



GCR Lowers the Country Risk Score for the Republic of Zambia

Country Risk Score Action

GCR has lowered the public country risk score on the Republic of Zambia following the missed interest payment and announced suspension of debt service to external commercial creditors. GCR concurrently updated the Country Risk Scores publication.

Republic of Zambia, Country Risk Score lowered to 1.00 from 1.75.

GCR maintained the Country Risk Scores and mapping tables (where applicable) for the countries not mentioned above.

GCR will periodically publish updated “Country Risk Scores”, which will supersede previous publications. The publication titled “Country Risk Scores, 24 November 2020”, available at <https://gcrratings.com/risk-scores/>, supersedes the publication “Country Risk Scores, 27 May 2020”.

Republic of Zambia, Country Risk Score lowered to 1.00 from 1.75. Mapping Table 1.0 to 2.0.

Zambia’s country risk score of ‘1.00’ reflects the recent default of the Government capping the score at 1.00. The above average institutional scores, supported by political stability and historic macro-economic stability, with low wealth levels, pressure in the copper price and droughts coupled with the increasing fiscal and external pressures facing the Zambian government and her agents.

Uses & Application of GCR Country Risk Assessment

The GCR Country Risk assessment interacts with GCR ratings in four ways. Firstly, the country risk scores create the foundation for the Anchor Credit Evaluator (the mapping table, see the Criteria for the GCR Ratings Framework and the interactive online map at GCRratings.com/criteria). Secondly, the country risk score is a key part of the GCR operating environment score, and therefore ultimately to the GCR issuer ratings. Thirdly, the country risk assessment acts as a hurdle (or more accurately as a series of hurdles, differing according to industry) that limits uplift away from an entity’s financial sector operating environment (the combination of the country risk score and the financial sector risk score). Fourthly, the country risk score provides a level from which government support can be applied for each industry.

As a result, a reduction in the Country Risk Score could lead to the lowering of an international scale rating, although it is less likely to change national scale rating relativities (see the GCR Ratings Framework for more information).

We anticipate to review all affected ratings within the next four to six weeks. Typically, we anticipate minimal changes on national scale ratings due to country risk score changes. International scale ratings are statistically more likely to be impacted.



Country Risk Scores are available for download at [GCRratings.com/risk-scores](https://gcrratings.com/risk-scores).

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Related criteria and research

Criteria for the GCR Ratings Framework, May 2019
Country Risk Scores, 24 November 2020