-	-	0.2	-	-	1.1	0.8	0.8
Malawi	0.0	-	0.1	-	(0.1)	-	0.0	0.0	0.0
Malaysia	-	0.0	-	-	0.0	-	0.0	0.1	0.1
Malta	0.1	-	0.1	-	(0.1)	-	0.1	0.1	0.2
Mauritius	25.9	3.9	25.1	0.2	(21.2)	-	4.6	7.1	13.7
Mozambique	0.0	-	-	-	-	-	0.0	0.0	0.0
Namibia	-	5.2	0.8	0.6	4.4	0.0	4.2	3.2	6.6
Netherlands	318.4	0.0	6.4	1.0	(6.4)	-	310.0	310.4	311.5
NORSAD	3.4	5.7	2.3	0.3	3.4	-	6.4	5.3	5.4
Norway	2.4	5.4	0.6	0.1	4.9	-	7.0	6.2	6.5
Oman	0.4	0.3	0.1	-	0.2	0.0	0.6	0.4	0.3
Other	101.8	8.2	14.0	-	(5.7)	-	97.2	144.3	98.3
Portugal	-	0.4	0.2	-	0.2	-	0.2	0.1	0.0
PTA Bank	3.5	2.0	0.7	0.1	1.2	-	4.3	3.6	3.5
Saudi Arabia	0.2	-	-	-	-	-	0.2	0.2	0.2
Senegal	(2.4)	2.5	0.1	-	2.4	-	-	-	-
Singapore	0.0	-	0.0	-	(0.0)	-	0.0	0.0	0.0
South Africa	760.7	246.7	14.1	1.9	232.6	0.0	993.7	1,030.9	1,033.5
Spain	0.0	-	0.1	-	(0.1)	-	0.0	0.0	0.0
Sri Lanka	0.0	-	0.0	-	(0.0)	-	0.0	0.0	0.0
Sweden	1.2	-	0.9	0.1	(0.9)	0.1	0.2	0.7	0.8
Switzerland	35.4	0.1	93.1	0.3	(93.0)	-	17.5	13.7	18.4
Tajikistan	-	0.0	-	-	0.0	-	0.0	-	0.0
Tanzania	0.2	0.0	-	-	0.0	-	0.3	0.2	0.2
Turkey	-	0.8	0.6	-	0.2	-	0.2	0.2	0.0
United Arab Emirates	4.3	0.2	0.1	-	0.1	-	4.4	3.6	4.0
United Kingdom	675.1	237.8	244.7	39.4	(6.9)	-	652.9	685.5	824.0
United States	73.0	214.9	81.3	2.4	133.6	-	200.0	191.0	185.6
Virgin Islands British	0.2	-	0.2	-	(0.2)	-	-	-	-
World Bank	7.5	-	-	-	-	-	7.5	6.2	6.4
Zimbabwe	0.4	0.6	3.1	-	(2.5)	(0.2)	(2.3)	0.3	0.1
Grand Total	2,980.2	1,106.6	573.8	55.2	532.8	(0.1)	3,485.6	3,447.6	3,596.6

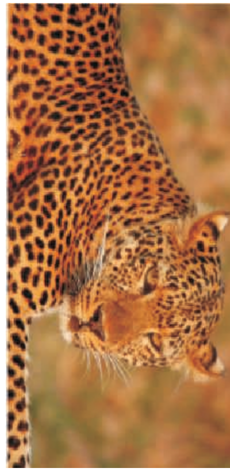
Source: Foreign Private Investment & Investor Perceptions Survey, 2015



Annex VII: Other Investments Flows and Stocks by Sector & Type, 2013 - 2015 Q2 (US $ Millions)

Sector	2013	Disbursements	Principal Paid	Flows	Other Changes	2014	Flows	Interest Paid in 2014	2015 Q1	Flows	2015 Q2
Accommodation & Food service activities	0.2	0.0	3.0	(2.9)	(0.2)	(2.9)	2.9	-	(0.0)	0.0	(0.0)
Accumulated Retained Earning/Loss	0.2	-	2.7	(2.7)	-	(2.5)	2.6	-	0.1	0.0	0.1
Other Equity	-	-	-	-	-	-	-	-	-	-	-
Paid up Shared capital	0.0	-	0.0	(0.0)	-	0.0	(0.0)	-	0.0	0.0	0.0
Reserves	(0.2)	0.0	-	0.0	(0.2)	(0.4)	0.1	-	(0.3)	(0.0)	(0.3)
Shared Premium	0.2	-	0.2	(0.2)	-	(0.1)	0.2	-	0.2	0.0	0.2
Administration & Support service activities	-	-	-	-	-	-	0.1	-	0.1	0.0	0.1
Accumulated Retained Earning/Loss	-	-	-	-	-	-	-	-	-	-	-
Other Equity	-	-	-	-	-	-	-	-	-	-	-
Paid up Shared capital	-	-	-	-	-	-	-	-	-	-	-
Reserves	-	-	-	-	-	-	-	-	-	-	-
Shared Premium	-	-	-	-	-	-	-	-	-	-	-
Trade Credits and Advances	-	-	-	-	-	-	0.1	-	0.1	0.0	0.1
Agriculture, Forestry & Fishing	21.2	2.1	92.5	(90.4)	0.0	7.7	(1.5)	-	6.1	3.4	9.5
Accumulated Retained Earning/Loss	(2.1)	1.9	0.0	1.8	0.0	(0.3)	0.0	-	(0.2)	(0.0)	(0.2)
Debt Security	2.7	-	-	-	-	2.3	(0.4)	-	1.9	0.1	2.0
Other Equity	0.3	0.0	-	0.0	-	0.3	(0.1)	-	0.3	0.0	0.3
Paid up Shared capital	0.0	0.0	0.0	0.0	-	0.0	(0.0)	-	0.0	0.0	0.0
Reserves	-	-	-	-	-	-	0.0	-	0.0	(0.0)	-
Shared Premium	0.0	0.0	-	0.0	-	0.0	0.0	-	0.0	0.0	0.1
Trade Credits and Advances	20.3	0.2	92.5	(92.3)	-	5.2	(1.1)	-	4.1	3.3	7.4
Construction	0.2	5.2	0.0	5.2	0.0	5.3	(1.0)	-	4.4	0.2	4.5
Accumulated Retained Earning/Loss	(0.1)	0.0	0.0	0.0	0.0	(0.1)	0.0	-	(0.0)	0.0	(0.0)
Other Equity	-	-	-	-	-	-	-	-	-	-	-
Paid up Shared capital	0.0	0.0	0.0	(0.0)	-	0.0	(0.0)	-	0.0	0.0	0.0
Reserves	0.0	0.1	0.0	0.1	-	0.1	(0.0)	-	0.0	0.0	0.1
Shared Premium	-	-	-	-	-	-	-	-	-	-	-
Trade Credits and Advances	0.2	5.1	-	5.1	-	5.3	(0.9)	-	4.4	0.1	4.5
Deposit taking corporations	408.9	239.4	164.3	75.1	-	453.3	120.6	6.5	574.0	55.8	629.8
Accumulated Retained Earning/Loss	(0.0)	1.2	0.1	1.1	-	1.1	0.4	-	1.5	0.5	1.9
Currency and Deposits	123.7	0.0	8.7	(8.7)	-	111.1	72.0	0.0	183.1	(6.0)	177.2
Loans	223.6	232.9	142.3	90.6	-	294.7	25.9	6.5	320.7	(25.5)	295.2
Other Accounts Payable	56.8	1.2	11.8	(10.6)	-	38.9	23.8	-	62.7	86.5	149.1
Other Equity	-	2.2	-	2.2	-	2.2	(0.3)	-	1.8	0.0	1.8
Paid up Shared capital	3.0	1.0	0.4	0.6	-	3.6	(0.6)	-	3.0	0.0	3.1
Reserves	1.7	-	1.0	(1.0)	-	0.6	(0.4)	-	0.3	0.2	0.5
Shared Premium	0.2	1.0	-	1.0	-	1.1	(0.2)	-	0.9	0.0	0.9
Electricity	506.5	367.2	127.0	240.2	-	684.8	(104.0)	12.9	580.8	3.0	583.8
Accumulated Retained Earning/Loss	(1.0)	0.9	-	0.9	-	(0.1)	0.0	-	(0.1)	(0.0)	(0.1)
Loans	507.4	339.9	127.0	212.9	-	659.5	(99.6)	12.9	559.9	2.4	562.2
Other Equity	-	-	-	-	-	-	-	-	-	-	-
Paid up Shared capital	0.0	0.3	-	0.3	-	0.3	(0.1)	-	0.3	0.0	0.3
Reserves	-	-	-	-	-	-	-	-	-	-	-
Shared Premium	-	-	-	-	-	-	-	-	-	-	-
Trade Credits and Advances	-	26.1	-	26.1	-	25.1	(4.4)	-	20.7	0.6	21.3
Information & Communication	88.8	37.0	9.5	27.5	-	120.2	(5.4)	-	114.8	(6.8)	108.0
Accumulated Retained Earning/Loss	0.0	0.0	0.0	(0.0)	-	0.0	(0.3)	-	(0.3)	(0.0)	(0.3)
Loans	88.0	36.9	9.5	27.5	-	119.7	(6.2)	-	113.5	(6.5)	107.0
Other Equity	0.0	-	0.0	(0.0)	-	0.0	(0.0)	-	0.0	0.0	0.0
Paid up Shared capital	0.0	-	0.0	(0.0)	-	0.0	0.0	-	0.0	0.0	0.0
Reserves	0.0	-	0.0	(0.0)	-	0.0	(0.0)	-	(0.0)	0.0	(0.0)
Shared Premium	0.0	-	0.0	(0.0)	-	0.0	0.5	-	0.5	0.0	0.5
Trade Credits and Advances	0.8	0.0	-	0.0	-	0.5	0.6	-	1.1	(0.3)	0.8

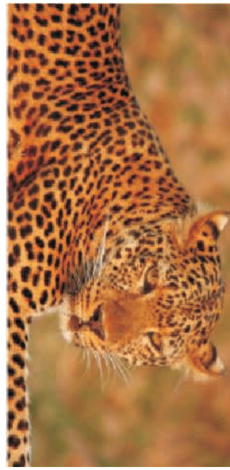
Source: Foreign Private Investment & Investor Perceptions Survey, 2015

Annex VII: Other Investments Flows and Stocks by Sector & Type, 2013 - 2015 Q2 (US $ Millions) Cont'

Sector	2013	Disbursements	Principal Paid	Flows	Other Changes	2014	Flows	Interest Paid in 2014	2015 Q1	Flows	2015 Q2
Insurance & Other financial institutions	9.3	17.7	5.5	12.2	0.0	20.8	(3.7)	0.7	17.1	0.6	17.7
Accumulated Retained Earning/Loss	(0.0)	0.0	0.0	0.0	0.0	(0.0)	0.0	-	0.0	0.0	0.0
Loans	8.9	17.5	5.2	12.2	-	20.4	(3.6)	0.7	16.8	0.5	17.4
Other Equity	-	0.1	-	0.1	-	0.1	(0.1)	-	-	-	-
Paid up Shared capital	0.3	-	0.1	(0.1)	-	0.2	0.0	-	0.2	0.0	0.2
Reserves	0.1	-	0.0	(0.0)	-	0.1	(0.0)	-	0.1	0.0	0.1
Shared Premium	-	-	-	-	-	-	-	-	-	-	-
Trade Credits and Advances	0.0	0.2	0.1	0.0	-	0.0	(0.0)	-	0.0	0.0	0.0
Manufacturing	364.4	71.1	53.5	17.6	0.0	375.4	(15.5)	7.4	359.9	48.3	408.2
Accumulated Retained Earning/Loss	4.5	0.1	2.6	(2.5)	-	2.0	(1.7)	-	0.3	0.0	0.3
Loans	348.4	54.0	33.4	20.6	-	357.2	(11.1)	7.3	346.1	48.9	395.0
Other Equity	-	-	-	-	-	-	-	-	-	-	-
Paid up Shared capital	0.0	-	0.0	(0.0)	-	0.0	(0.0)	-	0.0	0.0	0.0
Reserves	2.2	-	2.2	(2.2)	0.0	0.0	(0.0)	-	0.0	(0.0)	0.0
Shared Premium	1.3	-	1.3	(1.3)	-	0.0	(0.0)	-	0.0	0.0	0.0
Trade Credits and Advances	8.0	17.0	14.0	3.0	-	16.2	(2.7)	0.1	13.5	(0.6)	12.9
Mining & Quarrying	1,447.8	307.6	103.8	203.8	0.0	1,652.5	(8.6)	26.0	1,643.9	(1.2)	1,642.7
Accumulated Retained Earning/Loss	(7.6)	7.4	0.1	7.3	0.0	(0.3)	0.0	-	(0.3)	(0.0)	(0.3)
Loans	1,451.6	297.5	103.1	194.4	-	1,646.8	(8.2)	26.0	1,638.6	(0.5)	1,638.1
Other Equity	(0.5)	-	0.0	(0.0)	-	(0.5)	0.1	-	(0.4)	(0.0)	(0.4)
Paid up Shared capital	0.0	-	0.0	(0.0)	-	0.0	(0.0)	-	0.0	0.0	0.0
Reserves	0.2	-	0.2	(0.2)	-	-	-	-	-	-	-
Shared Premium	-	-	-	-	-	-	-	-	-	-	-
Trade Credits and Advances	4.2	2.7	0.4	2.2	-	6.4	(0.5)	-	5.9	(0.7)	5.2
Real Estate activities	89.7	41.4	0.5	41.0	0.0	117.0	(21.2)	0.6	95.8	2.9	98.7
Accumulated Retained Earning/Loss	(0.0)	-	0.0	(0.0)	0.0	0.0	0.0	-	0.0	0.0	0.0
Loans	89.2	41.4	0.4	41.0	-	116.6	(21.2)	0.6	95.5	2.9	98.3
Other Equity	0.4	-	0.1	(0.1)	-	0.4	(0.1)	-	0.3	0.0	0.3
Paid up Shared capital	0.0	-	0.0	(0.0)	-	0.0	(0.0)	-	0.0	0.0	0.0
Reserves	-	-	-	-	-	-	-	-	-	-	-
Shared Premium	-	-	-	-	-	-	-	-	-	-	-
Transport & Storage	24.9	7.7	10.0	(2.3)	-	28.0	(0.9)	1.1	27.1	1.8	28.9
Accumulated Retained Earning/Loss	0.1	0.0	0.0	0.0	-	0.1	(0.0)	-	0.1	0.0	0.1
Currency and Deposits	7.3	-	-	-	-	6.5	(1.2)	-	5.4	0.2	5.5
Debt Security	1.1	-	-	-	-	0.9	(0.2)	-	0.8	0.0	0.8
Life and Non-Life Insurance Technical Reserves	-	-	-	-	-	0.4	(0.0)	-	0.3	0.0	0.4
Loans	8.5	7.5	3.2	4.3	-	12.0	1.0	1.0	13.0	0.9	14.0
Other Accounts Payable	4.8	-	-	-	-	4.4	(0.8)	0.0	3.6	0.1	3.7
Other Equity	-	-	-	-	-	-	-	-	-	-	-
Paid up Shared capital	0.0	-	0.0	(0.0)	-	0.0	(0.0)	-	0.0	0.0	0.0
Reserves	0.0	-	0.0	(0.0)	-	0.0	(0.0)	-	0.0	0.0	0.0
Shared Premium	0.0	0.0	0.0	(0.0)	-	0.0	(0.0)	-	0.0	0.0	0.0
Trade Credits and Advances	3.1	0.2	6.8	(6.6)	-	3.6	0.3	0.1	3.9	0.6	4.5
Wholesale & Retail trade	18.3	10.2	4.2	6.0	0.1	23.6	0.2	0.1	23.7	41.2	64.9
Accumulated Retained Earning/Loss	2.5	0.0	1.2	(1.2)	0.1	1.4	(0.3)	-	1.1	(0.0)	1.1
Loans	0.0	3.9	0.0	3.9	-	3.7	2.0	0.0	5.7	6.6	12.3
Other Equity	0.0	-	0.0	(0.0)	-	0.0	(0.0)	-	0.0	0.0	0.0
Paid up Shared capital	0.0	0.0	0.0	(0.0)	-	0.0	(0.0)	-	0.0	0.0	0.0
Reserves	0.0	0.0	0.0	(0.0)	0.0	0.0	(0.0)	-	0.0	0.0	0.0
Shared Premium	0.0	0.0	0.0	(0.0)	-	0.0	(0.0)	-	0.0	0.0	0.0
Trade Credits and Advances	15.7	6.3	3.0	3.3	-	18.4	(1.5)	0.1	16.8	34.6	51.4
Grand Total	**2,980.2**	**1,106.6**	**573.8**	**532.8**	**(0.1)**	**3,485.6**	**(38.0)**	**55.2**	**3,447.6**	**149.0**	**3,596.6**

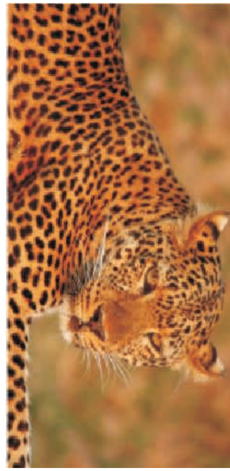
Source: Foreign Private Investment & Investor Perceptions Survey, 2015



Annex VIII: Foreign Direct Investment Stocks by Source Country, Investment Relationship & Type (US $ Millions), 2013 - 2015 Q2

Country & Investment Relationship	Instrument	2013	2014	March.2015	June.2015
Australia		1,400.5	606.8	589.5	591.8
DI		1,391.0	590.5	588.3	590.0
	Equity capital	1,560.6	1,564.8	1,564.6	1,564.6
	Accumulated Retained Earning/Loss	(172.3)	(1,003.5)	(1,004.2)	(1,004.1)
	Debt instrument	2.6	29.2	27.9	29.5
FE		9.5	16.3	1.1	1.8
	Debt instrument	9.5	16.3	1.1	1.8
Bangladesh		0.3	0.2	0.1	0.1
DI		0.3	0.2	0.1	0.1
	Equity capital	0.0	0.0	0.0	0.0
	Accumulated Retained Earning/Loss	0.3	0.2	0.1	0.1
Belgium		2.0	2.3	0.2	0.7
DI		0.0	1.6	0.0	0.1
	Debt instrument	0.0	1.6	0.0	0.1
FE		1.9	0.7	0.2	0.6
	Debt instrument	1.9	0.7	0.2	0.6
Bermuda		334.0	386.0	385.7	388.7
DI		334.0	386.0	385.7	388.7
	Equity capital	1.6	46.3	39.1	39.6
	Accumulated Retained Earning/Loss	(25.7)	(27.0)	(23.0)	(23.6)
	Debt instrument	358.1	366.7	369.7	372.7
Botswana		62.7	65.2	100.3	96.5
DI		59.4	63.9	99.3	95.5
	Equity capital	48.9	51.4	88.9	85.1
	Accumulated Retained Earning/Loss	10.5	10.8	9.0	9.0
	Debt instrument	-	1.6	1.5	1.5
FE		3.2	1.3	0.9	1.0
	Debt instrument	3.2	1.3	0.9	1.0
Brazil		251.0	59.9	50.4	58.1
DI		251.0	59.9	50.4	58.1
	Equity capital	93.8	14.6	12.3	12.4
	Accumulated Retained Earning/Loss	(31.2)	9.3	7.8	12.8
	Debt instrument	188.4	36.1	30.3	32.9
FE		0.0	-	-	-
	Debt instrument	0.0	-	-	-
Cameroon		9.2	4.1	2.5	2.4
DI		9.2	4.1	2.5	2.4
	Equity capital	7.7	12.7	11.6	11.6
	Accumulated Retained Earning/Loss	1.5	(8.6)	(9.1)	(9.3)
Canada		3,235.8	3,571.8	3,522.5	3,541.1
DI		2,969.8	3,571.5	3,522.4	3,540.9
	Equity capital	25.9	24.6	24.5	24.5
	Accumulated Retained Earning/Loss	1,979.2	2,552.8	2,510.5	2,512.4
	Debt instrument	964.7	994.2	987.5	1,004.0
FE		266.0	0.2	0.1	0.2
	Debt instrument	266.0	0.2	0.1	0.2
Cayman Islands		(0.0)	(0.1)	(0.2)	(0.3)
DI		(0.0)	(0.1)	(0.2)	(0.3)
	Equity capital	0.2	0.1	0.0	0.0
	Accumulated Retained Earning/Loss	(0.2)	(0.2)	(0.2)	(0.3)
Channel Islands		2.3	0.0	(0.1)	(0.1)
DI		2.3	0.0	(0.1)	(0.1)
	Equity capital	0.3	0.0	0.0	0.0

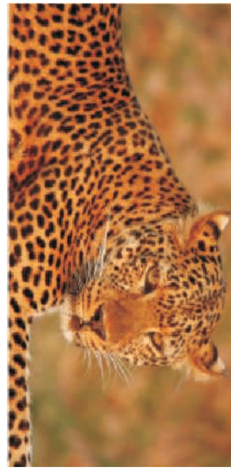
Source: Foreign Private Investment & Investor Perceptions Survey, 2015

Annex VIII: Foreign Direct Investment Stocks by Source Country, Investment Relationship & Type (US $ Millions), 2013 - 2015 Q2 'Cont'

Country & Investment Relationship	Instrument	2013	2014	March.2015	June.2015
	Equity capital	0.3	0.0	0.0	0.0
	Accumulated Retained Earning/Loss	2.0	-	(0.1)	(0.1)
China PR		1,616.0	1,536.6	1,486.1	1,495.8
DI		1,565.8	1,481.3	1,440.7	1,448.9
	Equity capital	408.4	169.9	156.3	157.4
	Accumulated Retained Earning/Loss	240.6	237.8	236.1	240.8
	Debt instrument	916.7	1,073.7	1,048.3	1,050.7
FE		50.3	55.2	45.5	46.9
	Debt instrument	50.3	55.2	45.5	46.9
Congo DR		31.4	144.3	144.1	144.2
FE		31.4	144.3	144.1	144.2
	Debt instrument	31.4	144.3	144.1	144.2
DBSA		7.2	7.9	6.5	6.7
DI		7.2	7.9	6.5	6.7
	Debt instrument	7.2	7.9	6.5	6.7
Egypt		14.1	13.4	11.4	13.5
DI		5.9	4.7	4.7	5.2
	Equity capital	3.1	2.4	2.1	2.1
	Accumulated Retained Earning/Loss	2.7	2.2	2.6	3.1
FE		8.2	8.8	6.7	8.4
	Debt instrument	8.2	8.8	6.7	8.4
Eritrea		1.2	1.1	0.3	0.3
DI		1.2	1.1	0.3	0.3
	Equity capital	1.2	1.1	0.3	0.3
	Accumulated Retained Earning/Loss	-	0.0	0.0	0.0
Finland		0.1	-	-	-
FE		0.1	-	-	-
	Debt instrument	0.1	-	-	-
France		118.7	87.7	74.5	69.0
DI		118.2	87.1	73.9	68.5
	Equity capital	10.0	10.2	8.4	8.5
	Accumulated Retained Earning/Loss	92.0	66.0	59.2	53.1
	Debt instrument	16.2	10.9	6.3	6.9
FE		0.5	0.6	0.5	0.5
	Debt instrument	0.5	0.6	0.5	0.5
Germany		1.7	6.7	7.7	5.1
DI		1.7	6.7	7.7	5.1
	Equity capital	2.6	7.6	6.6	6.6
	Accumulated Retained Earning/Loss	(1.2)	(2.3)	(0.8)	(3.4)
	Debt instrument	0.3	1.3	1.9	1.9
Ghana		0.0	0.0	0.0	0.0
FE		0.0	0.0	0.0	0.0
	Debt instrument	0.0	0.0	0.0	0.0
Guernsey		29.3	16.2	13.7	13.8
DIE		29.3	16.2	13.7	13.8
	Equity capital	0.0	0.0	0.0	0.0
	Accumulated Retained Earning/Loss	29.2	16.2	13.6	13.7
India		175.3	439.0	414.7	419.9
DI		175.1	439.0	414.7	419.9
	Equity capital	83.6	181.6	157.2	160.1
	Accumulated Retained Earning/Loss	21.2	5.9	6.0	8.2
	Debt instrument	70.3	251.5	251.5	251.5

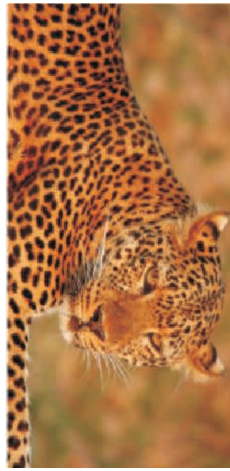
Source: Foreign Private Investment & Investor Perceptions Survey, 2015



Annex VIII: Foreign Direct Investment Stocks by Source Country, Investment Relationship & Type (US $ Millions), 2013 - 2015 Q2 'Cont'

Country & Investment Relationship	Instrument	2013	2014	March. 2015	June. 2015
FE		0.1	-	0.0	0.0
	Debt instrument	0.1	-	0.0	0.0
Ireland		976.0	625.8	661.1	700.6
DI		973.0	624.8	660.3	699.7
	Equity capital	54.5	47.6	69.8	86.7
	Accumulated Retained Earning/Loss	344.3	490.0	503.3	525.9
	Debt instrument	574.3	87.2	87.2	87.2
FE		3.0	1.0	0.8	0.9
	Debt instrument	3.0	1.0	0.8	0.9
Italy		0.8	16.3	13.7	13.8
DIE		0.0	0.0	0.0	0.0
	Equity capital	0.0	0.0	0.0	0.0
	Accumulated Retained Earning/Loss	-	-	-	-
DI		0.8	16.3	13.7	13.8
	Equity capital	0.2	0.2	0.2	0.2
	Accumulated Retained Earning/Loss	(0.0)	15.5	13.1	13.2
	Debt instrument	0.6	0.5	0.4	0.4
FE		0.0	-	0.0	0.0
	Debt instrument	0.0	-	0.0	0.0
Japan		57.5	68.0	66.4	66.9
DI		57.5	68.0	66.0	66.5
	Equity capital	11.8	13.9	13.4	13.8
	Accumulated Retained Earning/Loss	37.3	44.0	42.5	42.5
	Debt instrument	8.5	10.1	10.1	10.1
FE		0.0	0.0	0.4	0.4
	Debt instrument	0.0	0.0	0.4	0.4
Kazakhstan		11.6	10.2	8.1	8.3
DI		2.2	2.0	0.9	0.9
	Equity capital	1.8	0.3	0.3	0.3
	Accumulated Retained Earning/Loss	0.4	1.6	0.6	0.6
FE		9.4	8.3	7.2	7.4
	Debt instrument	9.4	8.3	7.2	7.4
Kenya		6.8	4.5	4.3	4.4
DIE		-	0.0	0.0	0.0
	Debt instrument	-	0.0	0.0	0.0
DI		0.4	0.8	1.2	1.2
	Equity capital	0.7	1.0	1.2	1.2
	Accumulated Retained Earning/Loss	(0.3)	(0.2)	0.0	0.0
FE		6.4	3.7	3.0	3.1
	Debt instrument	6.4	3.7	3.0	3.1
Lebanon		23.1	22.8	21.2	21.2
DI		23.1	22.8	21.2	21.2
	Equity capital	14.9	12.5	12.5	12.5
	Accumulated Retained Earning/Loss	8.2	10.3	8.6	8.7
Lesotho		0.0	-	-	-
FE		0.0	-	-	-
	Debt instrument	0.0	-	-	-
Liechtenstein		(0.2)	0.0	(0.1)	(0.1)
DI		(0.2)	0.0	(0.1)	(0.1)
	Equity capital	0.0	0.0	0.0	0.0
	Accumulated Retained Earning/Loss	(0.2)	-	(0.1)	(0.1)
Luxembourg		24.1	(43.3)	(53.1)	(71.8)

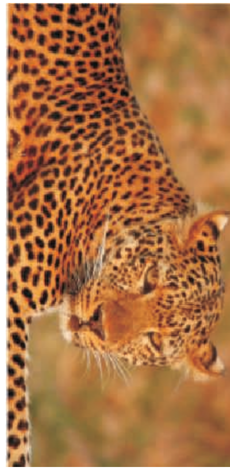
Source: Foreign Private Investment & Investor Perceptions Survey, 2015

Annex VIII: Foreign Direct Investment Stocks by Source Country, Investment Relationship & Type (US $ Millions), 2013 - 2015 Q2 'Cont'

Country & Investment Relationship	Instrument	2013	2014	March. 2015	June. 2015
DI		17.2	(57.2)	(66.8)	(82.7)
	Equity capital	12.7	73.4	73.2	73.2
	Accumulated Retained Earning/Loss	(0.1)	(146.0)	(150.7)	(166.3)
	Debt instrument	4.6	15.4	10.6	10.4
FE		6.9	13.9	13.7	10.9
	Debt instrument	6.9	13.9	13.7	10.9
Malawi		10.8	9.7	8.3	8.4
DI		10.7	9.7	8.3	8.3
	Equity capital	11.4	10.6	9.0	9.0
	Accumulated Retained Earning/Loss	(0.7)	(1.0)	(0.7)	(0.7)
FE		0.1	0.0	0.0	0.0
	Debt instrument	0.1	0.0	0.0	0.0
Mali		0.1	0.2	0.2	0.2
FE		0.1	0.2	0.2	0.2
	Debt instrument	0.1	0.2	0.2	0.2
Mauritius		151.4	355.8	307.2	307.0
DI		85.5	223.5	179.6	181.6
	Equity capital	83.0	115.1	98.0	98.9
	Accumulated Retained Earning/Loss	(40.6)	38.5	25.7	23.1
	Debt instrument	43.1	69.9	55.9	59.6
FE		65.9	132.3	127.6	125.4
	Debt instrument	65.9	132.3	127.6	125.4
Mozambique		0.0	0.5	0.4	0.4
DIE		0.0	0.0	0.0	0.0
	Debt instrument	0.0	0.0	0.0	0.0
FE		0.0	0.5	0.4	0.4
	Debt instrument	0.0	0.5	0.4	0.4
Namibia		52.5	1.8	1.9	1.9
DI		1.5	1.8	1.9	1.9
	Equity capital	0.9	0.8	0.8	0.8
	Accumulated Retained Earning/Loss	0.6	1.0	1.0	1.1
FE		50.9	-	-	-
	Debt instrument	50.9	-	-	-
Netherlands		581.4	480.4	385.3	407.9
DIE		46.0	46.2	50.6	46.6
	Equity capital	38.2	38.1	38.1	38.1
	Accumulated Retained Earning/Loss	7.8	7.8	12.2	8.2
	Debt instrument	-	0.3	0.3	0.3
DI		509.6	413.6	316.9	331.4
	Equity capital	252.5	186.8	148.6	152.5
	Accumulated Retained Earning/Loss	213.8	187.0	141.0	155.1
	Debt instrument	43.4	39.8	27.3	23.8
FE		25.8	20.6	17.9	30.0
	Equity capital	0.0	0.0	0.0	0.1
	Accumulated Retained Earning/Loss	24.7	20.5	17.7	19.8
	Debt instrument	1.1	0.1	0.1	10.1
Nigeria		129.1	343.7	301.8	317.0
DI		129.1	343.7	301.8	316.9
	Equity capital	30.4	41.2	34.1	34.9
	Accumulated Retained Earning/Loss	(14.0)	(14.8)	(12.4)	(12.8)
	Debt instrument	112.7	317.3	280.1	294.8
FE		0.0	0.0	0.0	0.0

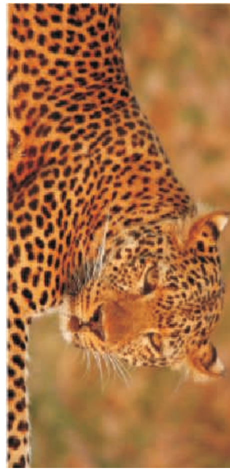
Source: Foreign Private Investment & Investor Perceptions Survey, 2015



Annex VIII: Foreign Direct Investment Stocks by Source Country, Investment Relationship & Type (US $ Millions), 2013 - 2015 Q2 'Cont'

Country & Investment Relationship	Instrument	2013	2014	March. 2015 0	June. 2015
	Debt instrument	0.0	0.0	0.0	0.0
Norway		(3.6)	3.9	3.3	3.3
DI		(3.6)	3.9	3.3	3.3
	Equity capital	0.0	3.9	3.3	3.3
	Accumulated Retained Earning/Loss	(3.6)	-	-	-
Other		15.1	24.5	20.1	20.8
DI		15.1	24.5	20.1	20.8
	Equity capital	0.0	0.1	0.1	0.1
	Debt instrument	15.1	24.4	20.1	20.7
Peru		3.7	3.3	2.8	2.5
DI		4.7	4.6	3.9	4.1
	Equity capital	0.0	0.0	0.0	0.0
	Accumulated Retained Earning/Loss	4.7	4.6	3.9	4.1
FE		(1.0)	(1.4)	(1.1)	(1.6)
	Equity capital	0.0	0.0	0.0	0.0
	Accumulated Retained Earning/Loss	(1.0)	(1.8)	(1.6)	(2.0)
	Debt instrument	-	0.5	0.4	0.5
Philippines		0.0	-	-	-
FE		0.0	-	-	-
	Debt instrument	0.0	-	-	-
Rwanda		0.0	0.0	0.0	-
FE		0.0	0.0	0.0	-
	Debt instrument	0.0	0.0	0.0	-
Senegal		(8.0)	0.3	0.2	0.2
DI		(8.0)	0.3	0.2	0.2
	Equity capital	0.0	0.0	0.0	0.0
	Accumulated Retained Earning/Loss	(8.0)	0.3	0.2	0.2
Singapore		171.0	163.3	146.0	155.4
DIE		27.7	29.8	33.5	41.9
	Debt instrument	27.7	29.8	33.5	41.9
DI		143.3	133.4	112.5	113.5
	Equity capital	157.5	126.2	106.4	107.1
	Accumulated Retained Earning/Loss	(14.2)	7.2	6.2	6.4
FE		0.0	0.0	0.0	0.0
	Debt instrument	0.0	0.0	0.0	0.0
South Africa		975.6	1,241.4	1,084.3	1,104.4
DIE		12.5	15.3	14.2	14.8
	Equity capital	0.0	0.0	0.0	0.0
	Accumulated Retained Earning/Loss	12.5	15.2	14.1	14.7
	Debt instrument	0.0	0.1	0.0	0.1
DI		859.4	1,131.5	991.4	1,002.3
	Equity capital	316.4	458.9	410.5	416.9
	Accumulated Retained Earning/Loss	84.7	295.9	276.2	286.4
	Debt instrument	458.4	376.8	304.6	299.0
FE		103.6	94.6	78.7	87.3
	Debt instrument	103.6	94.6	78.7	87.3
Spain		10.5	8.6	6.6	7.5
DI		10.4	8.6	6.6	7.5
	Equity capital	1.5	2.7	2.3	2.3
	Accumulated Retained Earning/Loss	4.0	2.7	1.7	2.1
	Debt instrument	4.8	3.2	2.6	3.2
FE		0.1	0.0	0.0	0.0

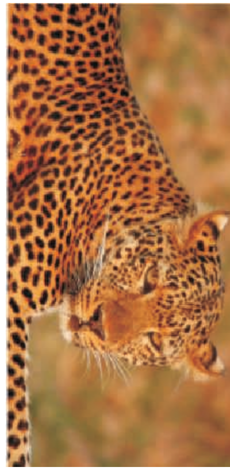
Source: Foreign Private Investment & Investor Perceptions Survey, 2015



Annex VIII: Foreign Direct Investment Stocks by Source Country, Investment Relationship & Type (US $ Millions), 2013 - 2015 Q2 'Cont'

Country & Investment Relationship	Instrument	2013	2014	March. 2015 0	June. 2015
	Debt instrument	0.1	0.0	0.0	0.0
Swaziland		(1.9)	(5.3)	(4.4)	(4.5)
DI		(1.9)	(5.3)	(4.4)	(4.5)
	Equity capital	0.4	0.3	0.3	0.3
	Accumulated Retained Earning/Loss	(2.3)	(5.6)	(4.7)	(4.8)
FE		0.0	0.0	0.0	0.0
	Debt instrument	0.0	0.0	0.0	0.0
Sweden		20.6	199.3	60.0	57.7
DI		8.3	188.4	45.5	46.3
	Equity capital	0.1	0.1	4.3	4.3
	Accumulated Retained Earning/Loss	0.2	180.4	33.9	35.3
	Debt instrument	7.9	7.9	7.3	6.7
FE		12.3	10.9	14.4	11.4
	Debt instrument	12.3	10.9	14.4	11.4
Switzerland		1,164.3	1,746.2	1,818.8	1,934.8
DI		1,000.7	1,633.9	1,741.3	1,852.4
	Equity capital	66.5	68.5	63.7	64.4
	Accumulated Retained Earning/Loss	247.1	255.6	189.1	166.2
	Debt instrument	687.1	1,309.8	1,488.5	1,621.7
FE		163.6	112.3	77.5	82.4
	Equity capital	0.1	0.1	0.1	0.1
	Accumulated Retained Earning/Loss	(24.4)	(22.1)	(30.0)	(30.0)
	Debt instrument	187.9	134.3	107.4	112.3
Tanzania		64.3	62.3	58.5	61.2
DI		55.6	50.4	48.4	50.7
	Equity capital	40.9	31.7	31.7	31.8
	Accumulated Retained Earning/Loss	4.4	3.5	4.1	6.1
	Debt instrument	10.2	15.2	12.5	12.9
FE		8.7	11.9	10.1	10.5
	Debt instrument	8.7	11.9	10.1	10.5
Thailand		1.5	0.6	0.4	0.4
DI		0.4	0.3	0.2	0.2
	Equity capital	0.2	0.1	-	-
	Accumulated Retained Earning/Loss	0.2	0.2	0.2	0.2
FE		1.1	0.3	0.2	0.2
	Debt instrument	1.1	0.3	0.2	0.2
Togo		27.6	25.7	38.4	39.3
DI		27.6	25.7	38.4	39.3
	Equity capital	55.6	48.1	52.9	53.3
	Accumulated Retained Earning/Loss	(28.0)	(22.4)	(14.5)	(14.0)
Uganda		1.8	3.2	2.7	0.6
FE		1.8	3.2	2.7	0.6
	Debt instrument	1.8	3.2	2.7	0.6
United Arab Emirates		119.9	80.7	64.1	65.5
DI		55.5	69.8	61.4	62.3
	Equity capital	3.3	4.2	3.7	3.7
	Accumulated Retained Earning/Loss	(2.4)	30.5	29.0	29.0
	Debt instrument	54.6	35.1	28.7	29.6
FE		64.4	10.9	2.8	3.2
	Debt instrument	64.4	10.9	2.8	3.2
United Kingdom		2,737.9	3,223.4	3,404.6	3,630.2
DI		1,270.3	1,319.4	1,430.3	1,517.7

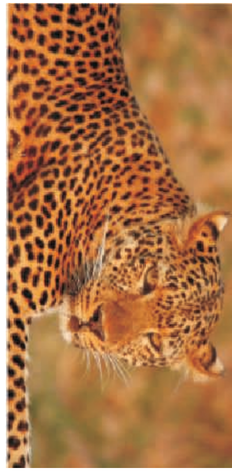
Source: Foreign Private Investment & Investor Perceptions Survey, 2015

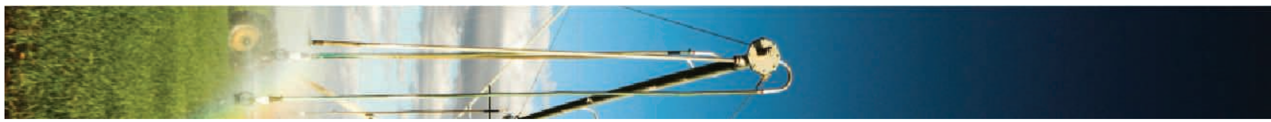


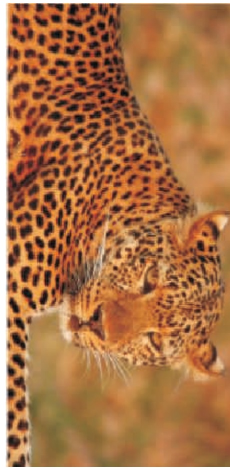
Annex VIII: Foreign Direct Investment Stocks by Source Country, Investment Relationship & Type (US $ Millions), 2013 - 2015 Q2 'Cont'

Country & Investment Relationship	Instrument	2013	2014	March. 2015 0	June. 2015
	Equity capital	805.2	642.4	624.7	626.7
	Accumulated Retained Earning/Loss	462.0	452.3	453.0	459.6
	Debt instrument	3.1	224.7	352.6	431.4
FE		1,467.7	1,903.9	1,974.3	2,112.5
	Debt instrument	1,467.7	1,903.9	1,974.3	2,112.5
United States		317.5	262.0	250.8	224.5
DIE		-	4.8	3.6	4.6
	Equity capital	-	3.6	3.6	3.1
	Accumulated Retained Earning/Loss	-	1.2	-	1.5
	Debt instrument	-	0.0	0.0	0.0
DI		316.4	252.9	239.6	207.4
	Equity capital	140.9	90.5	74.2	73.9
	Accumulated Retained Earning/Loss	12.6	37.9	39.3	43.2
	Debt instrument	162.9	124.6	126.1	90.3
FE		1.0	4.2	7.5	12.5
	Debt instrument	1.0	4.2	7.5	12.5
Virgin Islands British		9.5	16.8	16.7	17.6
DI		9.5	16.8	16.7	17.6
	Equity capital	7.8	1.0	0.9	0.9
	Accumulated Retained Earning/Loss	0.5	15.8	14.6	15.5
	Debt instrument	1.1	-	1.1	1.1
Zimbabwe		26.5	30.9	24.8	23.5
DIE		0.0	0.0	0.0	0.0
	Debt instrument	0.0	0.0	0.0	0.0
DI		25.5	27.7	22.1	20.6
	Equity capital	0.6	0.7	0.6	0.6
	Accumulated Retained Earning/Loss	24.9	26.9	21.4	20.0
FE		0.9	3.3	2.7	2.8
	Accumulated Retained Earning/Loss	0.1	0.1	0.1	0.1
	Debt instrument	0.8	3.1	2.6	2.7
Grand Total		**14,971.6**	**15,936.4**	**15,535.2**	**15,978.4**

Source: Foreign Private Investment & Investor Perceptions Survey, 2015





Annex IX: Foreign Direct Investment Stocks & Flows by Sector, Relationship and Type (US $ Millions), 2013 - 2015 Q2

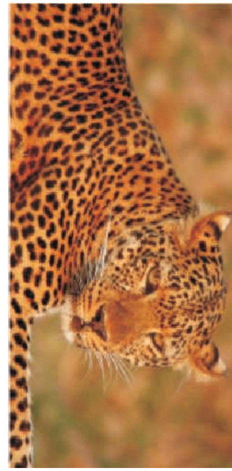
Sector & Investment Relationship	Instrument	2013	Increase	Decrease	Flows	Other changes	2014	Interest Paid	Flows	Q1 Exc. Rate Effect	March.2015	Flows	Q2 Exc. Rate Effect	June.2015
Accommodation & Food service activities		90.8	7.3	7.9	-0.6	-26.3	63.9	0.1	0	-11.9	52	1.5	0.5	54.1
Direct Investor (DI)	Equity capital	7.7	0.1	2.2	-2.1	2.3	8		-0.1	-1.5	6.4	0	0.1	6.4
	Accumulated Retained Earning/Loss	(17.8)	0.0	5.7	-5.6	0	-23.4		-4.4	4.4	-23.5	0	-0.2	-23.7
	Debt instrument	64.2	7.0	0.1	6.9	-5.5	65.6	0.1	4.3	-12.2	57.7	1.2	0.6	59.4
Fellow Enterprise (FE)	Debt instrument	36.7	0.2	-	0.2	-23.1	13.8		0.2	-2.6	11.4	0.4	0.1	11.9
Administration & Support service activities		3.6	0.8	0.1	0.7	-2.4	1.8	-	-0.4	-0.3	1.1	0.1	0	1.2
Direct Investor (DI)	Equity capital	1.1	0.0	0.1	-0.1	-0.3	0.8		0	-0.1	0.7	0	0	0.7
	Accumulated Retained Earning/Loss	2.5	0.8	-	0.8	-2.2	1		-0.4	-0.2	0.4	0.1	0	0.5
Agriculture, Forestry & Fishing		389.8	59.1	19.9	39.2	-138.2	290.8	1.5	39.5	-43.5	286.8	8.7	2.3	297.8
Direct Investment Entity (DIE)	Equity capital	38.2	-	-		-0.1	38.1				38.1			38.1
	Accumulated Retained Earning/Loss	7.8	-	-		0	7.8		4.4		12.2	-4		8.2
	Debt instrument	-	-	-		0.3	0.3				0.3			0.3
Direct Investor (DI)	Equity capital	65.5	26.3	0.2	26.1	-15.6	75.9		31.7	-13.8	93.8	16	1	110.8
	Accumulated Retained Earning/Loss	147.0	11.3	5.6	5.7	-98.7	54		0.7	-8.6	46.1	-5.3	0.4	41.2
	Debt instrument	24.5	8.7	12.1	-3.4	16.9	38.1	0.5	2	-6.8	33.3	0.6	0.3	34.2
Fellow Enterprise (FE)	Debt instrument	106.8	12.8	2.0	10.9	-41	76.7	0.9	0.7	-14.3	63.1	1.3	0.7	65.1
Construction		81.9	94.5	4.0	90.5	-74.4	98	-	5	-18.2	84.8	-0.3	0.9	85.4
Direct Investment Entity (DIE)	Equity capital	0.0	3.6	0.0	3.6	0	3.6		0.7	-0.7	3.6	-0.6	0	3.1
	Accumulated Retained Earning/Loss	1.9	1.2	0.3	0.9	0	2.8		-0.9	-0.5	1.4	1.5	0	2.9
Direct Investor (DI)	Equity capital	6.4	1.5	0.4	1.1	0	7.4		0.2	-1.4	6.3	0	0.1	6.3
	Accumulated Retained Earning/Loss	(16.6)	34.8	3.1	31.7	-12	3		3.8	-0.6	6.3	-0.1	0.1	6.3
	Debt instrument	39.1	53.3	0.1	53.2	-11.4	81		1.2	-15.1	67.1	-1.1	0.7	66.7
Fellow Enterprise (FE)	Debt instrument	51.0	0.0	0.0	0	-51	0		0	0	0	0	0	0
Deposit taking corporations		832.1	228.0	140.5	87.5	44.9	964.5	-	122.3	-179.3	907.6	11.2	9.5	928.3
Direct Investor (DI)	Equity capital	757.8	136.1	117.7	18.4	-27.9	748.3		94	-139.1	703.2	-6.6	7.4	703.9
	Accumulated Retained Earning/Loss	74.3	91.9	22.8	69.1	72.8	216.2		28.4	-40.2	204.4	17.9	2.1	224.4
Education		0.0	0.0	0.0	0	0	0.1	-	0	0	0.1	0	0	0.1
Direct Investor (DI)	Equity capital	0.0	-	0.0	0	0	0		0	0	0	0	0	0
	Accumulated Retained Earning/Loss	0.0	0.0	-	0	0	0.1		0	0	0.1	0	0	0.1
Electricity		90.0	18.2	42.6	-24.5	-7.9	57.7	-	-1.4	-10.7	45.6	-3.7	0.5	42.4
Direct Investor (DI)	Equity capital	66.9	17.1	34.1	-17	-28.4	21.4		0.6	-4	18	-0.1	0.2	18.2
	Accumulated Retained Earning/Loss	(15.4)	0.5	4.0	-3.5	20.5	1.6		1.4	-0.3	2.7	0.1	0	2.8
	Debt instrument	38.6	0.5	4.5	-4	0.1	34.7		-3.3	-6.5	24.9	-3.8	0.3	21.4
Information & Communication		252.9	46.3	124.0	-77.7	-104.2	70.9	2.1	-6.9	-8.9	55.2	10.9	0.3	66.4
Direct Investor (DI)	Equity capital	64.5	0.0	10.7	-10.7	25.8	79.6		2	-11.9	69.6	2.5	0.6	72.7
	Accumulated Retained Earning/Loss	84.7	41.7	109.0	-67.3	-52.8	-35.3		-2.9	6.4	-31.8	10.5	-0.3	-21.6
	Debt instrument	14.4	2.3	4.3	-2	-10.7	1.7	2.1	0.1	-0.3	1.5	2.2	0	3.7
Fellow Enterprise (FE)	Debt instrument	89.2	2.2	-	2.2	-66.6	24.9		-6.1	-3	15.8	-4.3	0.1	11.6

Source: Foreign Private Investment & Investor Perceptions Survey, 2015

Annex IX: Foreign Direct Investment Stocks & Flows by Sector, Relationship and Type (US $ Millions), 2013 - 2015 Q2

Sector & Investment Relationship	Instrument	2013	Increase	Decrease	Flows	Other changes	2014	Interest Paid	Flows	Q1 Exc. Rate Effect	March.2015	Flows	Q2 Exc. Rate Effect	June.2015
Insurance & Other financial institutions		108.5	75.1	34.3	40.9	173	322.4	3.5	12.3	-59.9	274.8	4.3	2.9	282
Direct Investment Entity (DIE)		-	-	0.0	0	0	0	1.9	0	0	0	0	0	0
	Debt instrument													
Direct Investor (DI)		81.9	62.8	26.1	36.7	172.1	290.7		9.3	-54	246	3.6	2.6	252.2
	Equity capital	19.7	6.6	6.7	-0.1	-0.1	19.5		9.7	-3.6	25.6	0.6	0.3	26.4
	Accumulated Retained Earning/Loss	6.9	5.6	1.5	4.1	1	12	1.6	-6.7	-2.2	3.1	0	0	3.1
	Debt instrument													
Fellow Enterprise (FE)		0.1	0.2	0.0	0.1	0	0.2		0	0	0.2	0.1	0	0.2
	Debt instrument													
Manufacturing		1,489.2	538.7	339.7	199.1	215.4	1,903.70	9.00	59.5	-264.7	1,698.50	1.20	12.60	1,712.20
Direct Investment Entity (DIE)		0.0	-	0.0	0	0	0		0.00	0.00	0.00	0.00	0.00	0.00
	Equity capital	29.2	1.4	-	1.4	-14.4	16.2		0.5	-3	13.6	0	0.1	13.7
	Accumulated Retained Earning/Loss													
Direct Investor (DI)		351.3	32.3	38.1	-5.8	-113.6	231.9		9.3	-43.1	198.1	2.8	2.1	203
	Equity capital	258.5	168.6	63.8	104.8	314.8	678.1		31.2	-79.7	629.7	20	3.8	653.5
	Accumulated Retained Earning/Loss	768.4	313.4	222.4	91	27.8	887.2	9	18	-122.1	783.2	-34.4	5.8	754.5
	Debt instrument													
Fellow Enterprise (FE)		81.7	23.1	15.5	7.6	0.8	90.2		0.5	-16.8	73.9	12.8	0.8	87.5
	Debt instrument													
Mining & Quarrying		10,611.4	2,755.5	1,761.3	994.2	-745	10,860.60	43.20	299.2	-79.3	11,080.40	354.00	4.00	11,438.40
Direct Investment Entity (DIE)		27.7	29.1	1.4	27.7	-25.5	29.8		9.20	-5.50	33.50	8.10	0.40	41.90
	Debt instrument													
Direct Investor (DI)		2,646.4	172.2	86.7	85.4	-338.8	2,393.10		5.6	-36.7	2,361.90	-0.30	1.70	2,363.40
	Equity capital	2,730.2	717.6	1,054.4	-336.8	-142.2	2,251.20		-103	-2.7	2,145.50	-25.90	0.20	2,119.90
	Accumulated Retained Earning/Loss	3,440.2	1,109.3	143.9	965.4	-374.8	4,030.80	43.20	328.7	-33.3	4,326.20	234.30	1.70	4,562.10
	Debt instrument													
Fellow Enterprise (FE)		0.0	-	0.0	0	0	0		0	0	0	0	0	0
	Equity capital	(1.0)	-	0.9	-0.9	0	-1.8		-0.1	0.3	-1.6	-0.5	0	-2
	Accumulated Retained Earning/Loss	1,767.9	727.4	474.0	253.4	136.2	2,157.50		58.8	-1.4	2,214.90	138.20	0.10	2,353.10
	Debt instrument													
Professional, Scientific & Technical services		7.0	5.0	3.1	1.8	0.3	9.1	0.4	-0.7	-0.2	8.2	-0.1	0	8.2
Direct Investor (DI)		0.6	0.2	0.0	0.2	0	0.8		0	-0.1	0.7	0	0	0.7
	Equity capital	0.1	-	0.3	-0.3	0	-0.1		0	0	-0.1	-0.1	0	-0.1
	Accumulated Retained Earning/Loss	6.2	4.8	2.9	1.9	0.3	8.4	0.4	-0.8		7.7	0		7.6
	Debt instrument													
Fellow Enterprise (FE)		-	0.0	-	0	0	0		0	0	0	0	0	0
	Debt instrument													
Real Estate activities		278.3	11.1	14.7	-3.6	-19.4	255.2	4.7	8.8	-16.9	247.1	1.3	0.9	249.3
Direct Investor (DI)		134.4	5.0	7.1	-2.1	-23.7	108.5		7.8	-8.3	108.1	-0.4	0.5	108.1
	Equity capital	3.7	6.1	7.5	-1.5	-0.5	1.8		0.1	2.1	4	0.8	-0.1	4.6
	Accumulated Retained Earning/Loss	89.8	-	-		-0.2	89.7	4.7	0.4	-0.5	89.6	0	0	89.7
	Debt instrument													
Fellow Enterprise (FE)		50.3	-	-		4.9	55.2		0.5	-10.3	45.5	0.9	0.5	46.9
	Debt instrument													
Transport & Storage		77.0	11.1	95.0	-83.9	74.3	67.4	0.1	7.8	-12.5	62.7	0.9	0.7	64.3
Direct Investment Entity (DIE)		0.0	-	0.0	0	0	0		0	0	0	0	0	0
	Equity capital	4.3	2.4	-	2.4	0	6.7		1.3	-1.2	6.8	0	0.1	6.9
	Accumulated Retained Earning/Loss	0.0	0.0	0.0	0	0	0	0	0	0	0	0	0	0
	Debt instrument													
Direct Investor (DI)		43.6	0.6	13.8	-13.2	0.6	31		4.9	-5.8	30.1	-0.1	0.3	30.3
	Equity capital	8.2	3.0	2.9	0.1	0.1	8.4		-0.6	-1.6	6.3	1.9	0.1	8.3
	Accumulated Retained Earning/Loss	9.5	0.0	77.6	-77.6	74.9	6.8	0	-0.9	-1.3	4.7	-0.8	0	4

Source: Foreign Private Investment & Investor Perceptions Survey, 2015



Annex IX: Foreign Direct Investment Stocks & Flows by Sector, Relationship and Type (US $ Millions), 2013 - 2015 Q2

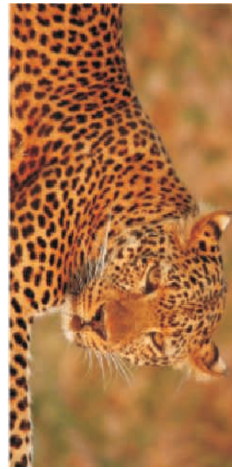
Sector & Investment Relationship	Instrument	2013	Increase	Decrease	Flows	Other changes	2014	Interest Paid	Flows	Q1 Exc. Rate Effect	March.2015	Flows	Q2 Exc. Rate Effect	June.2015
Fellow Enterprise (FE)	Debt instrument	11.5	5.0	0.6	4.4	-1.3	14.5		3	-2.7	14.8	-0.2	0.2	14.8
Wholesale & Retail trade	Debt instrument	659.0	487.7	262.7	225	86.3	970.3	3.6	-161.5	-78.5	730.3	14.6	3.6	748.5
Direct Investment Entity (DIE)		0.0	-	0.0	0	0	0		0	0	0	0	0	0
		6.3	0.7	-	0.7	0	6.9		0.3	-1.3	5.9	0.4	0.1	6.4
	Equity capital	0.0	0.0	0.0	0	0	0		0	0	0	0	0	0
	Accumulated Retained Earning/Loss													
Direct Investor (DI)	Debt instrument	91.9	19.0	31.5	-12.6	-6.4	72.9		6.7	-10	69.6	-0.1	0.5	69.9
		175.9	298.5	22.8	275.7	127.6	579.1		-145.8	-29.1	404.2	-3.3	1.3	402.2
	Equity capital	214.8	41.2	61.7	-20.6	-13.8	180.5	3.2	-8.7	-23.8	148.1	5.6	1	154.7
	Accumulated Retained Earning/Loss													
Fellow Enterprise (FE)	Debt instrument	0.1	0.0	0.0	0	0	0.1		0	0	0.1	0.1	0	0.2
		0.5	22.2	12.1	10.1	-12.1	-1.5		-6.8	-3.8	-12.1	1.9	0.2	-10.1
	Equity capital	169.5	106.2	134.5	-28.3	-9	132.2	0.4	-7.3	-10.5	114.4	10.1	0.5	125
	Accumulated Retained Earning/Loss													
Grand Total	**Debt instrument**	**14,971.6**	**4,338.3**	**2,849.7**	**1,488.60**	**-523.8**	**15,936.40**	**68.00**	**383.6**	**-784.8**	**15,535.20**	**404.60**	**38.70**	**15,978.40**

Source: Foreign Private Investment & Investor Perceptions Survey, 2015

Annex X: Foreign Direct Investment Stocks & Flows by Regional Grouping and Type (US $ Millions), 2013 - 2015 Q2

Region	Instrument	2013	Increase	Decrease	Flows	Other changes	2014	Interest Paid	Flows	Q1 Exc. Rate Effect	March.2015	Flows	Q2 Exc. Rate Effect	June.2015
Asia	Equity capital	2,141.40	785.2	250.70	534.5	-387.6	2,288.30	22.7	27.90	-138.2	2,177.90	19.40	6.8	2,204.10
	Reinvested earnings	664.8	153.3	49.2	104.1	-272.9	496		24.1	-83.1	436.9	1.2	4.1	442.2
	Debt instrument	283.1	104.70	28.8	75.9	-33.20	325.8		8.9	-14.7	320	6.4	0.8	327.3
		1,193.60	527.2	172.70	354.5	-81.5	1,466.60	22.7	-5.20	-40.4	1,421.00	11.70	1.9	1,434.60
COMESA & SADC	Equity capital	282.6	173.8	87.4	86.4	228.8	597.7	6.2	3.7	-62.9	538.5	-1.6	2.9	539.8
	Reinvested earnings	136.4	13.6	25.3	-11.7	33.8	158.5		10.6	-29.4	139.6	-0.5	1.5	140.6
	Debt instrument	-14.1	60	33.1	26.9	49.7	62.4		-4.9	-11.6	45.9	-2.5	0.5	43.9
		160.3	100.20	29	71.2	145.20	376.7	6.20	-1.9	-21.9	352.90	1.4	1	355.3
EU	Equity capital	2,896.60	1,101.00	509.20	591.8	-354.50	3,133.90	9.10	-8.00	-147.8	2,978.10	143.70	7	3,128.70
	Reinvested earnings	439	51.7	38.3	13.4	-13.2	439.2		31.5	-52	418.7	19.1	2.7	440.4
	Debt instrument	904.6	410.00	172.9	237.1	-86.60	1,055.10		-201.20	-64.1	789.9	-13.70	2.9	779.10
		1,553.00	639.3	298.00	341.3	-254.8	1,639.60	9.1	161.70	-31.7	1,769.60	138.30	1.4	1,909.30
Exclusively COMESA	Equity capital	20.9	10.8	8.7	2.1	-5	17.9		1.1	-3.3	15.6	2.1	0.2	17.9
	Reinvested earnings	3.8	0.4	0.5	-0.1	-0.3	3.4		0.5	-0.6	3.3	0	0	3.3
	Debt instrument	2.4	0.8	-	0.8	-1.1	2.1		1	-0.4	2.7	0.4	0	3.1
		14.6	9.60	8.2	1.4	-3.60	12.4		-0.4	-2.3	9.7	1.7	0.1	11.5
Exclusively SADC	Equity capital	1,090.80	241.2	205.50	35.7	182.5	1,309.00	5.4	89.20	-211.4	1,186.80	5.70	10.7	1,203.20
	Reinvested earnings	366.3	78.3	85.5	-7.2	152.1	511.2		72.1	-83	500.2	-2	4.6	502.8
	Debt instrument	108.2	79.4	21.5	57.9	156.8	323		24.7	-47.3	300.4	8.3	2.5	311.1
		616.3	83.50	98.5	-15	-126.40	474.8	5.40	-7.6	-81	386.20	-0.6	3.6	389.3
OECD (Non-EU)	Equity capital	8,280.30	1,842.30	1,758.70	83.6	-250.90	8,113.10	24.70	226.70	-133.5	8,206.20	224.00	6.7	8,436.90
	Reinvested earnings	2,628.00	153.40	144.60	8.8	-250.00	2,386.80		16.80	-60.6	2,343.00	-1.10	3	2,344.80
	Debt instrument	2,228.30	741.30	1,061.40	-320.1	117.40	2,025.70		-13.60	-26.4	1,985.60	16.80	1.4	2,003.90
		3,424.00	947.5	552.60	394.9	-118.3	3,700.50	24.7	223.50	-46.5	3,877.60	208.40	2.3	4,088.20
Other	Equity capital	259	184.1	29.6	154.6	63	476.6		43	-87.6	432	11.3	4.5	447.8
	Reinvested earnings	120	26.1	25.4	0.8	-3.6	117.2		17.2	-21.7	112.7	0.2	1.2	114
	Debt instrument	-8.5	13.1	4.1	8.9	-2.3	-1.9		2	1.3	1.5	0.8	0	2.2
		147.4	144.90	0	144.9	68.90	361.2		23.8	-67.2	317.9	10.3	3.3	331.5
Grand Total		**14,971.60**	**4,338.30**	**2,849.70**	**1,488.60**	**-523.80**	**15,936.40**	**68.00**	**383.60**	**-784.8**	**15,535.20**	**404.60**	**38.7**	**15,978.40**

Source: Foreign Private Investment & Investor Perceptions Survey, 2015






Annex XI: Private Sector External Debt by Source Country (US $ Millions), 2013 - 2015 Q2

Source Country	2013	2014	2015 Q1	2015 Q2
ADB	15.6	13.1	10.9	11.3
Australia	36.3	48	29.9	32.2
Austria	10.3	10.3	12.2	12.4
Bahrain	100	100	100	100
Belgium	4.9	2.6	1.2	1.4
Bermuda	331.7	342.7	345.5	348.3
Botswana	9.3	10.7	8.2	8.3
Brazil	31.6	33.7	28.3	30.7
Canada	1,180.10	929.30	923.00	938.5
China PR	1,661.80	1,994.30	1,837.00	1,856.30
Congo DR	94	152.2	152.1	152.2
DBSA	7.7	8.3	6.8	7.1
Egypt	11.2	16.1	11.9	13.5
EIB	4	3.5	2.9	2.9
Finland	0.1			
France	105.9	28.3	21.5	23.2
Germany	1.3	1.3	1.8	1.8
Ghana	0	0	0	0
Hong Kong	0.8	1.8	1.5	1.5
IFC	29.9	25.8	21.3	21.9
India	65.5	258.8	258.7	236.4
Indonesia	0			
Ireland	170.1	85	84.3	84.4
Italy	1.7	1.5	1.2	1.3
Japan	7.9	9.4	9.8	9.8
Kazakhstan	9.9	8.7	7.6	7.8
Kenya	28.5	25.1	18.2	64.9
Korea DPR	1	2.3	1.9	1.9
Lebanon	0.4	0.8	0.7	0.7
Lesotho	0			
Luxembourg	31.9	30.4	25.2	22
Malawi	0.2	0.1	0	0
Malaysia		0	0.1	0.1
Mali	0.1	0.2	0.2	0.2
Malta	0.1	0.1	0.1	0.2
Mauritius	229.5	210.5	194.6	202.4
Mozambique	0	0.6	0.5	0.5
Namibia	0	4.2	3.2	6.6
Netherlands	377.6	365.6	354.1	362
Nigeria	185.8	296.6	261.8	275.5
NORSAD	3.4	6.4	5.3	5.4
Norway	2.4	7	6.2	6.5
Oman		0.3	0.1	
Other	125.2	117	160.6	115.1
Peru		0.5	0.4	0.5
Philippines	0			
Portugal		0.2	0.1	0
PTA Bank	3.5	4.3	3.6	3.5
Rwanda	0	0	0	
Saudi Arabia	0.2	0.2	0.2	0.2
Singapore	122.4	93.4	96	107.5
South Africa	1,300.00	1,450.40	1,396.00	1,403.80
Spain	4.6	3	2.5	3
Swaziland	0	0	0	0
Sweden	21.3	18.7	22.4	18.6
Switzerland	869.1	1,383.50	1,518.40	1,652.70
Tanzania	25.9	27	22.6	23.3
Thailand	1.1	0.3	0.2	0.2
Turkey		0.2	0.2	0
Uganda	1.9	3.3	2.8	0.7
United Arab Emirates	52.2	48.7	33.4	35.1
United Kingdom	2,191.60	2,884.60	3,120.90	3,484.00
United States	226.1	320.8	316.5	282.6
Virgin Islands British	1.3		1.1	1.1
World Bank	7.5	7.5	6.2	6.4
Zimbabwe	1.3	3.8	3.1	3.1
Grand Total	9,707.90	11,403.10	11,456.60	11,993.20

Source: Foreign Private Investment & Investor Perceptions Survey, 2015




Annex XII: Foreign Direct Investment by Destination Country (US $ Millions), 2013 - 2015 Q2

Destination Country	2013	Increase	Decrease	2014	Interest	2015 Q1	2015 Q2
Australia	15.5	-	15.5	-	-	-	-
Belgium	0.8	-	-	0.6	-	0.6	0.6
Botswana	8.6	0.2	4.3	4.1	-	3.0	3.1
Canada	-	-	-	-	-	-	-
Chile	-	-	-	-	-	-	-
China PR	1	0	0.1	0.9	-	0.9	0.9
Congo	46.8	8.7	35.5	18.7	-	17.5	18.8
Congo DR	5.3	0.2	0.4	5	-	4.7	4.8
Egypt	2.2	-	2	-	-	-	-
Finland	-	0	-	0	-	0.0	-
Germany	1.80	-	0.00	1.50	-	1.6	2.1
Ghana	1.5	-	-	1.3	-	1.0	1.1
Hong Kong	5.8	-	0.7	5.1	-	5.1	5.1
India	0	-	-	0	-	0.0	0.0
Ireland	186.5	-	186.5	-	-	-	-
Italy	0.1	-	0	0.1	-	0.1	0.1
Japan	0	0.5	0	0.5	-	0.0	0.0
Kenya	3	2.8	0.1	5.2	-	4.3	4.4
Lesotho	0	-	0	-	-	-	-
Luxembourg	280.8	0.2	-	281	-	281.0	281.0
Madagascar	-	-	-	-	-	-	-
Malawi	65.9	0.6	40.2	26.7	-	26.1	26.2
Mauritania	0.1	-	0.1	0	-	0.1	-
Mauritius	608.3	19.7	285.8	340	-	331.6	332.4
Mozambique	18.9	12.6	15	16.4	-	18.0	17.2
Namibia	-	-	-	-	-	0.7	0.7
Nigeria	98.5	31.8	1	137.3	8.4	136.7	136.9
Rwanda	0	-	-	0	-	-	0.0
South Africa	132.7	90.8	42.8	167	-	97.1	99.9
South Sudan	0	-	-	0	-	-	0.0
Swaziland	0	-	-	0	-	-	0.0
Sweden	6.4	-	0.8	5.6	-	5.6	5.6
Tanzania	5.3	4.3	2.4	6.6	-	3.3	3.4
Togo	0.3	-	0	0.2	-	0.2	0.2
Uganda	0.5	-	-	0.5	-	-	0.0
United Arab Emirates	0.5	3.7	3.6	0.5	-	0.6	0.6
United Kingdom	1,240.80	0.2	1,243.30	-2.4	-	2.3	7.2
United States	20.4	3.5	1.6	22.4	-	21.8	22.1
Zimbabwe	5.3	0.4	4.6	0.8	-	0.7	0.7
Other	0.1	-	0.1	-	-	0.0	0.0
Grand Total	2,763.80	180.2	1,886.30	1,045.80	8.40	964.6	975.0

Source: Foreign Private Investment & Investor Perceptions Survey, 2015

Annex XIII: Private Sector External Lending by Destination Country (US $ Million), 2013 - 2015 Q2

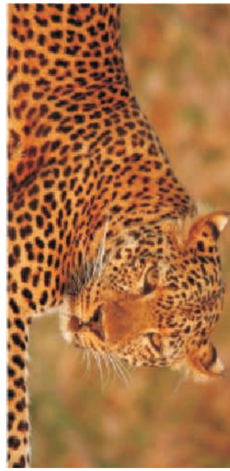
Destination Country	2013	Increase	Increase	2014	Interest	2015 Q1	2015 Q2
Australia	15.5	-	15.5	-	-	-	-
Belgium	0.8	-	-	0.6	-	0.6	0.6
Botswana	3.7	0.2	-	3.4	-	0.0	0.0
Congo DR	4.7	0.2	0.3	4.5	-	4.4	4.4
Egypt	2.2	-	2.0	0.1	-	-	-
Finland	-	0.0	-	0.0	-	0.0	-
Germany	8.0	5.2	1.8	10.5	-	15.8	10.2
Ghana	0.1	-	-	0.1	-	0.1	0.1
India	0.0	0.0	-	0.0	0.1	(0.0)	0.0
Ireland	186.5	-	186.5	-	-	-	-
Japan	0.0	0.5	0.0	0.5	-	0.0	0.0
Kenya	12.3	2.8	7.9	6.7	-	4.3	4.4
Lesotho	0.0	-	0.0	-	-	-	-
Luxembourg	280.8	0.2	-	281.0	-	281.0	281.0
Malawi	3.5	0.6	2.1	1.9	-	1.1	1.2
Malaysia	1.7	-	0.7	0.8	-	0.8	1.0
Mauritania	0.1	-	0.1	0.0	-	0.1	-
Mauritius	25.0	49.6	8.2	64.3	-	27.4	35.0
Mozambique	18.9	12.6	15.0	16.4	-	18.0	17.2
Namibia	-	-	-	-	-	0.7	0.7
Nigeria	98.3	31.8	1.0	137.1	8.4	136.6	136.7
Norway	-	0.5	-	0.5	-	0.5	0.2
Rwanda	0.0	-	-	0.0	-	-	0.0
Singapore	-	-	-	-	-	-	0.0
South Africa	396.5	96.3	111.2	361.3	-	277.8	104.4
South Sudan	0.0	-	-	0.0	-	-	0.0
Swaziland	0.0	-	-	0.0	-	-	0.0
Tanzania	5.3	4.3	2.4	6.6	-	3.3	3.4
Uganda	0.5	-	-	0.5	-	-	0.0
United Arab Emirates	0.5	3.7	3.6	0.5	-	0.6	0.6
United Kingdom	1,328.8	12.2	1,260.9	74.7	-	33.5	49.6
United States	120.9	6.0	41.5	85.2	-	28.2	34.6
Zimbabwe	3.0	0.3	2.2	0.8	-	0.5	0.5
Other	159.2	-	100.9	58.3	-	6.3	63.5
Grand Total	2,676.8	227.1	1,764.0	1,117.2	8.5	842.0	749.9

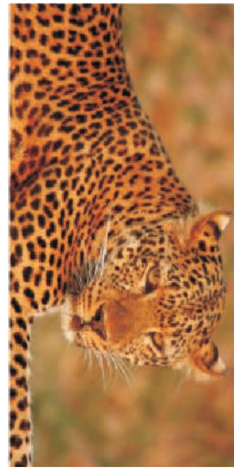
Source: Foreign Private Investment & Investor Perceptions Survey, 2015

Annex XIV: Inward Foreign Affiliates Statistics by Recipient Sector (US $ Millions, 2014)

DESCRIPTION	Accommodation & Food	Administration Support services	Agriculture, Forestry & Fishing	Construction	Deposit-Taking Corporations	Education	Electricity	Other Financial Corporations	Information & Communication	Manufacturing	Mining & Quarrying	Professional, Scientific & Technical services	Real Estate activities 409.50	Transport & Storage	Wholesale & Retail trade	Grand Total
Total assets at end 2014	27.2	0.9	262.9	122.9	6,246.60	0.1	239.30	136.3		2,513.30	14,905.40	6.80	134.90	94.50	1,241.80	26,918.50
Total liabilities (excluding Equity) at end 2014	43.3	0.7	186.4	106.5	5,324.70	0	149.50	107.7	711.10	1,416.90	11,045.70	6.10	274.60	78.20	692.60	19,931.50
Net worth at end 2014	-16.1	0.1	76.4	16.4	921.8	0.1	89.8	28.6	638.10	1,096.50	3,859.70	0.60	30.00	16.30	549.20	6,987.10
Sales or turnover in 2014	21.7	0.5	185.5	279.2	714.1	0.3	34.3	80.3	73	3,281.70	6,286.80	6.10	-12.8	127.00	2,805.40	14,473.10
Net Operating Surplus (or loss)	-3.2	0.2	8.5	9.3	229.8	0	13.6	3.9	620.2	433.3	-647.7	0.2	-3.4	8.5	199.1	334.8
Taxes on Income	0.3	0	2.4	0.9	88.2	-	1.4	4.8	92	72.4	-215.7	0.1	-4.2	2.3	80.4	74.8
Net Profit After Tax (Earnings)	-7.8	0	23.5	7.2	147.8	0	0.3	2.4	40.7	316.7	-241.6	0.2	2.8	6.5	101.9	395.7
Total dividends distributed/declared	0.6	-	3.1	-	82.7	-	-	1.5	42.7	99.9	60.1	-	1.2	3.3	35.8	395.7
Salaries and wages paid	3.8	0.1	22.5	46.3	207.1	0.1	3.8	12.4	105.9	210.9	849	51.7	19.90	18.9	137.3	1,607.90
Total purchases of domestic goods and services	1.3	-	42.40	149.5	34.50	0.1	-	17.4	42.8	1,345.10	1,242.30	2.90	0.80	14.00	651.40	3,560.30
Of which Goods	1.70	-	54.40	65.20	13.40	0.00	78.20	0.90	39.50	1,367.80	573.60	-	0.40	25.70	653.40	2,842.30
Of which Services	0.2	-	7.5	165.9	67.5	0.1	2.5	17.7	7.50	19.2	1,198.30	0.1	-	20.3	53.40	1,600.80
Total imports of goods	0.2	-	33.7	46.7	4.7	-	23.8	0	47.8	246	1,686.90	0.2	-	74.7	770.20	2,951.60
Of which: from foreign affiliates	-	-	1.1	1.4	6.8	-	-	-	64.4	113.1	600.9	-	-	0.2	523.8	1,247.60
Total imports of services	0.2	-	-	1.2	12	-	4	0	0.2	1.2	86.2	-	0.2	1.7	22.1	130.2
Of which: from foreign affiliates	0.2	-	8.9	0.1	7.3	-	-	-	1.5	20.4	311.7	-	-	0.2	15.5	390.5
Total exports of goods	-	-	37	-	2.7	-	-	-	26	2,064.70	3,873.00	-	-	60.10	54.60	6,092.10
Of which: to foreign affiliates	-	-	33.6	0.4	-	-	-	0.2		30.1	1,939.00	-	-	11	20.60	2,034.90
Total exports of services	2.6	-	-	0.4	0.2	-	-	-		35	-	0.2	-	2.1	0.3	40.9
Of which: to foreign affiliates	1.3	-	0.9	0.1	0	-	-	-		8.2	-	-	49.10	5.1	0.2	17.6
Gross Fixed Capital formation	3.3	0.3	47.8	47.1	20.6	-	3.2	4.2	1.7	138.9	2,530.50	1.2	-	16.5	122.20	3,059.60
Of which:Research and Development	-	-	1.3	-	1.8	-	-	-	74.6	0.3	8.6	-	-	-	0.6	12.6
Of which:Land	2.4	-	22	0.3	-1.7	-	-	-		32.4	283.9	0.1	2.5	2.7	12.7	343.9
Of which:Buildings	-	-	4.7	0.1	-	-	-	-	-11	7.6	132.2	-	1.80	1.6	5.9	154.7
Of which:Machinery and equipment	0.5	0.3	15.6	46.7	13.9	-	3.1	0.7		79.3	1,975.40	0.1	44.8	11.4	62.40	2,296.60
Of which: Other Capital	0.5	-	4.2	0	6.6	-	0.2	3.5	85.5	19.2	130.5	1	-	0.7	40.5	251.8
Training Expenditure	0.1	-	0.1	0.1	3	-	0	0.1	0	0.4	4.8	0	-	0	2.7	12.1
Payments for royalties and license fees	0.1	0	0.2	0.1	4.9	-	-	0.2	0.8	8.8	222.6	0.7	0	0.3	9.5	266.3
Value of closing stock	2.3	0.1	65.9	2.4	-	-	-	-	19	382.3	850.1	-	0.1	1.7	301	1,619.80
Value of opening stock	2.4	-	53.9	1.9	-	-	-	-	14.1	380.5	749.5	-	29.90	1.6	276.5	1,477.90
Gross Output (value)	21.6	0.6	197.5	279.6	714.1	0.3	34.3	80.3	11.5	3,283.50	6,387.50	6.10	2.1	127.10	2,829.80	14,614.90
Management fees	0.4	-	0.4	1.8	6.1	-	1	2.6	622.8	107.6	53.9	-	18.00	1.8	7.2	199.9
Operating Expenditure	17.7	0.4	105.2	213.5	440.8	0.3	23.9	33.4	15	2,333.00	5,912.00	4.10	11.9	91.40	925.70	10,430.80
Value-added	3.9	0.2	92.3	66.2	273.3	0.1	10.4	46.9	311.5	950.5	475.5	1.9	167	35.7	1,904.10	4,184.10
Total Employment (Number of employees)	664	248	5,725	8,884	5,678	4	90	1,243	311.2	15,818	37,936	339		1,493	7,867	87,527

Source: Foreign Private Investment & Investor Perceptions Survey, 2015





Annex XV: Inward Foreign Affiliates Statistics by Partner Country (US $ Millions, 2014)

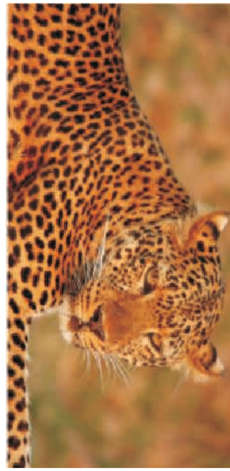
DESCRIPTION	Australia	Bermuda	Botswana	Cameroon	Canada	Cayman Islands	Channel Islands	China PR	Egypt	France	Germany	India	Ireland	Italy	Japan	Kazakhstan	Lebanon	Luxembourg	Malawi
Total assets at end 2014	713.20	17.70	293.10	48.90	6,408.00	1.00	0.80	1,396.70	26.4	149.30	13.50	14.90	2,112.60	31.30	60.0	19.10	11.60	359.70	80.10
Total liabilities (excluding Equity) at end 2014	1,616.20	47.00	249.4	45.30	3,245.20	0.90	0.80	914.30	16.6	101.90	11.10	13.90	1,365.70	9.90	20.9	14.60	9.90	438.40	61.20
Net worth at end 2014	-903	-29.30	43.7	3.70	3,162.80	0.10	0.00	482.40	9.8	47.40	2.40	1.00	746.90	21.40	39.0	4.60	1.80	-78.70	18.80
Sales or turnover in 2014	544.6	-	42.9	3.50	1,572.90	1.20	0.90	434.40	23.6	499.80	2.60	36.10	3,098.10	59.70	105.0	34.60	1.30	312.90	32.80
Net Operating Surplus (or loss)	-818.8	-7.6	1.5	-1	362.6	0.8	0	-0.7	1.6	13.5	-3.6	0.5	273.1	3.9	15.5	2.3	-0.1	4.5	0.2
Taxes on Income	0.2	-	1	0.1	-393.5	-	0	-8.6	0.1	6.4	-	0.2	39.3	1.4	7.8	0	-	1.3	0.3
Net Profit After Tax (Earnings)	-819	-7.6	1.8	-0.8	758	0.3	0	13.2	1.5	4.8	-3.3	0.2	233.4	2.4	7.7	2.3	-0.1	-2.4	-0.2
Total dividends distributed/declared	-	-	-	-	26	-	-	4.4	-	5.6	-	-	54.1	-	5.0	-	-	-	-
Salaries and wages paid	82.4	0.60	9.2	2.00	123.9	0	0.00	46	3.0	12.30	2.4	4.20	166.5	48.00	6.3	2.3	0.10	3.7	3.40
Total purchases of domestic goods and services	-	-	15.8	-	885.6	-	0.10	195.5	14.7	329.30	-	0.90	1,437.60	0.10	-	-	-	-	17.40
Of which Goods	50	0.10	6	-	202.8	-	0.00	93.1	9.7	327.20	-	0.60	1,402.20	0.10	-	16.20	0.00	61.00	-
Of which Services	408.3	0.80	8.5	-	682.2	-	0.10	163.2	5.0	3.30	-	0.00	22	-	-	-	0.10	20.3	17.40
Total imports of goods	247.6	-	3	-	778.5	0.9	0.20	49.7	12.3	48.50	-	0.40	155.2	-	61.1	0.1	-	288.2	-
Of which: from foreign affiliates	252.5	-	2.9	-	3.5	0.8	0.20	14.9	9.9	44.00	-	-	49.7	-	-	-	-	288.2	-
Total imports of services	-	0.2	3.7	-	53	-	0.1	2.9	-	1.8	-	1.1	0.7	-	-	-	-	-	-
Of which: from foreign affiliates	190.7	-	-	-	17.5	-	0.1	2.5	-	0.1	-	1.1	0.1	-	-	0.1	-	96.1	-
Total exports of goods	-	-	-	-	914	-	-	26.3	-	4.50	-	0.50	1,775.40	1.90	-	-	-	282.20	-
Of which: to foreign affiliates	0	-	-	-	319.7	-	-	4.3	-	4.70	-	-	157	-	-	11	-	281	-
Total exports of services	-	-	-	-	-	-	-	-	-	2.1	-	-	-	-	-	-	-	-	-
Of which: to foreign affiliates	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Fixed Capital formation	131.4	0.80	0.8	-	1,504.30	-	0.00	98.70	11.1	18.00	-	0.90	68.30	6.30	1.9	0.00	0.00	8.10	6.40
Of which:Research and Development	7.2	0.6	-	-	-	-	-	0.8	-	-	-	0	0.5	-	-	-	-	-	-
Of which:Land	-	-	-	-	95.2	-	-	0.6	0.0	0	-	0	25.7	-	-	-	-	7.2	-
Of which:Buildings	-	-	-	-	-	-	-	2.9	5.7	-	-	0	7.5	-	0.4	-	-	-	-
Of which:Machinery and equipment	124.2	0.20	0.7	-	1,387.80	-	-	49.10	4.1	17.00	-	0.30	34.00	6.20	1.0	0.00	-	1.00	2.90
Of which: Other Capital	-	-	0.1	-	21.2	-	0	45.4	1.4	0.9	-	0.6	0.6	0.1	0.5	-	0	-	3.4
Training Expenditure	-	0	0.3	0	2.9	0	-	0.1	0.0	0.2	0.1	-	0.1	-	-	0	-	0.1	0.1
Payments for royalties and license fees	38.9	0.1	0.5	0.1	107.6	-	0	0.1	-	0	-	0	18.4	0	-	0.1	-	-	-
Value of closing stock	-	-	0.3	-	245	0.3	-	13	9.4	22.60	-	1.70	132.5	9.70	20.1	0.5	-	23.7	-
Value of opening stock	-	-	0.2	-	149.2	0.3	-	12.1	5.6	22.50	-	1.30	164.5	7.90	20.6	0.8	-	23.3	-
Gross Output (value)	544.6	-	43	3.50	1,668.70	1.10	0.90	435.30	27.5	500.00	2.60	36.60	3,066.10	61.50	104.5	34.30	1.30	313.20	32.80
Management fees	-	-	0.10	-	11.80	0.00	-	3.90	-	0.5	2.10	0.2	45.90	-	-	-	-	2.80	0.7
Operating Expenditure	1,362.50	0.20	28.1	4.50	1,202.50	0.50	-	353.60	13.6	19.90	6.10	16.70	2,705.10	49.40	13.4	32.30	1.30	290.40	11.60
Value-added	-817.9	-0.20	15	-1.00	466	1	0.90	82	13.9	480.00	-4	19.80	361	12.10	91.1	2	0.00	23	21.20
Total Employment (Number of employees)	1,891	10	362	128	4,998	13	19	8,559	644	577	294	933	9,902	412	271	208	14	866	141

Source: Foreign Private Investment & Investor Perceptions Survey, 2015

Annex XV: Inward Foreign Affiliates Statistics by Partner Country (US $ Millions, 2014) *Cont'*

DESCRIPTION	Mauritius	Namibia	Netherlands	Nigeria	Norway	Peru	Singapore	South Africa	Spain	Swaziland	Sweden	Switzerland	Tanzania	Togo	United Arab Emirates	United Kingdom	United States	Virgin Islands British	Zimbabwe	Grand Total
Total assets at end 2014	838.70	6.70	3,011.40	86.20	34.90	29.00	453.10	2,803.10	22.30	17.00	70.40	2,654.30	60.10	144.50	68.20	4,186.80	619.50	14.60	39.70	26,918.50
Total liabilities (excluding Equity) at end 2014	569.60	4.80	2,421.20	69.10	33.40	26.50	413.70	2,124.40	17.10	22.30	34.10	2,245.70	26.50	103.90	55.60	3,022.20	542.60	4.60	10.90	19,931.50
Net worth at end 2014	269.10	2.00	590.20	17.20	1.50	2.50	39.40	678.70	5.20	-5.20	36.40	408.60	33.70	40.50	12.50	1,164.60	76.80	10.00	28.80	6,987.10
Sales or turnover in 2014	1,190.30	17.30	1,013.50	3.80	31.30	46.80	26.60	1,300.40	37.50	9.70	123.50	1,431.70	56.90	13.30	77.30	1,850.90	392.50	18.60	24.30	14,473.10
Net Operating Surplus (or loss)	207.9	1	194.3	-	3.1	0.3	-77.8	185.5	-0.9	0.6	6.4	12.1	0.3	1.3	2.7	-92.5	34.2	1.4	6.8	334.8
Taxes on Income	83.8	0.3	60.7	0.1	0.2	0.8	1.4	51.3	0.1	0.1	2.6	6.3	-	3.5	1.7	192.7	12.6	0.3	0.4	74.8
Net Profit After Tax (Earnings)	124.8	0.7	109.8	-2.9	-0.8	-0.5	-79.2	105.9	-0.8	-3.8	3.8	-2	2	4.8	3.5	-96.8	27.6	1.1	6.3	395.7
Total dividends distributed/declared	41.7	-	159.1	-	-	-	-	43	-	-	-	2.5	-	-	-	30	22.3	-	2.1	395.7
Salaries and wages paid	69.4	1.00	137.4	2.3	2	17.00	5.9	230.10	4.7	-	15.4	230.70	1.4	4.90	2.6	334.10	26.7	3.70	2	1,607.90
Total purchases of domestic goods and services	16.30	4.50	37.40	-	-	18.60	66.30	280.40	1.30	-	93.40	8.30	-	-	31.40	9.90	75.00	5.90	14.80	3,560.30
Of which Goods	137.00	2.70	38.30	-	-	15.00	6.80	231.30	0.40	-	91.90	0.90	-	-	31.40	11.50	89.20	5.80	11.00	2,842.30
Of which Services	40.7	1.80	40	-	-	3.60	59.5	88.60	0.9	-	1.5	3.50	-	-	-	23.90	1.5	0.40	3.8	1,600.80
Total imports of goods	182.8	1.40	91.8	-	18.6	0.10	180.7	462.20	28.1	-	91.9	35.30	-	-	22.5	161.30	24.9	4.60	-	2,951.60
Of which: from foreign affiliates	76.4	1.20	62.8	-	-	-	0.3	287.60	-	-	91.9	-	46.1	-	-	13.90	0.7	-	-	1,247.60
Total imports of services	0.8	1.2	5.8	-	-	-	29.8	24.8	-	-	-	3.9	-	-	-	-	0.3	0.1	-	130.2
Of which: from foreign affiliates	21.7	-	-	-	19.1	-	4.9	22.3	-	-	-	-	-	-	-	5.3	0.2	0.1	8.6	390.5
Total exports of goods	63.70	-	30.50	-	20.40	-	3.70	275.10	-	-	5.50	1,190.50	-	-	27.60	1,315.60	132.50	11.40	10.90	6,092.10
Of which: to foreign affiliates	10.3	0.40	34.5	-	-	-	-	8.20	-	-	5.5	1,183.90	14.1	-	-	0.30	-	-	-	2,034.90
Total exports of services	31	0.4	0.3	-	-	-	-	4.2	-	-	-	-	-	-	-	0.2	2.6	-	-	40.9
Of which: to foreign affiliates	3.3	0.1	0.2	-	-	-	-	11.8	-	-	-	-	-	-	-	0.7	1.3	-	-	17.6
Gross Fixed Capital formation	80.80	0.20	57.30	0.80	-	4.70	276.10	87.40	1.50	-	57.40	389.20	28.60	-	33.60	161.30	8.10	0.90	14.70	3,059.60
Of which:Research and Development	0.3	-	1.8	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	1.3	12.6
Of which:Land	13.2	-	-	-	-	-	-	2.2	-	-	-	24	13.3	-	5.2	149.3	3.4	0.1	4.5	343.9
Of which:Buildings	0.2	0.1	-	-	-	0.2	-	3.8	1.3	-	-	131.9	-	-	-	0.7	-	-	0	154.7
Of which:Machinery and equipment	62.80	0.10	54.30	0.60	-	4.40	168.10	69.40	0.20	-	21.10	233.20	12.20	-	24.30	7.80	3.10	0.90	5.40	2,296.60
Of which: Other Capital	4.2	-	1.2	0.2	-	0	108	12	-	-	36.4	-	3.1	-	4.2	3.4	1.5	0	3.4	251.8
Training Expenditure	0.7	0	1.6	-	0	-	0	2.9	0	-	0.2	1.7	-	-	0	0.8	0.2	0	0.1	12.1
Payments for royalties and license fees	9.9	-	20.7	-	0	-	2	15.5	0.1	-	-	44.2	-	-	0.4	7.5	0	0.1	-	266.3
Value of closing stock	118.8	0.40	83.9	-	12.1	1.80	33.5	152.70	7	1.20	20	239.40	15.9	-	14.3	243.50	182.4	3.80	10.2	1,619.80
Value of opening stock	68.6	0.50	103.1	-	8.3	1.50	29.8	145.30	5.3	1.40	34.4	235.70	5.7	-	10.7	230.20	177.1	1.00	11.1	1,477.90
Gross Output (value)	1,240.50	17.30	994.30	3.80	35.10	47.10	30.30	1,307.80	39.20	9.60	109.10	1,435.50	67.10	13.30	80.90	1,864.10	397.70	21.40	23.40	14,614.90
Management fees	12.90	0.2	15.40	-	75.90	0.6	0.00	18.5	0.10	-	-	1	-	1.3	-	4.6	1.10	0.1	-	199.9
Operating Expenditure	349.40	11.70	615.10	6.70	6.20	32.90	18.60	617.80	4.10	9.10	20.80	883.70	8.40	14.30	69.60	1,280.50	345.80	16.60	7.90	10,430.80
Value-added	891	5.60	379	-3	29	14.20	12	690.00	35	0.50	88	551.70	59	-1.00	11	583.60	52	4.80	16	4,184.10
Total Employment (Number of employees)	7,147	80	4,151	114	103	1,765	281	15,970	188	287	393	10,387	457	151	575	9,800	2,352	2,426	658	87,527

Source: Foreign Private Investment & Investor Perceptions Survey, 2015






Annex XVI: List of Survey Team

Bank of Zambia (BoZ)

Ms Chisala Sofia Ngandwe
Ms Mwika Sampa
Dr Wilson Phiri
Dr Abel Shimba
Mr Chungu Kapembwa
Mr George Kapinga
Mr Oliver Ndhlovu
Mr Royd Manenga
Mr Joe Sichalwe
Mr Elvin Sindala

Zambia Development Agency (ZDA)

Mr Collins Sifafula
Ms Sombo Kaweza
Mr Mbachi Kaunda

Central Statistical Office (CSO)

Mr Peter Lungu
Mr Shadreck Saiti
Mr David Sakala
Mr Richard Musimuko
Mr Ephraim Chipilipili

Ministry of Tourism

Ms Robina Chilambwe
Ms Agness Lungu

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