NATIONAL ASSEMBLY OF ZAMBIA

REPORT

OF THE

EXPANDED BUDGET COMMITTEE

ON THE

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE FINANCIAL YEAR 1ST JANUARY TO 31ST DECEMBER, 2020

FOR THE

FOURTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY

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Composition of the Committee

The Committee consisted of:

Mr M Simfukwe, MP (Chairperson); Ms N M Subulwa, MP (Vice Chairperson); Mr L A Lufuma, MP; Mr S K Kakubo, MP; Mr P Phiri, MP; Mr F C Chaatila, MP; Mr D Mumba, MP; Mr R M Nakacinda, MP; Mr J Siwale, MP; Mrs S S Mulyata, MP; Mr H Kunda, MP; Mr A B Malama, MP; Mr E Kamondo, MP; Mr M J B Ng'onga, MP; Mr G M Imbuwa, MP; Mr G K Mwamba, MP; Mr E K Belemu, MP; Dr C K Kalila, MP; Mr M Jere, MP; Mr E J Muchima, MP; Mr N Samakayi, MP; Dr S Musokotwane, MP; Dr M Malama, MP; Mr P W Daka, MP; Dr M Imakando, MP; Mr C Miyutu, MP; and Mr D M Syakalima, MP.

The Honourable Mr Speaker
National Assembly
Parliament Buildings
LUSAKA

Sir

The Expanded Budget Committee appointed to examine the Estimates of Revenue and Expenditure for the Financial Year 1st January to 31st December, 2020 has the honour to present its Report.

FUNCTIONS OF THE COMMITTEE

The functions of the Expanded Budget Committee are to:

- study and analyse the estimates of revenue and expenditure for 2020;
- hear evidence on the 2020 Budget from relevant stakeholders; and
- make recommendations to the House that will inform policy formulation and implementation of future budget estimates.

MEETINGS OF THE COMMITTEE

The Committee, in considering the 2020 estimates of revenue and expenditure, held twelve meetings during which it examined in detail all the submissions from various stakeholders.

PROCEDURE ADOPTED BY THE COMMITTEE

The Committee requested for written submissions on the 2020 Budget from various stakeholders who later appeared before it to make oral submissions on points of clarification arising from the written submissions.

The list of witnesses who gave written and oral evidence to the Committee are at Appendix I of the Report.

ARRANGEMENT OF THE REPORT

The Committee's report is in three parts. Part I presents a summary of concerns and submissions by stakeholders while Part II outlines submissions by Government Ministries. The Committee's observations and recommendations are in Part III of the Report.

PART I

SUMMARY OF SUBMISSIONS AND CONCERNS BY STAKEHOLDERS

6.0. The Committee interacted with various institutions, including the academia, research institutions, civil society organisations and the Children's Parliament. One concern that was repeatedly submitted by the stakeholders during the interactions with the Committee on the 2020 estimates of revenue and expenditure was the current debt position which stood at US$10.23 billion for external debt and K60.70 billion for domestic debt. In addition, the Government has accumulated arrears of K 20.2 billion, excluding outstanding VAT refunds. The stakeholders, however, welcomed a number of pronouncements made in the budget address and urged the Government to ensure that the proposals were fully implemented. A synopsis of the submissions made by the stakeholders on the 2020 Budget is presented below.

6.1. MACROECONOMIC FRAMEWORK FOR 2020

The Committee was informed that the macroeconomic framework for Zambia in 2020 was set to focus on stimulating the domestic economy by reducing the budget deficit. This was premised on the following macroeconomic objectives:

- attain annual Gross Domestic Product (GDP) growth rate of at least 3 per cent;
- sustain inflation within the range of 6 to 8 per cent;
- raise international reserves to at least 2.5 months of import cover;
- increase domestic revenue to not lower than 22 per cent of GDP;
- reduce the fiscal deficit to 5.5 per cent of GDP;
- rationalising debt contraction; and
- dismantling domestic arrears while protecting social sector allocations.

Table 1: Macroeconomic Targets and Outturns

	2017 Target	2017 Outturn	2018 target	2018 outturn	2019 target	2019 outturn	2020 Target
Real GDP growth rate (%)	4.2	3.5	4	3.7	4	2*	3
CPI inflation end of period (%)	9	6.1	6-8	7.9	6-8	10.3*	6-8
Gross international Reserves (Months of Imports)	3	2.9	3	1.8	3	1.66*	2.5
Budget Deficit (Cash Basis, excluding grants) % GDP	7	6	6.1	7.6	6.5	6.5*	5.5
Deficit overall commitment (% GDP)	-9.6		-11.9	-11.9	-6.5	-9*	?
Domestic Financing of budget (% GDP)	4.6	1.6	4.0	2.6	1.4	?	?
Domestic resource mobilization (%GDP)		17.5	17.7	19.1	18.3	?	22

Source: Updated from BoZ, Monetary Policy Statement, August, 2019.

2019 outturn figures are projections

The Committee was informed that overall, the Budget outlined key steps aimed at creating fiscal space and improve liquidity in the economy through the dismantling of domestic arrears owed by the Government to suppliers of goods and services. Further, it was noted that the commitment to address the debt stock was central to efforts to restore macroeconomic stability. In this vein, there was need to outline and implement practical steps to address the debt stock.

The Committee also heard that growth was likely to remain low in the immediate term, largely reflecting adverse weather conditions, fiscal imbalances, liquidity challenges and reduced mining output. Thus, the proposed measures in the 2020 Budget were critical for the restoration of fiscal fitness and reinvigorating growth in the medium-term in line with the Seventh National Development Plan (7NDP), the Economic Stabilisation and Growth Programme (ESGP), and the Vision 2030. Further, the 2020 Budget underpinned other policy measures the Government had announced in the past, such as the reforms in the energy and agriculture sectors, which when implemented would foster fiscal consolidation and economic growth. The achievement of these objectives, however, largely depended on the effective implementation the Government's commitments.

6.2 MONETARY POLICY AND ITS IMPLICATIONS ON THE 2020 BUDGET

The Committee heard that whereas the primary objective of the Central Bank was to keep inflation in the range of 6 to 8 per cent, this had not been the case from May, 2019 as the annual rate of inflation hit 8.1 and further hit 10.5 in September, 2019. This required urgent interventions by the Central Bank to maintain the target range as espoused in the budget address.

Table 2: Monthly Inflation Rate

Source: *Central Statistical Office*

Apart from the country's inflation rate, other macro-indicators needed to be monitored. These included the following:

6.2.1. International Reserves Position

The Committee was informed that international reserves were at 1.7 months of import cover as at end-June 2019, which was way below the target of 3 months for 2019. This figure was also way below the international best practice of maintaining international reserves at a minimum of 3 months of import cover. The continued decline in the international reserves from US$1.6 billion in December, 2018 to US$

1.4 billion in July, 2019 was a serious source of concern. The Committee heard that immediate measures ought to be taken to arrest the situation especially that the country was an import dependent economy.

Most stakeholders were of the view that Government needed to explore other measures especially that it was forecast that the set target of having 3 months of import cover, may not be achieved in 2019, thereby making the attainment of the set target of 2.5 months of import cover for 2020 unrealistic.

Figure 1 shows the trend of Gross International Reserves from 2010 to February 2019.

Source: Bank of Zambia

6.2.2. Revenue Estimates and Financing

Stakeholders expressed concern that while it was prudent for the 2020 Budget to focus national priorities towards stimulating the domestic economy, the target of increasing domestic revenue collection from 18.7 per cent in 2019 to 22 per cent in 2020 was not realistic given the sluggish growth of the economy. Further, the Committee heard that while noting the measures by the Government to undertake a comprehensive review of the tax system by maintaining VAT, as well as the review of non tax revenue, these measures may not guarantee revenue, especially that GDP growth remained below 3 per cent.

6.2.3 Debt Position

The Committee was informed that the total external debt, as at June 2019, was at US$10.23 billion. This amount is higher when the guarantees from State Owned Enterprises standing at US$1.2 billion as at end-June 2019. Domestic debt stood at and K60.70 billion while accumulated arrears were at K20.2 billion, excluding outstanding VAT refunds. It was stated that the rate of external debt accumulation had dropped from 7.6 percent recorded in the corresponding period in 2018 to 1.9 percent in 2019. With regard to debt servicing, the Committee heard that the estimated figure stood at K33.7 billion in 2020. This allocation was higher than the total allocated for economic affairs in 2020. Debt obligations, both external and domestic, were expected to take up almost 50 per cent of domestic revenue.

6.2.4 ***Reducing the fiscal deficit to 5.5 per cent of GDP***

The Committee was informed that the proposed reduction in the fiscal deficit target to 5.5 per cent of GDP in 2020, on a cash basis, from the 2019 target of 6.5 per cent was progressive. However, achieving the target would require implementation of tight expenditure controls, halting the accumulation of domestic arrears, and strengthening revenue collection. However, the proposed external financing of K27.5 billion suggested a further increase in external debt stock, and this would elevate debt service payments in future. The Committee heard that this posed a threat to the attainment of the international reserves target and had implications on debt sustainability.

Stakeholders placed emphasis on the need for the Government to meet the set target of reducing the fiscal deficit to the projected 5.5 per cent of GDP in order to achieve macroeconomic stability. They submitted that premising the 2020 target on revenue increase as was the case in 2019, as opposed to expenditure cuts, was risky, especially if the revenue targets were not attained.

On a more positive note, however, stakeholders expressed optimism that the proposed reduction of domestic financing to 1.1 per cent of GDP in 2020 from 1.4 per cent of GDP target for 2019 was positive. This measure was expected to moderate the crowding out effect and support growth of credit to the private sector and ultimately help spur economic activity.

6.3. FISCAL POLICY FRAMEWORK FOR 2020

The Committee heard that in order to deliver fiscal consolidation, the fiscal policy framework would focus on consolidating the austerity measures by directing resources towards stimulating the domestic economy through, among other things, dismantling domestic arrears, and addressing the debt overhang whilst safeguarding the allocations on social protection and other core service delivery areas. In this vein, the Government proposed to raise a total of K72.0 billion which was 22.0 per cent of GDP from domestic revenue out of the total budget of K 106 billion. While noting that the proposed measures were anchored on the comprehensive review of the tax system, this would be difficult to achieve given the limited discretionary spending mainly attributed to debt obligations and personal emoluments for public service workers, which constituted about 90 per cent of the total revenue targets.

6.3.1 Revenue Measures

The Committee was informed that despite the sluggish performance of most revenue streams in 2017, 2018 and 2019 which were below the set target, the Government had proposed to collect more revenue in 2020 at 22 per cent of GDP in comparison to what was projected in 2019 at 18.7 per cent of GDP. The projected figure of 22 per cent of GDP was also well above the projected figure in the MTEF. The anticipated revenue was expected to be triggered by maintaining VAT and improving its administration through a comprehensive review of the tax system and the adjustment of non tax revenues. This review of the tax system would include the measures set out below.

Upgrade the Tax Online System for domestic taxes and interface it with customs system to ensure that all claims of refund for import VAT paid to customs services during import of goods were validated through systems based controls against data in the customs system;

Make it mandatory to use Electronic Fiscal Devices (EFD) for VAT and other tax types, and facilitate accreditation of additional EFD distributors and Virtual EFD software suppliers and vendors;
Make it mandatory to capture and electronically transmit to Zambia Revenue Authority (ZRA) the Taxpayer Identification Number and name of both the buyer and seller of goods and services in all business to business and business to government transactions;
Enhance data analytics and bulk data matching with third party institutions such as Patents and Company Registration Agency, Ministry of Lands and Natural Resources, NAPSA, ZESCO and the Zambia Public Procurement Authority;
Accelerate the implementation of the Government Service Bus and Payment Gateway to ensure interface with ZRA;
Augment and ensure timely audits of VAT claims, including outsourcing services of external forensic auditors whenever necessary.
Zero rate capital equipment and machinery for the mining sector;
Standard rate ancillary services that were directly linked to the transit of goods through Zambia;
Disallow claims of VAT on consumables such as stationery, lubricants and spare parts;
Limit input VAT claims by mining companies on diesel to 70 per cent from 90 percent; and
Limit input VAT claims by mining companies on electricity to 80 per cent from 100 per cent.

Further, the Government proposed to introduce a duty rate of 10 percent on specified capital equipment and machinery imported by mining companies which were currently duty free while some attracted 5 percent; reduce capital allowances claimed by mining companies in respect of capital expenditure from 25 percent to 20 percent; and revise upwards, to cost reflective levels, various fees and fines charged by the Government departments.

Stakeholders noted that while the measures seemed progressive, the practicality of the full implementation would be a challenge as evidenced by the inability to meet the set targets for the period 2017 to 2019, and this may result in more borrowing to finance the planned activities. Related to this, stakeholders noted that a more long term approach would have been appropriate in order to fully achieve the planned objectives.

6.4 CONCERNS BY STAKEHOLDERS

The stakeholders who appeared before your Committee raised various concerns on the 2020 budget. These are as summarised below.

6.4.1 Debt Position and its Implication on Budget Implementation

Stakeholders expressed concern over the country's debt stock which had continued to accumulate. They submitted that the increase in debt financing from K14 billion in 2018, K 23.6 billion in 2019 and the projected K 30 .9 billion in 2020 limited the ability of the Government to allocate more funds to other key sectors. The Committee also heard that the projected debt obligations for 2020 were much higher than the total allocation for education, agriculture, health, tourism, manufacturing and mining sectors combined. Further, it was stated that in 2020, debt payment would stand at 47 per cent of domestic revenue.

Stakeholders expressed fear that the increased debt service may result in more borrowing to finance other activities, which would effectively worsen the debt burden. In addition, it was submitted that whereas the domestic debt as reported in the budget address, stood at K 20.2 billion, this did not include outstanding VAT refunds, implying that the total domestic arrears reported did not reflect the actual position on domestic arrears.

In addition, stakeholders also noted that while the Government had outlined proposed measures on debt management, which included a slowdown on external debt contraction, postponement or cancellation of some pipeline loans, ceasing the issuance of guarantees and refinancing existing loans, there were no specific details on how these set targets would be achieved. They hoped that the 2020 to 2022 Medium Term Debt Strategy would highlight the specific measurable targets for the set objectives, especially the management of the exchange rate, which if left unstabilised, may have a huge impact on external debt.

6.4.2 Silence of the IMF Programme in the Budget Address

Some stakeholders expressed concern over the silence by the Minister of Finance in his 2020 budget address on the International Monetary Fund (IMF) Economic Stabilisation and Growth programme. They wondered whether the Government had abandoned this option, given the country's debt situation. They urged the Government to re-engage the IMF on the possible finalisation of a balanced package acceptance to both parties.

6.4.3 Maintaining VAT and its Implication on Domestic Revenue

The majority of stakeholders commended the Government on the decision to maintain VAT against the Sales Tax following various concerns by stakeholders on the matter. However, they expressed concern on the revenue target of 22 per cent of GDP for the 2020 financial year given the failure in the previous years to meet the revenue targets. They contended that the prevailing economic conditions would suppress economic productivity and ultimately compromise revenue collection in the country. The expected drop in mining production and earnings, excessive load shedding, hunger, expected increase in electricity tariffs, high fuel prices and generally high cost of production would negatively affect economic activities and the projected revenue collection.

The Committee heard that the country risked accumulating more debt to support the budget if domestic revenue targets were not met. On the other hand, other stakeholders submitted that whilst the decision to maintain VAT was welcome, the issue of mine taxation vis-a-vis refunds still remained a challenge. In addition, other stakeholders were of the strong view that VAT refunds should be ring fenced going forward in order to avoid any further accumulation.

6.4.4 Domestic Resource Mobilisation

A number of stakeholders noted that the Minister of Finance in his budget address announced a number of measures to enhance domestic revenue, such as the modernisation and automation of revenue collection processes; implementation of the electronic fiscal devices ;reviewing the national policy on avoidance of double taxation agreements and the review of legislation for non – tax revenue collecting institutions and adjustment of fees and fines. However, they raised concern that no details had been given, especially on time frames in which these measures would be implemented. With regard to the proposed review of fees and fines to make them cost reflective, some stakeholders expressed worry that the fees and fines were adjusted in 2017 and thus adjusting them upwards within a space of two years was unjustifiable, especially that the actual details for the specific fees and fines to be adjusted had not been given.

6.4.5 Dismantling of Arrears for Stimulating Domestic Economy

Most stakeholders supported the Government's decision to off-set the debt it owed to local suppliers of goods and services. It was noted that the allocation of K2.3 billion in the 2020 budget was significantly higher than the K437 million allocated in 2019. They contended that the timely release of the funds would unlock liquidity, thereby stimulating business activity and economic productivity, as well as increasing employment opportunities. Further, stakeholders urged the Government to ensure that the measures outlined in the budget address on dismantling arrears were implemented.

Some stakeholders cast doubt on whether these funds would be fully released taking into consideration the limited fiscal space for discretionary spending. They also hoped that the Government would enhance its commitment control system to curb further accumulation of domestic arrears. In addition, they urged the Government to release the funds as early as possible.

6.4.6 Implications of the Declining International Reserves on Macroeconomic Stability

A number of the stakeholders were concerned that international reserves had declined to only 1.7 months of import cover. They submitted that international reserves had been declining largely due to high external debt service payments. The decline had, however, been moderated in the recent past by the decision by the Government to purchase foreign exchange from the market and direct receipt of mineral royalties in foreign currency from the mining companies. Given the challenge of foreign currency acquisition, stakeholders stated that attaining the target of 2.5 months of import cover for 2020 required an improvement in external financial flows (project/donor inflows), as well as continued increase in market purchases by the Central Bank.

Stakeholders urged the Government to significantly reduce on debt service stock through the implementation of the strategies already announced by the Government in the Debt Management Strategy. As a long term solution, the country should increase exports, especially those of non-traditional commodities.

6.4.7 Legal framework for Enhanced Budget Credibility

The majority of stakeholders expressed serious concern over the silence in the budget address on the finalisation of key pieces of legislation including those to do with the budget and planning bill and the amendments of the *Loans and Guarantees (Authorisation) Act*, *Chapter 366 of the Laws of Zambia.* Further, it was also noted that while the Minister of Finance in his budget address for 2020 committed to reviewing the *Public Procurement Act No. 12 of 2008*, the same pronouncement was made during the 2019 budget address by his predecessor but the legislation was not presented to Parliament. Furthermore, stakeholders stated that there was need to strengthen the role of Parliament in debt contraction, in line with Article 205 of the Republican Constitution.

The stakeholders identified two major expenditures that had a negative impact on budget credibility and the fiscal deficit over the years. These were the huge allocations for debt service and personal emoluments. Stakeholders emphasised that the solution to this challenge was the enactment of key legislation on the budget process.

6.4.8 Austerity Measures and the Growth and Stabilisation Programme

Stakeholders noted that whereas the Minister of Finance proposed to continue with the implementation of the austerity measures and the Growth and Stabilisation Programme in 2020, there were no corresponding quantified benefits recorded from these measures thus far. Stakeholders also noted that despite the Minister of Finance having committed to minimising the cost of running Government in the 2020 budget address, the specific costs were not mentioned. They urged the Government to provide specific costs to be minimised as well as provide periodic updates on actual savings from the austerity measures undertaken in order for stakeholders to appreciate their efficacy.

Stakeholders welcomed the re-affirmation by the Minister of Finance to safeguard public resources through the fight against corruption and abuse of public resources. Regrettably, the Minister did not outline any specific measures that would be implemented to achieve this goal.

6.4.9 Infrastructure Development in light of High Budget Deficit

A number of stakeholders expressed concern over the continued huge allocations to infrastructure across sectors. While noting the importance of infrastructure in economic growth, stakeholders wondered why the Government had continued to allocate more funds towards infrastructure development despite its minimal contribution to economic growth. Some stakeholders explained that the accumulation of both external and domestic debt was mainly attributed to the huge, unstructured infrastructure development that the country had embarked on. In addition, it was stated that most contractors undertaking the infrastructure development were foreign companies resulting in the externalisation of the funds.

Stakeholders urged the Government to follow its pronouncement of reducing contraction of new projects and focus on completing projects that were 80 per cent and above complete. It was also noted that with limited discretionary spending, targeted infrastructure of economic value should be prioritised going forward. They noted that the only justifiable infrastructure allocation was the K1.1 billion for investment in the energy power infrastructure to diversify and boost the electricity generation capacity.

6.4.10 Allocations to Social Sectors and Anticipated Implications

Overall, stakeholders expressed worry on the decline in the allocations to social sectors including education, health, environmental and social protection as a share of the total budget in the period 2015 to 2020. On water, sanitation and hygiene, stakeholders noted that while the 2020 allocation had increased by about 32 percent from K 1.9 billion in 2019 to K2.6 billion, the urban against rural parity still remained high at 66 per cent of the total allocation to the sub-sector was for the urban areas and the remainder for the rural areas. Another concern was raised regarding the allocation was the high deviation from the allocated funds and the actual releases which were below 50 per cent across the sectors.

Stakeholders submitted that this trend posed a risk to achieving set targets in the 7NDP and Vision 2030 as well as the inclusive growth that could significantly reduce the developmental inequalities, poverty and vulnerability among majority of the citizens. They also expressed concern on why priority was given to defence and public order at the expense of the key social sectors.

6.4.11 Allocation towards Defence and Public Order-

A number of stakeholders also expressed concern over the increased allocation towards defence and public order as a share of the national budget from 5.8 per cent to 6.2 per cent and 3.3 per cent to 3.8 per cent, respectively, in the period 2017 to 2020, while the allocation for social sectors such as education, health and other social programmes had declined. They submitted that the Government should have prioritised allocation to the key sectors which had potential to contribute to economic growth in line with its objectives of stimulating growth and implementation of the 7NDP.

6.4.12 Poverty and Inequality

Some stakeholders submitted that the ultimate objective of planning and budgeting was to improve the standard of living among citizens. It was stated that Zambia's Human Development Index) of 0.597 (UNDP, 2018) put the country in the medium human development category at 144 out of 189 countries and territories. The high levels of inequality and poverty had continued to stifle the human development efforts of the nation, and the disparity between the rich and the poor had continued to increase. It was stated that an estimated 60 per cent of the people in Zambia lived below the poverty datum line, and an additional 42 per cent were classified as extremely poor. They argued that the high poverty levels suggested that economic growth through budget support did not translate into poverty reduction. They urged the Government to focus on allocating more funds to programmes that could have a direct impact on the poor.

6.4.13 Maintaining the Pay As You Earn

Stakeholders expressed dismay at the Government's proposal to maintain the non-taxable income threshold at K3,300 despite statistics such as those from the Zambia Statistics Agency (ZSA) monthly bulletin and Jesuit Centre for Theological Reflection (JCTR) Basic Needs and Nutrition Basket of demonstrating that the cost of living had significantly increased in the recent past to K 4,789. The ZSA submitted that the inflation rate hit a record high of 10.5 per cent in September, 2019. Maintaining the non-taxable income threshold at K3, 300 would reduce the disposable income of ordinary workers, especially that the Government also proposed to review various fees and fines. Related to this, some stakeholders noted that the anticipated implementation of the National Health Insurance at 1 per cent of income for workers would further reduce the disposable income of the employees in the formal sector. They urged the Government to consider postponing its implementation in order to give relief to the employees.

6.4.14 Climate Change Adaptation Measures

Most stakeholders expressed concern that despite the President's State of the Nation Address during the ceremonial opening of the Fourth Session of the Twelfth National Assembly highlighting and explicitly acknowledging the seriousness of climate change and the reiteration of the gravity of the matter by the Minister of Finance during the 2020 budget address, the budget allocation towards environmental protection had been reduced, as had been the trend over the last three years.

Stakeholders wondered how climate change adaptation measures would be achieved with a reduction in the budgetary allocation. It was noted in this regard, that the environmental protection allocation as a share of the total budget had reduced from 1.3 per cent in 2018, to 1 per cent in 2019 and 0.6 per cent in 2020. They urged the Government to allocate at least 1.5 per cent as a share of the budget if any meaningful progress was to be achieved in environmental protection.

6.4.15 Poor performance of State Owned Enterprises and its impact on Domestic Resource Mobilisation

Stakeholders wondered why the Government had continued to delay the implementation of reforms to restructure poor performing State Owned Enterprises (SOEs) despite numerous concerns by stakeholders. Stakeholders argued that very few SOEs had declared dividends in the recent past, and yet the Government had continued financing them. They strongly urged the Government to take bold steps to restructure all SOEs as a matter of extreme urgency in order to enhance their efficiency and enhance domestic resource mobilisation. They contended that this measure would resonate well with the Government's commitment to minimise the cost of running Government.

6.4.16 Industrialisation Measures vis-a-vis Diversification and Value Addition

Stakeholders were generally in agreement with the pronouncement regarding the development of a National Industrial Policy, aimed at promoting export-oriented industrialisation in order to encourage production of commodities such as cement, honey, detergents, and the completion of light industrial parks, among others. However, concern was raised on the need to ensure competitive supply from the industrial facilities so as to incentivise micro, small and medium enterprise participation and enhance revenue collection from the informal sector which was relatively low. Further, concern was raised on the sluggish implementation of the diversification programme for the key sectors of the economy.

One key sector that stakeholders noted had the potential to make a significant contribution to GDP growth if well harnessed was the tourism sector. However, stakeholders noted with regret that despite the policy and legal framework to actualise diversification for the sector which included, the *Tourism and Hospitality Act, No 13 of 2015*, the Tourism Policy Framework and the Zambia National Tourism Master Plan being adequate, the poor implementation of the strategies had led to the sector's failure to contribute to the economy. Stakeholders strongly recommended that these strategies should be implemented. Further, they recommended a reduction in the high taxes and regulatory fees in the sector, especially for local tourism operators.

Regarding value addition, specific mention was made of the proposal by the Minister of Finance to zero rate copper cathodes. Stakeholders submitted that this measure would free liquidity in domestic firms dealing in copper value addition, stimulate expansion and ultimately contribute towards employment creation and economic growth.

6.4.17 Maximising Revenue from the Mining Sector

Some stakeholders noted that the contribution of the extractive industry to the growth of the economy remained critical, but the measures outlined in the 2020 budget had the potential to negatively affect the sector, thereby affecting the country's macroeconomic stability. They submitted that the proposed exclusion of mine consumables from VAT refunds, the proposed introduction of 10 per cent duty on capital equipment and the reduction in capital allowance claims from 25 per cent to 20 per cent, among other measures, would result in high costs of production and reduced production mainly attributed to the low-ore copper grades. Stakeholders strongly recommended that the 2018 mining tax regime should be retained in order to boost investment, foreign exchange earnings and fiscal revenue.

6.4.18 Decentralisation by devolution and the Constituency Development Fund (CDF)

Some stakeholders wondered why the Government had delayed the full implementation of decentralisation, which was dictated by Article 147 of the Republican Constitution. In addition, considering the pronouncements by the Minister of Finance in the budget address on measures that the Government proposed to undertake to minimise the cost of running Government, stakeholders were of the strong view that fully implementing the decentralisation by devolution was one such measure which would result in an immediate reduction in the cost of running Government, by streamlining the public service structure as well as enhance service and development delivery.

Another matter related to decentralisation was the Constituency Development Fund (CDF), whose financing had a direct impact on service delivery at the lowest level of Government which was the ward. Stakeholders urged the Government to ensure that releases of CDF were timely and consistent in order to enhance service delivery at the local level.

6.4.19 Child Funding

Some stakeholders expressed concern over the budgetary allocation towards nutrition, education, health and social protection which had a direct impact on the general well being of children. They noted that following the Nutrition for Growth Summit in 2013 in London, the Government set up a Special Committee of Parliament Secretaries on Nutrition. Through this Committee, the Government in June, 2018 committed itself to providing K400 per child per year on Nutrition.

However, despite the country achieving a reduction in chronic forms of stunting rates from 45 per cent to 35 per cent, funding had remained low when compared with donor support towards the scaling up nutrition programme.

Further, the Committee heard that the allocations to the other sectors were not commensurate with the demographics which showed that children made up to 54 per cent of the total population. It was stated that one of the long term effects of stunted growth was poor cognitive ability which may, with time, result in poor academic performance, among other effects. It was strongly recommended that support towards nutrition and the social sectors through defined budget lines for children be enhanced. It was also recommended that budgetary allocation should respond to demographics so as to ensure prioritisation was evidence based.

PART II

SUBMISSIONS BY GOVERNMENT MINISTRIES

7.0. In the quest to have an appreciation of the implications of the 2020 Budget on the performance of some sectors in the economy, the Committee undertook a brief overview of the budgetary allocations for twelve ministries. The submissions received from the sampled Government Ministries are summarised in this part as outlined below.

7.1 MINISTRY OF AGRICULTURE

7.1.1 Proposed 2020 Budget Estimates

The Committee was informed that the breakdown of allocations and releases to the Ministry of Agriculture from 2018 – 2020 had been reducing. In 2018 and 2019 the sector was allocated 6.5 per cent and 4.8 per cent, respectively, while in the 2020 estimates, the Ministry would only account for 3.2 per cent of the total national budget.

Table 3: Agriculture Sector Allocations and releases

	2018		**2019**		**2020**
	Allocation	**Release**	**Allocation**	**Release**	**Allocation**
Farmer Input Support Programme					
Dismantling of Arrears	441,000,000	272,938,299	64,388,961	5,021,246	348,436,025

E- Voucher and the Direct Input Supply (except in 2020)	1,785,000,000	1,584,079,595	1,428,000,000	852,420,000	761,840,201
Sub Total	**2,226,000,000**	**1,857,017,894**	**1,492,388,961**	**857,441,246**	**1,110,276,226**
Cooperating Partners	1,034,543,470	245,235,126	1,311,609,054	142,467,175	1,110,535,223
Purchase of Strategic Food Reserves	1,052,200,000	389,600,000	672,000,000	231,500,000	660,000,000
Personal Emoluments	133,757,010	95,005,490	457,936,290	147,939,109	452,727,796
Grants	86,449,330	73,115,998	90,750,000	43,666,667	83,607,094
Other Programmes	168,351,280	51,167,533	189,030,246	28,930,545	67,639,519
Grand Total	**4,701,301,090**	**2,711,142,041**	**4,213,714,551**	**1,451,944,857**	**3,484,785,858**

7.1.2 Key Programmes and targets for the Ministry in the Medium Term Expenditure Framework Period 2020 to 2022

The Permanent Secretary submitted that the programmes in the 2020 budget for the Ministry of Agriculture had been selected taking into account the fiscal challenges that the country was currently facing coupled with the increasing threat of climate change and its effects on economic growth and food and nutrition security. The key programmes in the Ministry of Agriculture's Budget in 2020 are set out below.

7.1.3 Implementation of the Farmer Input Support Programme (FISP)

The Committee heard that over 90 per cent of the total maize produced in Zambia was from small-scale farmers; and for this reason Government, through the Farmer Input Support Programme (FISP) would continue to support viable small-scale farmers that were viable. In the 2020/2021 agricultural season, 1 million farmers would be supported under FISP. Of the 1 million farmers to be supported, 60 per cent would be serviced under the Direct Input Supply (DIS) system, while the remaining 40 per cent would be serviced under the E-Voucher system. With these two modalities, the Government would concentrate on the use of the E-Voucher System in delivering inputs to areas that were prone to droughts. This would give farmers in affected areas an option to buy drought tolerant crops and strengthen resilience to climate change. The total budget for FISP in 2020 was K 1.1 billion, which was expected to support the implementation of the e-Voucher system. From the total budget for the e-voucher system, a sum of K348 million had been allocated as payment of arrears under the e-voucher Programme.

7.1.3 Purchase of Strategic Food Reserves

The Committee was informed that the Ministry of Agriculture would procure and maintain the national strategic food reserves to ensure food and nutrition security for the country. The Government intended to procure 300,000 metric tonnes of maize for strategic food reserves in the 2020 marketing season. The budget allocation for the purchase and maintenance of strategic food reserves was K 660 million**.**

7.1.4 Agricultural Research and Development and Seed Services

With regard to research and development, the Committee heard that the Government would continue with on-going agricultural research and development programmes in development of seed and agronomic technologies. Further, the Ministry would seek to strengthen the Plant Quarantine and phyto sanitary services in order to enhance agricultural trade facilitation for exports. Zambia was currently a major exporter of maize seed to Eastern and Southern Africa, therefore, there was need to ensure that this continued through the participation of private seed companies. The Ministry would continue to strengthen the seed testing and certification services under the Seed Control and Certification Institute. It was stated that agricultural research and development, and strengthening of seed systems had been allocated K 46.2million in the 2020 Budget.

7.1.6 Extension Service Delivery

Regarding extension service delivery, the Committee heard that the Ministry would continue to deliver agricultural extension services to farmers. In the Medium Term Expenditure Framework period, 2020 to 2022, the Ministry would focus on disseminating climate smart agricultural practices and technologies to farmers. Further, in order to extend its reach for extension services, the Ministry would seek to strengthen the National Agricultural Information Services (NAIS) by establishing a broadcasting studio. A total of K9.8 million had been allocated in 2020 to support the operations of extension workers.

7.1.7 Support to Agricultural Training Institutions

The Committee was informed that the Ministry would focus on construction and rehabilitation of agricultural training institutions with support from the Government of the Netherlands. This support would target institutions under the Ministry of Agriculture and the Ministry of Fisheries and Livestock. The total allocation for the institutes was K 51.0 million which included K24.7 million, from cooperating partners.

7.1.8 Climate Change Mitigation and Adaptation

The Committee heard that the effects of climate change were increasingly affecting the livelihoods of many agricultural households. In order to mitigate the effects of climate change and build resilience, the Ministry of Agriculture would continue to implement programmes to mitigate the effects as well as mainstream climate change into existing programmes. The key activities that would be undertaken included the following:

irrigation development, which had a budget of K495 million in 2020;

promoting the growing of maize in regions with normal to above normal rainfall, while promoting drought tolerant crops in areas that were prone to drought. This would be done through the allocation to FISP; and

promotion of conservation agriculture. A total of K254 million had been allocated to the donor supported Strengthening Climate Resilience of Agricultural Livelihoods in Agro-Ecological Zones 1 and 2 (SCLARA) Project.

7.1.9 Agricultural Market Development

The Permanent Secretary submitted that in order to realise growth in the sector, the Ministry would eliminate market distortions associated with the Food Reserve Agency through the amendment of the *Food Reserve Act, Chapter 225 of the Laws of Zambia*. This was expected to stimulate private sector participation and provide a conducive policy environment for agricultural exports. To this effect, a sum of K98 million had been allocated in the 2020 budget to support agribusiness development and access to finance for small-scale farmers.

7.1.10 Implications of the Budget on the Sector

The Committee was informed that the anticipated implications of the 2020 Budget pronouncement on the agriculture sector were as outlined below.

Table 4 Possible Implications of the Budget on the Sector

Budget Provision	**Impact**
Retention of VAT	**Neutral** Sales Tax was not implemented in 2019.
Increase Excise Duty on cigarettes	**Positive** This will encourage local value addition to tobacco.
Suspension of Duty on Machinery Used to Process Solid Waste to Generate Electricity and Produce Organic Fertiliser	**Positive** An incentive for the private sector players to venture in manufacturing of organic fertilisers.

Suspension of Duty on Selected Aquaculture Equipment	**Positive** This will encourage investment in aquaculture production and stimulate growth in crops used in fish feed manufacturing.
Debt Management and Dismantling of Arrears	**Positive** Important to dismantle FISP and FRA arrears to ensure input supply under FISP and effective maintenance of food reserves.
Social Cash Transfer and The Food Security Pack	**Positive** Increased food production and access to food for the vulnerable groups.
Energy Infrastructure Development	**Positive** Will ensure that energy requirements for agricultural production and value addition are met.

7.2 MINISTRY OF COMMERCE, TRADE AND INDUSTRY

7.2.1 Proposed 2020 Budget Estimates

The Committee was informed that the economic affairs function budget as a share of the national budget had recorded a downward trend, decreasing from 24.1 per cent in 2018, 23.8 per cent in 2019, to 20.6 per cent in 2020. However, in absolute terms the allocation increased from K17.3 billion in 2018 to K20.7 billion in 2019, and to K21.8 billion in 2020. Further there had been a gradual decrease in the percentage share of the Ministry's Head Total budget allocation to the total economic affairs function budget, recorded at 1.6 percent, 1.4 per cent and 1.3 per cent for 2018, 2019 and 2020, respectively.

Despite the increase of the allocations in absolute terms, there was a slight decline in the overall 2020 ministerial budget ceiling from K282 150 421 in 2018 to K297 216 394 in 2019 and to K285 259 988 in 2020. The decrease was largely attributed to the Non-Personal Emoluments Programmes (RDCs) at Ministry level reducing from K22, 628, 927 in 2018 to K16, 756 692 in 2019, and to K8 ,446, 988 in 2020, representing a decline of about 26 percent between 2018 and 2019, with huge decline of 50 percent between 2019 and 2020.

However, there was a significant increase in the Head Total from K503, 201, 972 in 2018 to K576, 006 582 in 2019 and to K808, 048 030 in 2020. The increase was attributed to the increase in donor funding, with a percentage point increase of about 14 pe rcent between 2018 and 2019, and with a larger increase of about 40 per cent between 2019 and 2020.

Table 5: Budget Financing Trend to the Ministry from 2018 to 2020

Budget Component	2018 Budget GRZ (ZMW)	2019 Budget GRZ (ZMW)	2020 Budget GRZ (ZMW)
Personal Emoluments	27,545,700	29,957,848	31,020,028
Other Emoluments	742,511	872,559	-
Non Personal Emoluments Programmes	**253,862,210**	**266,385,987**	**254,239,960**
o/w Other Programmes (RDCs)	22, 628,927	16,756,692	8,446,915
o/w Grants to Institutions	230, 233,262	249,629,295	245,793,045
Total GRZ Ministerial Ceiling	**282,150,421**	**297,216,394**	**285,259,988**
Donor/ Cooperating Partners	222,794,080	279,662,747	522,788,042
Head Total	**503,201,972**	**576,006,582**	**808,048,030**
Economic Affairs Function Total Budget	17,300,000,000	20,651,090,605	21,833,351,543
% Share of MCTI Budget to Economic Affairs Function Budget	1.6%`	1.4%	1.3%

Source: Budget Yellow Books

7.2.2 Implications of the Budget Estimates

7.2.2.1 Reduction of allocation to Non Personal Emoluments

Notwithstanding the fiscal constraints that the Government was facing, the 50 per cent reduction of the 2020 Budget allocation to the Ministry's Non-Personal Emoluments Programmes was likely to hinder implementation of the national developmental programmes such as Cooperative Development, Local and Foreign Investment Promotion and Business Regulation Review and Formulation, among many others programmes.

7.2.2.2 Capital Equipment and Machinery for the Mining Sector

The implementation of the proposed budget measures to zero rate and charge a duty of 10 per cent on capital equipment and machinery for the mining sector, partly depended on the legal structure regarding the implementation of what would be construed as capital equipment. This was particularly true with regard to equipment that had multiple uses sectors. This information was key for the Ministry as it engaged with the sector players.

7.2.2.3Proposed Concessions in the Tax System

The Ministry strongly supported the proposal to suspend import duty for three years on the importation of machinery for processing of solid waste to generate electricity, produce organic fertilizers, and selected aquaculture equipment. This measure would, without doubt, stimulate the domestic economy and promote sustainable industrialisation. Therefore, the Ministry would focus on encouraging investment in these areas.

7.3 MINISTRY OF ENERGY

7.3.1 Proposed 2020 Budget Estimates

The Committee was informed that in the 2020 Budget, the energy sector had been allocated a total of K 11,334,310,115. The Permanent Secretary submitted that the focus of the energy sector during the 2020 financial year would be to enhance expansion of electricity generation, transmission and distribution capacity, enhance cost-effectiveness and efficiency in fuel supply through private sector participation, ensure cost reflective pricing of energy and scale up access to electricity and petroleum products in rural areas.

Table 6 Energy Sector Budget totals for the period 2018-2020
Financial yearAllocation (K)Released (K)2018**362, 601, 092.00210,090,064.68**2019**278,726,600.00122,574,292.832020276,269,689-**
Table 18 Ministry of Energy Budget totals for the period 2018-2020
InstitutionFinancial yearAllocation (K)Released (K)
MOE201813,763,4727,333,95820195,104,097.002,621,412.0020202,528,229.00**-**
The Committee was informed that the Ministry of Energy would also implement four main programmes that would enable it fulfil its mandate and meet its set objectives and targets in the Seventh National Development Plan (7NDP). These programmes were as outlined below.

petroleum development and management;
electricity development and electrification management;
renewable and alternative energy development; and
energy sector standards and regulation.

The specific measures on the highlighted areas of focus are as discussed below.

7.3.2 Petroleum Development and Management

The Committee heard that under this Programme, the Ministry would ensure uninterrupted supply of petroleum products in the country. This would be actualised through the construction and operationalisation of petroleum storage facilities and upgrading of infrastructure for bio-fuel blending.

7.3.3 Electricity Development and Electrification Management

Under this Programme, the Ministry would enhance the generation, transmission and distribution of electricity to meet the growing demand. The Ministry would encourage the development of different resources for power generation. Further, the Ministry aim at promoting the establishment of an open and non-discriminatory transmission access regime in the electricity sub-sector and implement a cost-reflective tariff regime. Key targets under this Programme were the development of twenty-two Grid Extension Projects under the Rural Electrification Programme, and the development of solar and hydro power projects such as;

Kafue Gorge Lower 750MW;
Lusiwasi Upper Hydro Electric Power Scheme 15MW;
Lusiwasi Lower Hydro Electric Power Scheme 86MW;
Chishimba Falls 15MW;
120MW Solar GETFiT Programme;
Luapula Hydro Electric Power Scheme 1000MW;
Lunga Solar Mini-grid Project; and
Chunga Solar Mini-grid Project.

7.3.4 Renewable and Alternative Energy Development and Management

With regard to alternative energy development, the Committee was informed that the Ministry aimed at diversifying the power generation sources to include renewable energy such as solar, geothermal, wind, waste to energy and mini-hydros. A feed-in-tariff system would be developed in order to attract private sector investments. This would ensure diversification in the energy sector.

Renewable and alternative energy sources would be exploited for domestic cooking to replace charcoal and firewood. Renewable sources such as gel fuel, biogas and biomass pellets are potential fuel for cooking while alternatives such as Liquefied Petroleum Gas (LPG) and coal briquettes would also be promoted to avoid overdependence on charcoal and firewood for cooking.

7.3.5 Energy Sector Standards and Regulation

The Committee heard that the Ministry would continue to ensure that energy sector stakeholders adhered to sector standards. The priority in this regard would be the full operationalisation of the inspectorate in order to increase compliance to set infrastructural and quality standards.

7.4 MINISTRY OF FISHERIES AND LIVESTOCK

7.4.1 Proposed 2020 Budget Estimates

The Committee was informed that the Ministry had been allocated a budget of K488.5 million, out of which K241.9 million, representing 49.5 per cent, would be financed domestically, while the balance of K246.5 million, representing 50.5 per cent, would be financed by the International Fund for Agricultural Development (IFAD), International Development Association (IDA), and the African Development Bank (ADB).

The Permanent Secretary further stated that the budget for the Ministry had reduced by 30.2 per cent, from K700.5 million in 2018 to K488.6 million in 2020. The budget for Personal Emoluments (PEs) had increased by 278.7 per cent between 2018 and 2019 and reduced by 1.3 per cent between 2019 and 2020. Similarly, the budget allocation for programme implementation (non-PEs) increased by 53 percent between 2018 and 2019 and drastically reduced by 70.2 per cent between 2019 and 2020. Emphatically, out of the K296.1 million allocation for non-PEs for the 2020 budget, 83.2 per cent (K246.5 Million) was from external financing (loans and grants) while 16.8 percent (K49.6 million) was from domestic resources.

Table 7: Financing Analysis of Funding to the Ministry of Fisheries and Livestock for the period 2018-2020

Budget Details	**2018**	**2019**	**% Change**	**2020**	**% Change**
Budget Allocation	700,516,160	1,160,575,614	65.7	488,643,178	(57.9)
o/w Personal Emoluments	51,433,890	194,764,230	278.7	192,320,173	(1.3)
o/w Non Personal Emoluments	649,332,270	993,452,238	53.0	296,143,005	(70.2)
Budget Releases					
o/w Personal Emoluments	29,227,069	55,255,696	89.1		
o/w Non Personal Emoluments	180,984,276	136,627,609	(24.5)		

The Committee also heard that the budget releases, as a proportion of the Ministry's total budget, were estimated at 30.0 and 16.5 per cent, respectively for 2018 and

2019. Based on this trend, the Ministry projected that the total releases at the end of the year (2019) would continue on a downward trend of less than 40 per cent in the midst of an apparent tightened fiscal space.

7.4.2 Priority Programmes

The Committee heard that in order to fulfil its mandate, the strategic focus of the Ministry in 2020 would be on sustainable improvement of fisheries and livestock production, and productivity to achieve development outcomes of an export led and diversified agriculture, as articulated in the Seventh National Development Plan (7NDP).

7.4.3 Revenue Mobilisation

With regard to revenue mobilisation, the Committee was informed that the Ministry collected revenues from licenses, fees (branding, Vet and Inspection fees), issuance of export and import permits, proceeds from sale (fish and livestock) and laboratory sample testing.

Table 2 below gives an overview of revenue generation during the period 2018 to 2020.

Table 8: Revenue Collection during the period 2018-2020

Source of Revenue	**2018**	**2019**	**2020 Projection**
Fisheries	K 2,776,520	K 5,930,078	K 6,540,913
Veterinary Services	K 6,631,084	K 4,859,730	K 5,800,022
Livestock	K 280,000	-	K 280,000
Total	**K 9,689,623**	**K 10,791,828**	**K 12,620,935**

It was reported that the Ministry had recorded an increase in all streams of revenue collection. This could be attributed to, among others, an increase in volume of issuance of export and import permits due to decentralisation of the services to the districts, and increased demand for fisheries and livestock services.

7.5 MINISTRY OF GENERAL EDUCATION

7.5.1 Proposed 2020 Budget Estimates

The Committee was informed that the Ministry was allocated a sum of K10.1 billion**.** This was similar to the 2019 budget. The allocation had been broken down as follows: K9.2 billion to personal emoluments, representing 91.2 per cent; K825 million to Grants representing 8.2 per cent; K21 million to recurrent departmental charges, representing 0.2 per cent; K46 million to infrastructure development representing 0.5 per cent. Of these allocations, amounts allocated to grants and infrastructure had been ring fenced.

7.5.2 Implications of the 2020 budget on the Ministry of General Education

The Committee heard that in order to achieve the expected outputs in 2020, the Ministry required adequate allocation of funds. However, the allocation had remained static from 2019, and it was way below the international protocols for allocating 20 percent of the national budget to the education sector. Further, the Committee was informed that the support from cooperating partners in the period 2018 to 2020 had reduced drastically.
The Permanent Secretary noted that one major driver of the Ministry's 2020 budget was personal emoluments, which had been allocated 91.2 per cent. This would result in low allocation towards activities such as purchase of equipment, teaching and learning materials, building of infrastructure and other requirements to support the provision of quality, equitable and efficient education services. In addition, the huge budget deficit amounting to K7,270,788,453.33 for infrastructure and other costs as well as the deficit of K 172,130,156 for the School Feeding and Nutrition Programme, WASH and health services would require supplementary funding in order to be implemented.

7.5.3 Outputs and performance from 2018 to 2019 and targets for 2020

The Committee was informed that the outputs and performance for the period 2018 to 2020 were as highlighted in the table below.

Table 9 List of Outputs and Performance from 2018 to 2019 and Targets for 2020

	Key Outputs	**2018**	**2019**	**2020**

ProgrammesOutputTargetActualTargetActualTargetEarly childhood education

Proportion of Grade 1 Entrants with ECE experience	30%	32%	35	37%	40

Number of children aged 3 to 6 years accessing ECE300,000290,500300,000100,000100,000Number of models of ECE centres constructed

150	0	150	0	200

Number of ECE teachers recruited8435004271,000Number of ECE classrooms established

240	280	300	117	150

Primary EducationProportion of grades 1 pupils with required competence in numeracy and literacy at their respective levelsEng: 45%TBA45%TBA50Math: 50%

TBA	50%	TBA	46

Proportion of grades 4 pupils with required competence in numeracy and literacy at their respective levelsEng: 45%TBA45%TBA56Math: 50%

TBA	50%	TBA	46

Pupil/Teacher ratio (grade 1-7)40.0:149.8:140.0:138Number of new classrooms constructed

1250	0	1250	27	400

Number of teachers recruited35741,3232500760Secondary Education

Grade 9 completion rate	62.10%	77.0%	63%	71%	72

Grade 12 completion rate37.0%36.0%38%37%38Gender Parity at Grade 10 -12 Average amount of school grants per child in

0.99	0.85	0.99	1	1

Average amount of school grants per child in secondary schoolK46.35K60.00K604860Proportion of grade 9 learners attaining at least Division III in English, Integrated Science and Mathematics

Eng: 54%	TBA	53%	TBA	55%

Env. Science: 46%TBA48%TBA50%Maths: 45

TBA	80%	TBA	48%

Pass rate of learners attaining level three trade test certificate85%85%56.00%89%90%Transition rate from grade 9 to 10

51%	50.0%	56%	50%	52%

Number of schools operational out of those under construction530536820Youth and Adult Literacy

Number of new Youth and Adult Literacy centres established	10	543	200	458	50

Number of Learners enrolled in literacy centres7,0003450020,00015,8005,000Gender parity of Youth and Adult learners

0.5	0.76	0.8	1	1

Number of out of school learners (OOSC) enrolled40,00018553950,000174,150180,000Management and support services

Proportion of Reduction in Audit Queries	87%	85%	90%	85%	90%

Number of teaching posts created2,00002,00082100Number of schools gazetted

200	200	200	83	150

Number of school establishments created80060020082100Number of policies developed and launched

0	0	5	1	2

Develop an overall strategy for Private Sector, NGO's, Civil Societies and Cooperating Partnerships engagement in the education sector0051

The Committee heard that despite the limited funds, most of the outputs had been achieved during the period.

The Committee was also informed that during the execution of its mandate, the Ministry had been facing a number of challenges, some of which are set out below.

late delivery of procured education materials despite being procured due to suspension of donor support. The Ministry required K1.8m to complete the exercise;
inadequate number of teachers at all levels, especially in rural areas, resulting into high pupil teacher ratios. This affected teaching efficiency and compromised the provision of quality education;
inadequate and dilapidated infrastructure to support increased access to education services at all levels. For instance, there were 10,000 plus primary schools against 1,000 plus secondary schools (pyramidal education structure);
accumulation of outstanding bills on goods and services obtained by the Ministry had negatively impacted its operations;
reduced participation and technical support from cooperating partners and the private sector had also negatively affected the provision of education service;
inadequate equipment in specialised rooms such as metal work, wood work and laboratory rooms;
inadequate teaching and learning materials to support learners, especially those with special needs; and
teacher attrition was a big challenge, especially in rural areas.

7.6 MINISTRY OF HEALTH

7.6.1 Proposed 2020 Budget Estimates

The Committee was informed that in 2020, the health sector had been allocated K9.4 billion representing 8.8 per cent of the national budget. This, however, fell short of the 15 percent Abuja Declaration. Out of the K9.4 billion, K5 billion was meant for primary health care services, while K2.9 billion was meant for hospital services and the rest was for other programmes.

Table 10 Health sector as percentage of national budget (2018-2020)

YEAR	National Budget (ZMK)	MoH Budget (ZMK)	Proportion of the Budget (%)
2018	71,662,385,976	6,781,558,820	9.5
2019	86,807,804,727	8,069,128,277	9.3
2020	106,007,612,236	9, 359,158,466	8.8

7.6.2 Major Budget Drivers

The Committee heard that one of the Major drivers of the Ministry's budget was personal emoluments which had be allocated K4.7 billion. Other allocations included the following:

K900 million towards the provision of drugs and medical supplies;
K1.1 million to infrastructure development etc;
K1.3 billion for the implementation of various primary health care programmes including community health aimed at health promotion and disease prevention;
K264 million had been allocated for provision of hospital services; and
while K93 million was allocated for training of human resources for health, among other programmes.

7.6.3 Priority areas for 2020 Estimates

The Committee was informed that in the 2020 budget, the Ministry would focus on achieving Universal Health Coverage in line with Sustainable Development Goal number three (SDG3), which seeks to ensure healthy lifestyles and promoting wellbeing for all by 2030. Some of the key priorities for the Ministry of Health for 2020 included, but were not limited to, the following:

reduce maternal mortality and under-five child mortality ratios;
elimination of malaria;
achieve HIV epidemic control, reduce HIV new infections;
halt and reduce non-communicable diseases;
public health security;
recruitment of health care workers;
train about 500 health workers in various specialties;
implementation of National Health Insurance Scheme; and
completion of ongoing infrastructure projects.

7.7 THE MINISTRY OF HOME AFFAIRS

7.7.1 Proposed 2020 Budget Estimates

The Committee was informed that the mandate of the Ministry of Home Affairs was to effectively and efficiently provide and promote internal security services for inclusive and sustainable socio-economic development. In 2018, the allocation to public order and safety was K2, 144,570,440, representing 3.0 per cent of the total budget share while in 2019, Public Order and Safety had an allocation of K2, 865,505,045 translating into 3.3 per cent of the total share of the budget. The 2020

Budget proposes an allocation of K4, 042,702,155, representing a 3.8 per cent increase.

The Committee was further informed that for the past three years, there had been consistent increase in the share of the budget to public order and safety. This was in an effort to address the inadequate manpower in the security wings. The increase was as a result of funds allocated for the recruitment and placement of officers under the Zambia Police Service, Zambia Correctional Service and Immigration Departments. However, the manpower deficit for the Zambia Police Service was still below the internationally accepted standard ratio of one officer, to two hundred and fifty people (1:250). Currently, the ratio stood at one police officer to about eight hundred people (1:800).

7.7.2 Ministry's budget Performance

In 2018, the Ministry had a total budget provision of K593, 700,128. However, only K457, 168,075 was disbursed, leaving a balance of K136, 532,053 translating into 77 per cent budget performance.

In 2019, the Ministry of Home Affairs was allocated a total of K534, 369,431 which was broken down as follows: K313, 247,867.00 towards personnel emoluments and K221, 121,564.00 for recurrent departmental charges (RDCs) of which K28, 300,000.00 was earmarked for capital projects. However, by September 2019, only K255, 297,363.83 had been disbursed representing 48 per cent budget performance. This was an indicator that the Ministry was not likely to receive 100 per cent funding by December 2019, thereby negatively affecting the attainment of set targets for the year.

The Ministry recommended that the approved budgets should be disbursed in full to ensure implementation of planned activities

7.8 MINISTRY OF HOUSING AND INFRASTRUCTURE

7.8.1 Proposed 2020 Budget Estimates

The Committee was informed that the proposed allocation for the 2020 fiscal year was K223.5 million, representing a 17.8 per cent decline from the 2019 approved budget. Allocations towards capital expenditure declined by 22.5 per cent in the 2019 approved budget compared to the allocation in the 2018 approved budget, while the proposed allocation for 2020 represented a decline of 34.6 per cent compared to the 2019 approved budget. The Ministry's budget allocation was as summarised in the Figure below.

Figure 2: 2018 -2020 approved budget allocation by economic classification

EMBED Excel.Chart.8 \s

The Permanent Secretary submitted that the largest component of the budget under the Ministry's approved total budget in the financial years 2018, 2019 and 2020, was towards operational grants to statutory bodies (RDA, NCC, NHA), and support to IRCP in the sum of K125 million, K127 million and K125.7 million, respectively. This was followed by K100 million, K77.5 million and K50.7 million allocated towards Capital Projects (Public infrastructure, except roads whose budget was under the Ministry of Finance. Recurrent departmental charges were allocated K34.7 million in 2018, 41 million in 2019 and 21.9 million in 2020. Personal emoluments were allocated K23.8 million in 2018, K26.2 million in 2019 and K25.2 million in 2020.

With regard to the road sector, over the financial years 2018, 2019 and 2020, budget allocations were K8.7 Billion, K6.5 billion and K10.6 billion, respectively, for road maintenance, rehabilitation and construction across the country. As a share of the Ministry's approved total budget, operational grants to statutory bodies took up the biggest portion estimated at 44 per cent in 2018, 47 per cent in 2019 and 56 per cent in 2020.

7.8.2 Releases against Approved Budget for the Financial Years 2018 and 2019

Regarding the releases against the approved budget, the Permanent Secretary stated that, in 2018, out of the total budget allocated to the Ministry, the Treasury released K291.3 million (excluding funds to the road sector), representing 102.68 per cent of the approved budget of K283.71 million. The excess of 2.68 per cent in the overall amount of funds released in relation to the approved budget was attributed to the special funds that were disbursed for completion of infrastructure projects that were at least 80 per cent and above complete.

Meanwhile, in the first half of 2019, a total of K33.6 Million (including K31.9 Million as grants to statutory bodies) was released. This entailed that only K1.7 million was for programme implementation in the Ministry. As a share of the annual and quarterly budget, the releases represent 20.5 per cent of the approved annual budget and 54.8 per cent of the quarterly budget for 2019.

7.8.3

Housing Development

The Committee heard that during the period 2018-2019, the Ministry continued with the construction of a total of 150 medium cost houses for Local Authorities in fourteen Districts, namely, Chipili, Chilanga, Pemba, Zimba, Mulobezi, Chirundu, Mafinga, Ikelenge, Lunga, Shibuyunji, Rufunsa, Nsama, Sinda and Vubwi. The progress in each of the mentioned Districts was as outlined below:

> 50 houses built in Nsama (10), Zimba (10), Chirundu (10), Rufunsa (10) and Pemba (10) these had been roofed and construction works were in the final stages, pending water reticulation and power connection;

- 60 houses were at roof level with work on the final finishes, in Chipili (10), Ikelenge (10), Chilanga (10), Shibuyunji (10), Mulobezi (10) and Mafinga (10).; and
- 40 housing projects in Sinda (10), Vubwi (10) and Lunga (20) had their contracts terminated and the Ministry had commenced the process of re-tendering.

7.8.4 Public Building Infrastructure Development

The Committee was informed that the Ministry continued to implement projects in the newly created districts. The type of infrastructure included district administration blocks, civic centres and high cost houses, low cost houses, medium cost houses, police stations and post offices. Further, following Government directives to prioritise completion of projects that were at 80 per cent and above, the Ministry had focused on completing 15 district administration blocks, 11 post offices, 12 civic centres and associated 24 high cost houses, 340 low cost houses; 170 medium cost houses, 12 police stations and 140 associated staff houses that were above the said threshold. Others were 15 district administration blocks 11 post offices, 11 post offices, 12 civic centres and associated staff houses, 12 police stations and associated staff houses, 340 low cost houses and 170 medium cost houses. Other projects included Infrastructure in the New Provincial Headquarters and the construction of houses for former Republican Presidents.

The Ministry had also embarked on the building of health infrastructure, aviation infrastructure and maritime infrastructure.

7.8.5 Road Infrastructure Development

The Permanent Secretary informed the Committee that the key road infrastructure investments included, among others, those outlined below.

- The Link Zambia 8000 Project**:** Overall cumulative progress of 830 Km of roads had been surfaced and opened to traffic, out of the total of 5,209 km of roads under implementation so far. This represented a cumulative progress of 15.93 per cent;
- The L400 Phase I and II Project**:** Phase I and II of the L4OO Project had been completed with approximately 358km and 168.6km of roads constructed while Phase III had also commenced, covering a total distance of 116km of roads; and
- The Zambia Township Roads**:** A total of 36.57km of road was achieved in Chingola, Kitwe and Mufulira under Lot 1 of the project, resulting in overall progress of 57.57km, broken down as Chingola (31.5Km), Kitwe (16.184Km), and Mufulira (9.843Km) while Lot 2 had not yet commenced due to funding challenges.

Others were bridge construction and 18 additional toll plazas, bringing operational inland tolls to 34**.** The Committee was also informed that in 2020 and beyond, other modes of financing such as Contractor Financing Initiatives (CFI), Public Private Partnerships (PPPs) were expected to play a huge role in supplementing budget allocations. The emphasis placed on the use of the PPP model to finance public infrastructure in the 2020 Budget was reassuring of the Government's desire to maintain a healthy fiscal balance and increase infrastructure investment in tandem with its growth ambitions.

7.9 MINISTRY OF LABOUR AND SOCIAL SECURITY

7.9.1 Proposed 2020 Budget Estimates

The Committee was informed that the Ministry's budget allocation had been reducing for the past years as outlined in the table below. This had a negative effect on the operations of the Ministry and the general performance of the employment and labour sector.

Table 11: Allocations from 2018 to 2020

	2018	**2019**	**2020**
Personnel Emoluments	18,043,462	20,439,513	21,092,347
Non Personnel Emoluments	24,357,771	16,321,832	11,901,723
Total	**42,401,233**	**36,761,345**	**32,994,070**

The 2020 Budget has an overall reduction of K 3,767,275 from K 36, 761, 345 to K 32, 994, 070. Non-Personnel Emoluments had reduced by K 4,420,109. However, there was a K 652,834 increase in Personnel Emolument.

Regarding the actual releases, in 2018 the Ministry received K 36,849,867.00, of which a huge part of the amount was meant for personal emoluments. In 2019, the Ministry received K 7,442,326 (or 35 per cent non-personnel emoluments). With these allocations, the Ministry was unable to fully implement key programmes and activities under its jurisdiction. The most affected activities were the Labour and Occupational Safety and Health (OSH) Inspections, which were key to the promotion of the decent work agenda. Additionally, the inadequate funding to the Ministry negatively affected the Ministry's collection of non-tax revenue in that out of the K 3,827,501 that was targeted, only 1,367,016, translating into 36 per cent, had been collected so far in 2019.

7.9.2 Implications of the 2020 Budget on the Employment and Labour Sector

With the given estimates for the 2020 financial year, the Committee learnt that the Ministry would not be able to meet most of its set targets as well as increase the non-tax revenue. Some of the general implications of the 2020 Budget on employment and labour were highlighted as outlined below.

In 2020, the Ministry would be implementing the Output Based Budget

(OBB). This meant that the set targets of the output indicators had to be closely monitored and achieved. However, due to the reduced budget allocation, the Ministry would underperform.

The Employment Code Act, No. 3 of 2019 provided for the statutory appointment of the Labour Commissioner. This entailed the subsequent upgrading of the position to the level of Permanent Secretary to head the reconfigured labour inspectorate. With the low budget allocation, this would be difficult to implement.

Undertaking of labour inspections required adequate financial resources to cover the whole country. Failure to undertake the required inspections would lead to rampant violation of workers' rights. It was emphasised that the scaling up of labour and occupational safety and health inspections had a huge impact on the non-tax revenue collected by the Ministry.

The Ministry would face challenges in providing information on Key Indicators of the Labour Market (KILM) which was generally done through the labour force surveys. The labour force survey was conducted quarterly, and the cost was shared with Central Statistical Office (CSO). However, the allocation for labour inspections and surveys was reduced from K4.3 million to K2 million Kwacha, with only K1 Million going to inspections and the other K1 million towards the labour force survey. This allocation was not sufficient for both activities because the labour force survey alone required an amount of at least K2 million per quarter.

The Employment Code Act No. 3 of 2019 provided for functions to enhance the issuance of work permits through the Labour Skills Advisory Committee. This required undertaking skills audits and strict monitoring and enforcement of the programme. This measure would require K1 million kwacha. Furthermore, the Ministry may fail to conduct the skills and employment survey due to insufficient funding.

The Ministry would be unable to effectively promote the Public Employment Exchange Services (PEES), done through the provincial and district labour offices, due to lack of funds. Well-functioning PEES would increase matching of skills and job opportunities, thereby reduce unemployment.

Zambia had obligations to the International Labour Organisation (ILO) and voting rights. The Ministry owed ILO about $80,000 United States Dollars in outstanding contributions in addition to the $25, 000 annual contributions. With the given provisions in the 2020 budget, fulfilling this obligation would be a challenge.

There were insufficient funds for the commemoration of the Labour Day and Child Labour Events. The Ministry with its tripartite social partners commemorated the International Labour Day and Child Labour day annually at a cost of 1 million Kwacha. The Ministry had been under budgeting for this event due to low ceiling. These events would require K1.5 million to be undertaken.

7.10 MINISTRY OF LOCAL GOVERNMENT

The Committee was informed that the Ministry of Local Government was responsible for promoting a decentralised local governance system and facilitating delivery of municipal services and infrastructure development. This was done through local authorities, with the aim of contributing to sustainable socio-economic development at local level which was a key component in the decentralisation and devolution agenda. The Ministry submitted as set out below:

7.10.1 Proposed 2020 Budget Estimates

The Committee was informed that the Ministry had been allocated a total of K 1,512,836,674.00, broken down by programme estimates as shown below.

MINISTRY OF LOCAL GOVERNMENT BUDGET ALLOCATION BY PROGRAMME

PROGRAMME	AMOUNT	% of Total Budget
Human Settlements Planning and Regulation	**6,157,043.00**	**0.41%**
Local Governance	**7,965,556.00**	**0.53%**
Local Government Equalization Fund	1,164,567,612.00	78%
Constituency Development Fund	249,600,000.00	17%
Grants In Lieu of Rates	22,514,718.00	1%
Other Municipal Infrastructure and Support Delivery	**8,830,958.00**	**0.6%**
Infrastructure Development (Including Markets, feeder roads and Bus stations)	24,441,200.00	1.6%
Management Support	**28,759,587.00**	**1.9%**
TOTAL BUDGET	**1,512,836,674.00**	

Grants to institutions, namely Local Government Equalisation Fund (LGEF), Constituency Development Fund (CDF) and Grants in Lieu of Rates accounted for 96 per cent of the total budget under the Local Governance Programme. The Permanent Secretary submitted that the Ministry would enhance the policy and legal frameworks to ensure operational excellence in the provision of municipal services. He, however, noted that the sluggish economic growth had also affected the local authorities in terms of their ability to raise revenue. This meant that they would continue to be dependent on financial support from the central government in form of the LGEF and thereby postponing their ability to be self - reliant.

The Committee heard that the allocation for markets and bus stations had been increased marginally by 2.89 per cent. This marginal increase would assist in the completion of outstanding projects, which would address the challenges of inadequate trading spaces and bus stations. These markets and bus stations were a source of livelihood for a significant proportion of the population, especially women and the youth.

The Committee further heard that the allocation for the Constituency Development Fund had been maintained at the same figure as that of 2019. However, even with this unchanged allocation, the challenge had been the slow/late releases. There had been no CDF budget released from January 2019 to date. This had hampered progress on developmental projects in the local authorities.

Further, the Committee heard that there had been a reduction in budget allocation to the following:

Infrastructure Development, which catered for the feeder roads and other infrastructure development in line with the Ministry's mandate, had been reduced by 59 per cent**.**

Grants In Lieu of Rates had been reduced by 2.9 per cent.

7.10.2 2020 Budget Targets

The Permanent Secretary informed the Committee that among the key Budget Output targets for 2020 were as outlined below.

- Upgrading of three squatter settlements;
- completing the preparation of twenty five Integrated Development Plans;
- rolling out of local economic development to thirty local authorities;
- facilitating the preparation of valuation rolls for selected local authorities;
- completion of construction of twelve markets and bus stations around the country;
- completion of three sub-fire stations in Lusaka's Chelstone, Bonaventure and Chilenje areas;
- intensify the Keep Zambia Clean, Green and Healthy Campaign in all districts;
- formally establish an autonomous Solid Waste Management Utility for Lusaka in line with the Solid Waste Regulation and Management Act No. 20 of 2018 to strengthen solid waste management;
- procure nine skip loader trucks accompanied with fifty four skip bins for collection of solid waste by the local authorities;

complete the rehabilitation and upgrading of urban and feeder roads;
periodic and routine maintenance of urban and feeder roads;
continue works on Lusaka Decongestion Project; and
work on rural accessibility improvement (river crossings).

7.11 MINISTRY OF NATIONAL DEVELOPMENT PLANNING

7.11.1 Proposed 2020 Budget Estimates

The Committee was informed that the overall Ministerial budget was within the 2020 ceiling of K522, 733, 469 as provided in the 2020-2022 Budget Call Circular. Out of this, K 229,665,354 was the Government contribution towards Personal Emoluments (PEs) and Non- Personal Emoluments (NPEs) whilst, K 293,068,115.96 was the donor grant to the Pilot Programme for Climate Resilience (PPCR) and the Zambia Integrated Forest Landscape Project (ZIFLP).

Regarding PEs, the allocation had increased by 4.7 per cent from K 59,769,077.00 to K 62,731,730.00 in 2019, partly to accommodate positions that had been transferred from Cabinet Office in 2018. Grants to Grant-Aided Institutions under the Ministry had reduced by 17.6 per cent from K 94,228,850.00 in 2019 to K 80,094,523.00 in 2020.

A summary of the allocation is as summarrised in the table below.

Table 12: MNDP Budget Breakdown, by Major Components, 2018-2020

Allocation	2018 (K)	2019 (K)	2018-19 Variation (%)	2020 (K)	2019-20 Variation (%)
Ministry Totals	**612,720,574**	**654,496,841**	**6.8**	**522,733,470**	**(25.2)**
PEs and Non-PEs	178,650,454	273,461,598	53.1	229,665,354	(19.1)
PEs	52,133,423	59,769,077	14.6	62,731,730	4.7
Non-Pes	126,517,031	213,692,521	68.9	166,933,624	(28.0)

Donor Grants (PPCR and ZIFLP)	434,070,120	381,035,243	(12.2)	293,068,116	(30.0)
Grants	94,207,850	94,228,850	0.02	80,094,523	(17.6)

In table 12, there had been a general downward trend in the allocations to most key programmes since 2018. It was for this reason that in arriving at the targets for 2020, the Ministry had to rationalise the deliverables. Further, to ameliorate the funding situation, the Ministry intended to leverage some alternative financing sources for certain activities such as support from cooperating partners.

7.11.2 Implications of the 2020 Budget on the Ministry's Performance

The Committee was informed that the greatest threat was the possibility of not conducting the census next year due to the meagre allocation that had been made for this exercise in the 2020 Budget. Whilst the requirement was K598, 281,288.00, only K75, 000,000.00 had been allocated in the 2020 Budget. This was by far short of the requirement to effectively undertake this important assignment. This level of funding would undermine Government's ability to raise complementary funds from cooperating partners.

The Ministry reiterated that without undertaking of this exercise, which was carried out once in ten years, the Government risked formulating subsequent development plans based on inaccurate information. It was, therefore, important to understand the population variables and dynamics. Equally, development of sector policies, strategies and plans would not be adequately informed by empirical data if the census was not conducted or its quality was compromised.

7.12 MINISTRY OF WATER DEVELOPMENT, SANITATION AND ENVIRONMENTAL PROTECTION

7.12.1 Proposed 2020 Budget Estimates

The Committee was informed that in the 2020 Budget, the Ministry had been allocated K3.06 billion, representing 2.9 per cent of the total national budget. Of the K3.06 billion, Personal Emoluments accounted for K19 million (1 per cent). Out of the total allocation of K3.1 billion, the Water Supply and Sanitation Programme was allocated K2.9 billion while the Environmental Management and Protection Programme had been allocated K111.5 million. Further, K44.9 million was allocated to the Water Resources Development Management Programme and K24.9 million went towards the Management Support Services programme. The percentage share of the budget for the programmes above is illustrated in figure below.

Figure 3: Percentage Budget Allocation by Programme

Implications of the Budget on the Sector

7.12.2 Water Supply and Sanitation

The Committee was informed that four key ongoing projects namely, Nkana Water and Sanitation Project, Kafulafuta Water Supply and Sanitation Project, Kafue Bulk Water Supply and Sanitation Project had received considerable amount of funds, amounting to K1.6 billion to complete ongoing construction works. The completion of these works would increase access to clean and safe water, as well as sanitation services. To further improve access to water supply and sanitation to rural and urban areas, K1.2 billion had been allocated to complete ongoing projects such as the Transforming Rural Livelihoods projects in Western Zambia, Integrated Small Towns Water Supply and Sanitation, Six towns Water Supply Improvement Project Phase II and the Zambia Water Supply Project (Copperbelt Province) under Mulonga Water and Sewerage Company in Chingola.

7.12.3 Environmental Management and Protection

To ensure sustainable management of the environment in light of the effects of climate change, the Committee learnt that the budget allocation to the Zambia Environmental Management Agency had increased from K32.2million to K42.2million to facilitate implementation of interventions that would ensure compliance towards environmental protection and pollution mitigation. To improve the ecological integrity of the Lake Tanganyika Basin and the livelihood of communities along the lake basin, K79 million had been allocated towards implementation of activities such as fish farming, bee keeping, conservation and value addition programmes.

7.12.4 Water Resources Management

To ensure equitable and sustainable utilisation and protection as well conservation of water resources in the country, the budget allocation to WARMA increased from K15.8 million to K16.1milion.

The Ministry also highlighted factors that would negatively impact the performance of the programmes as outlined below.

7.12.5 Water supply and sanitation

To ensure increased access to water supply and sanitation in line with the vision 2030, the Ministry had been implementing various water supply and sanitation infrastructure projects which were at 80 per cent and above as well as below 80 per cent completion.

The Committee was informed that the required budget allocation amounting to K175 million for projects which were at 80 per cent and above completion was not allocated in the 2020 Budget. This implied that no new projects would be undertaken during this period. Equally, for projects that were below 80 per cent which require K99 million, no budget provision had allocated.

7.12.6 Water Resources Development

The Committee was informed that there was no allocation for construction of new dams in the 2020 Budget despite the ravaging effects of climate change, particularly in the rural areas. The failure to invest in the construction of new water storage infrastructure would adversely affect the social economic welfare of the people.

8.0 ENGANGEMENT WITH THE MINISTER OF FINANCE

After interacting with the stakeholders, the Committee had an engagement with the Minister of Finance on salient issues in the 2020 Budget. Below is a summary of the key issues deliberated upon.

The Minister of Finance informed the Committee that the 2020 National Budget was prepared within the context and principles of the Economic Stabilisation and Growth Programme (also known as the *'Zambia Plus'*), the Seventh National Development Plan, and the Vision 2030. Key emphasis was placed on the implementation of policy measures that were aimed at stimulating the domestic economy. The Minister added that this entailed, among other things, enforcing the provision requiring 20 per cent of works to be undertaken by Zambian contractors, as well as accelerating the dismantling of domestic arrears owed to various contractors and suppliers of goods and services.

With regard to resource mobilisation, the Minister informed the Committee that the Government was committed in 2020 to continue with efforts aimed at strengthening domestic resource mobilisation by broadening the tax base and enhancing compliance levels. In so doing, Government would also ensure that personal income taxes, which had a direct impact on the disposable incomes of individuals, were maintained at current levels to safeguard the purchasing power of ordinary Zambians, especially the poor.

Regarding the 2020 Public Expenditure Policy and Strategy, the Committee heard that this would be focused on ensuring that Government met its payment obligations in the year, including debt service, the public service wage bill and other contractual obligations such as pension arrears, contractors and suppliers of goods and services. In this regard, a substantial share of the 2020 Budget had been allocated towards these non-discretionary expenditure items.

The Minister also clarified over the concerns that had been expressed with regard to the reduced allocation towards environmental protection as a share of the total budget and explained that climate change programmes had been mainstreamed in other programmes for some ministries.

The Committee also heard that the in an effort to reduce the huge allocation for infrastructure development across sectors, the Government would exploit using public-private partnerships in order to utilise the limited discretional spending other key sectors of the economy.

PART III

COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

9.0 After a detailed analysis of the 2020 budget and consideration of submissions from the stakeholders, selected Government ministries and the Minister of Finance, the Committee makes observations and recommendations as set out hereunder.

9.1 Fiscal Consolidation vis-a-vis Macroeconomic Framework

The Committee notes that the measures proposed by the Government to attain fiscal consolidation by enhancing revenue collection through the comprehensive review of the tax system, among other strategies, are too ambitious. It is the considered view of the Committee that expenditure cuts while maintaining realistic revenue measures would have guaranteed fiscal consolidation. Further, considering that from 2017 to 2019, 90 per cent of the macroeconomic objectives have not been attained, this may entail that achieving the 2020 macroeconomic objectives may also prove difficult.

Given the above, the Committee strongly urges the Government to re-model the fiscal consolidation plan by instituting expenditure cuts, while maintaining realistic revenue targets. This is premised on previous budget performance. Further, priority should be given to key sectors of the economy for sustainable economic growth. In addition, the Committee urges the Government to fully implement the objectives espoused in the budget address. In addition some Government ministries and departments should be merged in order to reduce the huge cost of running Government.

9.2 Debt Management Measures and Implications on Budget Credibility

The Committee notes that the current debt position of US$10.23 billion for external debt and K 60.7 billion for domestic debt will have an impact on the implementation of the 2020 national budget. Considering that the country is projected to spend K33.7 billion in 2020 on debt obligations, taking up about 50 per cent of domestic revenue, this situation will have a negative effect on financing of other key sectors of the economy. In addition, the Committee implores the Government to be more transparent on the actual debt position including debt that may arise from contingent liabilities like PPPs and pipeline loans

While noting some of the measures put in place on debt management, which include postponing or cancelling some pipeline loans, ceasing the issuance of guarantees, and refinancing existing loans, the Committee contends that debt sustainability can only be achieved if these measures are implemented.

The Committee strongly recommends that the Government should ensure that the proposed 2020-2022 Medium Term Debt Strategy is implemented in order to achieve macroeconomic stability. This will require a stable exchange rate, low fiscal deficit, and low nominal yield rates on Government securities. Further, the Committee urges the Government to reduce borrowing from commercial markets, and to focus on concessional borrowing to achieve Government financing requirements at the lowest possible cost. Further, a roadmap on the armotisation of the three Eurobonds due for maturity in the next few years should be generated without any delay.

In addition, parliamentary oversight should be strengthened through the revision of the *Loans and Guarantees (Authorisation) Act, Chapter 366 of the laws of Zambia.*

9.3 Capacity Enhancement on Debt Commitments

The Committee is concerned that, whereas the Medium Term Debt Management Strategy has clearly spelt out the measures to curb debt contraction, some MPSAs have continued to commit domestic debt negating the measures put in place.

In light of the above, the Committee urges the Government to take drastic measures by fully implementing the Debt Management Strategy. In particular, MPSAs should be strictly monitored and where necessary, disciplinary measures should be taken against Controlling Officers who commit the Government to debt without proper authorisation to avoid any further accumulation of debt.

9.4 Prioritising Expenditure on Key Sectors

The Committee expresses concern over the manner in which expenditure has been prioritised in the 2020 Budget. While the Committee recognises the importance of defence and public order for the maintenance of peace and encouraging foreign direct investment, it feels that this should not, however, be at the expense of key social sectors such as education, health, water, sanitation and hygiene and social protection. It is unacceptable that the overall allocation to these key sectors as a share of the total budget has consistently been reducing in the last four years, while that of defence and public order has been increasing. There is need for the budgetary allocations to be commensurate with the national priorities as promulgated in the 7NDP and Vision 2030.

The Committee strongly recommends that the Government should reduce the allocation to defence and public order and channel the funds to the key social sectors in order to reduce poverty and inequality among the citizens. In this regard, the Committee recommends that priority should be given to the School Health Nutrition programme under the Ministry of General Education and procurement of drugs and other supplies under the Ministry of Health, respectively. Further, some infrastructure projects should be postponed so that the funds are channelled to programmes that enhance social development such as the water, sanitation and hygiene and child nutrition.

9.5 The International Monetary Fund (IMF) Programme

The Committee is concerned over the Government's inability to secure the IMF Economic Stabilisation and Growth programme. The Committee further notes that considering that many of the African Eurobond issuers have a programme with the IMF, the institution remains key in addressing the current debt burden. It is the considered view of the Committee that given the country's debt status, which stands at 40 per cent of non discretionary spending of the total national budget for both external and domestic debt, a more comprehensive support programme is required to facilitate a more effective framework for possible support by donors and enhance foreign direct investment.

In this regard, the Committee urges the Government to engage the IMF and finalise the Economic Recovery Programme without delay. The engagement should be concluded before the end of the 2019 financial year, so as to quickly stimulate economic recovery.

9.6 Declining International Reserves

The Committee observes that Zambia's international reserves have continued to decline and are currently at 1.7 months of import cover. This has been mainly attributed to the external debt payments exacerbated by the rising inflation, among other factors. Given the likely failure to achieve the set target of raising international reserves to at least 3 months of import cover in 2019, the Committee wonders how the set target of 2.5 months, which translates into an additional US$700 million above the current import cover, will be achieved in 2020 considering that debt servicing obligations will continue.

In this regard, the Committee urges the Government to take robust measures to meet the target of raising international reserves to 2.5 months of import cover. This should be coupled with the engagement of the IMF in the short run so as to promote enhanced foreign investment. In the long run, the Committee is of the view that promoting export diversification will significantly increase and maintain international reserves within the set target and stabilisation of the kwacha. Additionally, the Committee recommends that the measures on debt management, which include the slowdown on external debt contraction, postponement or cancellation of pipeline loans, ceasing the issuance of guarantees and refinancing the existing loans should be fully implemented.

9.7 Policy Inconsistencies

The Committee is concerned over the policy inconsistencies exibited by the Government over time. This is partly attributed to the high turn-over of Ministers of Finance. It is inconceivable that such a critical Ministry has had three Ministers over a period of four years. A case in point relates to the deferment in the implementation of Sales Tax and the pronouncement in the 2020 Budget Address to maintain the VAT. While maintaining VAT is progressive given the numerous concerns expressed by stakeholders on the Sales Tax, the Committee notes that a lot of financial resources and other incidental costs have been spent to prepare for the implementation of the Sales Tax. This policy change has had a negative impact on industry following speculations before the 2020 Budget address. Other specific sectors that have had inconsistent pronouncements thereby negatively affecting their contribution to economic growth include the mining and agriculture sectors such as mining taxation and export bans respectively.

In light of this concern, the Committee recommends that the Government should ensure policy consistency through its pronouncements and actions, so as to restore public and investor confidence in budget execution. Further, Government should endeavour to consult widely with relevant stakeholders prior to making policy pronouncement that have the potential to affect budget credibility.

9.8 Legal Reforms and Parliamentary Oversight in the Budget Process

The Committee finds the continued delay to strengthen the role of Parliament in the budget process by the enactment of the budget and planning legislation extremely disturbing. Whereas assurances have been given on the presentation of this piece of legislation, the Committee is dismayed that it does not appear likely that the legislation will be presented this year. Further, the Committee is displeased that no mention was made of this piece of legislation by the Minister in the 2020 Budget Address.

Other pieces of legislation that are instrumental in strengthening public financial management with specific focus on debt management include the *Public Procurement Act No. 12 of 2008* and the *Loans and Guarantees (Authorisation) Act, Chapter 366 of the laws of Zambia.* The Committee wonders why the Government has delayed the harmonisation of these pieces of legislation with the Republican Constitution, as amended in 2016.

In view of this, the Committee strongly urges the Government to present these pieces of legislation during the current Budget Meeting of the House.

9.9 Budget Consultations

The Committee expresses concern over the limited consultation with relevant stakeholders during the budget process. This was evidenced during the consideration of the proposal to abolish VAT and replace it with the Sales Tax. In addition, the lack of clearly spelt out guidelines to the public during consultations has not helped matters. The Committee is further displeased that despite Cabinet approving the Green Paper Medium Term Expenditure Framework (MTEF 2020-2022) that informed the 2020 Budget, the paper was not presented to stakeholders for comments.

In this regard, the Committee reiterates its previous recommendations on the need to table the budgeting and planning legislation in line with Article 205 of the Constitution.

9.10 Output Based Budget and Inadequate Budgeted Funds

The Committee notes that whereas the number of MPSAs on the Output Based Budgeting (OBB) will increase from seven to an additional twenty-two as pronounced in the 2020 Budget Address, in line with previous recommendations by the Committee, the migration to OBB will not help matters if inadequate funding to MPSAs continues. Not only does inadequate funding stifle service delivery to the communities, but it also affects the implementation of programmes as set out in the 7NDP. The Committee is dismayed that actual releases to MPSAs in the previous financial years was below 50 per cent. In this regard, the revelation to the Committee that as of September 2019, the Ministries of Agriculture and Fisheries and Livestock had received less than 2 per cent funding for non personal emoluments is extremely disturbing.

The Committee urges the Government, even amidst the competing needs in the economy, to ensure the budgeted for funds for MPSAs are released timely with specific focus on key sectors for enhanced service delivery. Further, the twenty-nine ministries currently implementing the OBB should be prioritised in order to validate the rolling out of the budget model to all MPSAs.

9.11 Corruption and Abuse of Public Funds

The Committee is concerned over the abuse of public funds in most Ministries, Provinces and Spending Agencies (MPSAs) as revealed in the Reports of the Auditor General on the Accounts of the Republic, parastatal bodies and local authorities, and acknowledged by the Minister of Finance in his 2020 Budget address. Further, the revelations of abuse of public funds in the Ministry of Community Development and Social Services, and in the Ministry of General Education, among others, erodes donor confidence and may limit the possible donor support to other sectors of the economy.

Furthermore, despite the establishment of Integrity Committees in MPSAs, it is evident that their role needs to be streamlined and reviewed in order to enhance their effectiveness.

The Committee is, however, pleased to note that the remedial measures taken by the Government over the abuse of public funds in the highlighted ministries by facilitating forensic audits which resulted in management changes both at the Ministry of Community Development and Social Services and the Zambia Postal Services, as well as the firing of over eighty civil servants at the Ministry of General Education. This action sent a strong warning to the potential offenders and gave an assurance to the donors about the Government's commitment to effectively deal with abuse of public resources.

In view of the above, the Committee strongly urges the Government to take deliberate steps to ensure that institutions set up to fight corruption are fully supported to stamp out this vice and restore donor confidence in public institutions. In addition, Integrity Committees in MPSAs should be strengthened in order to reduce the levels of corruption and abuse of public resources in MPSAs. The *Public Finance Act No 1 of 2018* should also be fully enforced.

9.12. Inclusive Growth through the Exploitation of Renewable Natural Resources

The Committee observes that the over reliance on non renewable resources like minerals has not significantly contributed to poverty reduction. While the renewable natural resources in areas such as agriculture, forestry, water resources and fishing have declined over the years, the linkages of these sectors with the economy still remain significant.
The Committee recommends that deliberate strategies should be put in place in order to harness the renewable natural resource capital so as to promote sustainable growth.

9.13 Re-orientation of the Growth and Stabilisation Programme and Austerity Measures

The Committee regrets that the performance of the Growth and Stabilisation Programme and austerity measures have not been satisfactory as evidenced by the limited fiscal space. This has been due to debt obligations. Further, little has been done to monitor progress of these austerity measures since the introduction of the Programme.
The Committee, therefore, recommends that more realistic and practical strategies should be incorporated and implemented as the Government embarks on the development of the Medium Term Debt Strategy for the period 2020 to 2022. In addition, monitoring mechanisms and periodic updates on austerity measures should be conducted without any delay.

9.14 Operational Sustainability of ZESCO and Management of State Owned

Enterprises

The Committee notes with concern the poor performance by most State Owned Enterprises (SOEs) coupled with high accumulation of debt by ZESCO. This is despite repeated recommendations by stakeholders that loss making SOEs should be restructured in order to reduce the pressure on the already financially constrained Treasury. Further, while a few SOEs declare dividends, the contribution of these entities to the Treasury continues to be minimal.

The Committee, therefore, recommends, as a matter of extreme urgency, that the SOE sector should be re-structured with the possible closure of loss making SOEs. Further, the operations of ZESCO should be reviewed in order to enhance its efficiency and to make it more viable for reliable energy supply to the industrial sector as a matter of extreme urgency. In addition, the Government should ensure that ZESCO conducts a cost-of-service study to establish its efficacy.

9.15 Diversification Programme and Value Addition

The Committee finds it extremely disturbing that the Government has made repeated pronouncements on the diversification of the economy with little tangible action to actualise it. This is despite stakeholders highlighting the economic benefits of diversification and value addition which includes, among others, stability of the market, improved skill sets and a more reliable source of income. It is worrisome that the contribution of local manufacturers to the country's GDP stands at 8 percent.

The Committee, therefore, strongly urges the Government to implement the Economic Diversification Programme without any further delay. Further, the Government should clearly spelt out strategies and time frames for implementation in order for the private sector to respond accordingly.

9.16 Decentralisation by Devolution

The Committee is dismayed that despite Article 147 of the Republican Constitution providing for a devolved system of governance and the development of the revised Decentralisation Policy, the delay to fully implement this policy has not only resulted in poor service delivery, but also exacerbated the blotted civil service. The decision of maintaining the centralised system of Government when the Constitution has dictated otherwise is not only unjustifiable but also unconstitutional.

In this regard, the Committee urges the Government to roll out the decentralisation by devolution to the local level in order to enhance service delivery and streamline the civil service in line with the Decentralisation Policy. Fiscal decentralisation should also be implemented to avoid the wastage of the limited resources.

9.27 Delayed and Inconsistent Disbursement of CDF

The Committee is concerned with the delayed and inconsistent disbursement of CDF.

This action has affected the implementation of projects at the lowest level of Government thereby affecting most communities with the much needed services.

The Committee urges the Government to ensure that CDF is released timely and consistently in order to enhance services and development delivery at local level.

9.18 Roll-out of the E-Voucher System

The Committee notes with concern that over the years, the farming season continues to be characterised by delayed input distribution to farmers, as well as delayed payments to suppliers and transporters. This, coupled with poor climatic conditions has negatively affected the small scale farmers, and subsequently affected agriculture productivity.

The Committee also observes that despite pronouncements in previous budget addresses that the e-voucher system would rolled out to all parts of the country, this has not been done. Further, the funding structure to the agriculture sector needs to be re-modelled in order to focus on the key enablers of agricultural growth.

The Committee, therefore, urges the Government to roll out the e-voucher system as a matter of extreme urgency. In addition, the financing of the sector should be aligned to the key drivers of agricultural growth, that include research and development, irrigation, and extension services, among others.

9.19 Infant Industry Development

The Committee observes that the lack of appropriate and deliberate strategies to support small scale business enterprises, which are the bedrock of the economy, has immensely contributed to the sluggish growth of the economy. While noting some measures in the 2020 Budget such as the development of the National Industrialisation Policy, the Committee is of the view that a more comprehensive and robust programme is needed.

Further, the low contribution of the informal sector to economic growth is a serious concern, especially that the Government has set a very ambitious domestic revenue target of 22 per cent of GDP. This entails that modalities to capture the informal sector should be explored. At the same time, the Committee strongly recommends that robust steps should be taken to initiate and implement smart protectionist policies aimed at supporting infant industries in the economy for sustainable growth.

9.20 Climate Change and Adaptation Programme

The Committee regrets that while the Government recognises the challenge of climate change and its impact particularly on the agriculture and energy sectors, there are no corresponding commitments in the 2020 Budget towards environmental protection/climate change adaptation. It is extremely disappointing that in the 2020 Budget, the allocation towards environmental protection as a share of the total budget has in fact significantly reduced to a paltry K611m (0.6 per cent of the budget) from K895m (1 per cent of the budget) in 2019. While noting that the climate change activities have been main streamed in some ministries allocation, the funds are not adequate.

The Committee urges the Government to prioritise environmental protection by allocating at least 1.5 per cent of the total budget towards climate change adaption measures, with the possible ring-fencing of funds towards the activities.

9.21 Infrastructure Development in light of High Budget Deficit

The Committee is concerned about the huge allocation to infrastructure development across sectors as proposed in the 2020 Budget. This is despite the pronouncements by the Government to reduce on contraction of new projects so as to focus on completing projects that are 80 per cent and above complete. For example, the Committee finds the allocation of K 861 million for the construction of FTJ University using borrowed funds amidst fiscal constraints a misplaced priority, especially that there are other key activities within the education sector which require urgent support.

The Committee strongly recommends that the Government should, as a matter of extreme urgency, halt the implementation of new infrastructure projects across sectors with the exception of targeted ones which have direct or immediate economic value. Further, the pronouncement to only fund projects at 80 per cent and above completion should be adhered to, so as to avoid any further accumulation of both external and domestic debt. Targeted infrastructure of economic value should be prioritised henceforth. The Committee also urges the Government to consider financing the country's infrastructure development activities through Public–Private Partnerships (PPPs).

9.22 2020 Census of Population and Housing

The Committee notes that statistics remain key for evidence based planning and budgeting. Given that the country will undertake a census of population and housing in 2020, the Government should ensure that adequate funds are allocated and released on time in order to ensure the programme is successful.

CONCLUSION

The Committee acknowledges the importance of the national budget as a fiscal tool that contributes to economic growth and poverty eradication. The theme for the 2020 Budget of *Focusing National Priorities Towards Stimulating the Domestic Economy* resonates well with the current economic challenges that the country is facing.

The Committee notes that the measures outlined in the 2020 Budget aimed at creating fiscal space, ensuring debt sustainability, and improving liquidity availability in the economy through dismantling of domestic arrears, implementation of tight expenditure control measures and halting the accumulation of arrears remain critical to restoring fiscal fitness and reinvigorating economic growth and achieving economic stability. The Committee, however, contends that for these targets to be achieved there is need to strengthen monitoring so that the set measures on programmes are fully implemented and attain the national targets as espoused in the 7NDP and vision 2030.

Further, the guarantee for the effective implementation of the budget is anchored on strengthening the policy and legal framework which guarantees budget credibility and fosters stakeholder participation. This has proved to be a major challenge in the past. The urgent review and tabling of relevant pieces of legislation is paramount to actualise the set objectives and the pronouncements contained in the 2020 Budget.

It is the expectation of the Committee that the observations and recommendation contained in its report will be supported and implemented in order to achieve the set objectives and targets for the 2020 financial year.

Sir, the Committee concluded its deliberations within its terms of reference. To do this, it invited a number of stakeholders from whom it sought comments to the estimates of revenue and expenditure for 2020. The Committee is, therefore, grateful to the stakeholders who tendered both written and oral submissions.

It also wishes to thank you, Mr Speaker, for affording it an opportunity to consider the estimates of revenue and expenditure for 2020. Gratitude further goes to the Clerk of the National Assembly and her staff for their assistance and advice throughout the Committee's deliberations as well as the consultants from support from the European Union.

We have the honour to be, Sir, your Expanded Budget Committee appointed to consider the 2020 estimates of revenue and expenditure.

Mr M Simfukwe, MP
Chairperson

Ms N M Subulwa, MP
Vice Chairperson
Mr L A Lufuma, MP
Member

Mr S K Kakubo, MP
Member

Mr R Nakacinda, MP
Member

Mr F C Chaatila, MP
Member

Mr P Phiri, MP
Member

Mr D Mumba, MP
Member

Mr J Siwale, MP
Member

Mrs S S Mulyata, MP
Member

Mr H Kunda, MP
Member

Dr S Musokotwane, MP
Member

Mr A B Malama, MP
Member

Mr E K Belemu, MP
Member

Mr M J B Ng'onga, MP
Member

Mr E J Muchima, MP
Member

Mr D M Syakalima, MP
Member
Mr G K Mwamba, MP
Member

Dr M Malama, MP
Member

Mr N Samakayi, MP

Member

Mr C Miyutu, MP
Member

Mr M Jere, MP
Member

Mr P M W Daka, MP
Member

Dr C K Kalila, MP
Member

Dr M Imakando, MP
Member

Mr E Kamondo, MP
Member

Mr G M Imbuwa, MP
Member

APPENDIX 1-List of Witnesses

ZAMBIA CLIMATE CHANGE NETWORK

Mr S B Nyirenda, National Coordinator
Mr M Wamunyima, Board Member
Mr P K Kabanda, Programs Officer
Ms L Chibambo, Program Officer
Mr S Siatwiinda, Network Member
Mr S Mwamba, Network Member
Mr A Musumali, Network Member

ZAMBIA ASSOCIATION OF CHAMBERS OF COMMERCE AND INDUSTRY

Mr G I Sakala, Acting Chief Executive Officer
Mr L Hangala, Vice President
Mr K Shula, Research Officer
Mr A Lawrence, Board Member
Mr G Chibuye, Member
Mr I Chilufya, Member
Mr S Nkhata, Finance Manager
Central Statistical Office CSO
Mr M Musengila, Interim Statistician – General
Mr I Sikanyiti, Assistant Director
Mr G Sinyinza, Assistant Director

BANK OF ZAMBIA

Dr D Kalyalya, Governor
Dr F Chifuno, Deputy Governor – Operations
Dr J Chipili, Director Economics
Ms B Mwanza, Acting Assistant Director – Communications
Ms K Nakazwe, Assistant Manager – Communications
Dr J Lungu, Executive Assistant to the Governor
Mr C Kapembwa, Executive Assistant to the Deputy Governor – Operations
Mr E Palata, ADC – Governor
Mr I Muhanga, Director
Ms G Mposha, Director

CIVIL SOCIETY FOR POVERTY REDUCTION

Ms D Phiri, Programmes Assistant
Mr C Nachibuya, Resource Governance
Ms M Siamachoka, Programme Officer
Mr I Ndashe, Programme Manager

CIVIL SOCIETY ORGANISATION SCALING UP NUTRITION

Ms M Mwanamwenge, Consultant
Mr W Chilufya, Advocacy Manager
Ms N Mulendema, Communications
Ms M Chileshe, Alliance Member
Mr P Kazembe, Alliance Member

ZAMBIA FEDERATION OF EMPLOYERS

Mr H Chibanda, Executive Director
Mr P Shambulo, Legal Officer

NON-GOVERNMENTAL GENDER ORGANISATION COORDINATING COUNCIL

Ms M Mulenga, Chairperson
Ms M Imasiku, Gender and Policy Analyst
Ms F Nonde, Communication and Networking Officer
Mr G Nachibinga, Member
Ms M Maimbo, Finance Manager

ZAMBIA CONGRESS OF TRADE UNIONS

Mr C Mukuka, Secretary General
Ms B Zulu, Deputy General Secretary
Mr G Njovu, Deputy Secretary General
Mr B Phiri, Director Research
Mr M Kamanisha, Deputy Director Research
Mr E Musonda, Director Finance

ZAMBIA NATIONAL EDUCATION COALITION

Mr G Hamusunga, Executive Director
Ms K Mubita, PAV Coordinator
Mr M Yiba, Intern
Ms L Poo, Intern

ZAMBIA ASSOCIATION OF MANUFACTURERS/TRADE KINGS/FIRSTWAVE/ZAMEFA

Mr E C Sekele, President
Ms C Zulu, Vice President – South
Mr C Chama, Policy Analyst
Mr E Mando, Group Engineer and Spokesperson
Ms K Chinki, Associate
Ms R Chabala, IPP

WATERAID ZAMBIA/ NGO-WASH FORUM

Mr A Sakala, Technical Manager
Ms C Chifunda, Head of Policy
Ms P Chisanga, Country Director
Mr A Tembo, Operations Director
Ms B Ndhlovu, Communications Officer
Ms L Chibambo, Program Officer
Ms C Malekani, Program Officer

ZAMBIA CIVIC EDUCATION ASSOCIATION

Ms JMulenga, Executive Director
Mr R Nsemiwe, Programme Coordinator
Ms T Halwiindi, Project Officer
Mr D Mwansa, Intern
Ms M Chavula, CRG-Technical Specialist
Ms M Mbengwa, Project Officer
Mr M Maunda, Programme Officer
Mr P Chintu, President
Mr M Hangubu, Programme Coordinator
Mr E Mun, Trade File Office

CHILDREN'S PARLIAMENT COMMUNIQUÉ PRESENTATION

Ms J Musonde, Country Director
Mr E Musosa, Programmes Coordinator
Ms E Mawele, Assistant Programmes Officer
Ms Prisca, Communications and Advocancy
Ms N Moonga, Child Protection 1
Ms C C Zulu, Rappatuer
Mr S Bwalya, Student
Ms Y Banda, Pupil
Ms R Banda, Pupil
Ms T Kalulu, Pupil
Ms T Chikute, Pupil
Ms I Ngoma, Pupil
Mr S Tembo, Pupil
Mr P Chiulye, Pupil
Mr I Munsanje, Pupil
BANKERS ASSOCIATION OF ZAMBIA

Mr L Mwanza, Chief Executive Officer
Ms M Zimba, PRO

ZAMBIA AGRICULTURAL RESEACH INSTITUTION

Mr G Mwila, Acting Director
Mr I Mukuka, Acting Assistant Director

ZAMBIA REVENUE AUTHORITY

Mr K Chanda, Commissioner General
Mr M Shuki, Commissioner Domestic Taxes
Mr M Mukwasa, Director Legal Services
Mr E Phiri, Director Research
Mr KMsimuko, Acting Commissioner Customs

TOURSIM COUNCIL OF ZAMBIA

Mr V Inambwae, General Manager
Mr S Van Dreamaas, Board Member
Mr V Mwadwaya, Chairman
Ms T Ngwenya, Board Member
Mr Z Yusuf, Board Member
Mr M S O'donnell Chairman

ZAMBIA CHAMBERS OF MINES

Mr S W Chilembo, Chief Executive Officer
Mr Y Kumwenda, Research and Policy Manager

UNIVERSITY OF ZAMBIA

Mr D Mudenda, Lecturer
Mr B Chitali, Lecturer

ZAMBIA INSTITUTE FOR POLICY ANALYSIS AND RESEARCH

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Mr S Nalishebo, Research Fellow
Ms E Mapulanga, Knowledge Manager
Ms K Mbewe, Associate Researcher
Ms M N Mubanga, Researcher Fellow
Mr M Bwalya, Assistant Researcher
Mr I Masilokwa, Assistant Researcher
Ms T Biluma, Research Fellow
Ms Z Shingwele, Research Assistant
Ms M Phiri, Research Fellow
Mr C Cheelo, Research Fellow
Mr B Tulo, Researcher

WWF

Mr M Nyirenda, Wildlife Program Manager
Mr M Chaamfwa, Policy Expert
Ms I Mukelebai, Manager- Government Relations
Ms A Mubita, Programme Coordination

ECONOMIC ASSOCIATION OF ZAMBIA

Mr L Haabazoka, President
Ms M Nachilima, Executive Director
Ms R Lumbwa, Deputy National Secretary

POLICY MONITORING AND RESEARCH CENTRE

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Mr C J Nkunde, Communication Specialist
Ms C Chaunga, S Researcher
Mr A Kasana, S Researcher
Mr K Akabondo, Head Monitoring and Evaluation

MINISTRY OF LOCAL GOVERNMENT

Dr E Chomba, Permanent Secretary
Ms N Munthali, Director Planning
Ms C N Musonda, Senior Accountant
Mr M Banda, Senior Planner P & I

MINISTRY OF HEALTH

Ms K Mulalelo, Permanent Secretary
Ms R L Mwanza, Acting Director Physical Planning
Mr D Makawa, Directorate Clinic Care Diagnostic
Ms N Zulu, Chief Accountant
Ms F Mwila, Direcroe Human Resource Manager Administration
Dr A Silumesii, Director Public Health
Mr E Malikawa, Assistant Director
Mr H Kasembe, Director Planning
Ms A Mwango, Senior Planner
Sr A Kaluba, Director Health Financing

MINISTRY OF FISHERIES AND LIVESTOCK

Ms C Kamanga, Acting Permanent Secretary
Mr S Kabilika, Acting Director

Ms S C Nyonda, Director – Human Resource Administration
Mr N F Mwale, Principal Budget Analyst
Ms N Mulenga, Economist
Mr M Mbewe, Chief Research Officer
Mr D Mundia, Director Marketing
Mr M Kapensi, Chief Accountant'
Mr C Mukanga, Director

MINISTRY OF GENERAL EDUCATION

Dr J Mulwanda, Permanent Secretary
Mrs Sakala, Director Standards and Curriculum
Mr S Bweupe, Director Finance
Mr L Savedi, Acting Director Planning and Information
Mr M Daka, Principal Planning Officer
Mr J Mwamba, Planning Officer
Mr A Siankumo, Component Lead
Mr M Kayekesi, Planning Officer
Ms C Kabeli, Planning Officer
Ms D Phiri, Planning Officer
Ms D Daka, Parliamentary Liaison Officer
Mr K Shiliya, Acting Director- Planning
Mr L Gwedi, Director Finance
Mr D Ishimael, Principal Planner

MINISTRY OF WATER DEVELOPMENT, SANITATION AND ENVIRONMENTAL PROTECTION

Mr Sakala Mabvuto, Permanent Secretary
Mr T Musunta, Director
Ms N Kalaluka, Director
Mr R Lungu, Acting Director
Mr A Manangi, Acting Assistant Director
Mr M Katongo, Senior Planner
Ms J Nyama, Director
Mr S Kangwa, Acting Director

MINISTRY OF HOUSING AND INFRASTRUCTURE

Mr C Mushota, Permanent Secretary
Mr E Mwape, Director and Chief Executive Officer
Mr M Ngulube, Executive Director
Mr M Chiselebwe, Director Finance
Mr K Muleya, Director Finance
Ms W Ndhlove, Chief Executive Officer
Mr D Mfune, Director Planning

Mr B Mutale, Business Development Manager
Mr B Chisumpe, Director Finance
Mr B Mantembe, Principal Internal Auditor
Mr M Chilembo, Director Housing Development
Ms G K Kitu, Principal Legal Counsel
Mr R Banda, Director Planning

MINISTRY OF LABOUR AND SOCIAL SERVICES

Mr C Kaziya, Permanent Secretary
Ms V Ndhlovu, Director Human Resource Administration
Mr M Bili, Director Planning
Mr J Mwamba, Principal Planner
Mr A Dimingu, Director Social Service
Ms M Kasanda, Acting Labour Commissioner
Mr C Mayamba, Director
Mr S Mbozi, Principal Accountant

MINISTRY OF COMMERCE, TRADE AND INDUSTRY

Ms M M Pasi, Acting Permanent Secretary
Mr L Mwanza, Director Finance
Mr M Chivumo, Senior Planner
Mr N Ngwira, Director
Mr S Munyalaba Director
Mr J A Mulongwa, Director Industry
Ms L Bwalya, Director Finance
Mr P Lupunga, Director, Planning

MINISTRY OF NATIONAL DEVELOPMENT PLANNING

Mr D K Chisenda, Permanent Secretary
Mr M Musepa, Statistician General
Mr M Mulele, Director Planning
Mr F Kakungu, Census Manager
Mr E Simukoko, Assistant Director
Mr A M Mushe, Senior Planner

MINISTRY OF HOME AFFAIRS

Mr C L Mulenga, Permanent Secretary
Mr E Chiteta, Acting Director
Mr P Choolwe, Assistant Director
Mr E Peteu Principal Research

ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS

Mr J Zgambo, Tax Committee Chairperson
Mr P Mawire, Tax Committee Member
Mr M Phiri, Tax Committee Member
Ms P Sitali, Director-Membership and Corporate
Mr S Olaniyan, Manager-Technical and Membership
Mr V Wyasulu, Tax Committee Member
Mr F Chilugwe, Technical Officer
Mr M Chitoshi, Manager Business Development

IAPRI

Mr B M Zulu, Outreach Director
Mr A Kuteya, Senior Research Associate

MINISTRY OF ENERGY

Mr T Kaunda, Permanent Secretary
Mr A Simwaba, Acting Director
Mr K Mwale, Director Finance
Mr P Mubanga, Director Engineer Services
Mr A Mbumba, Divisional Manager
Mr Y Sichawe, Director Distribution
Mr F L Mubiana, Director Generation
Mr P Mwila, Director Strategy Corporate Services
Mr L L Chinjenge, Director Petroleum
Ms F Zyambo, Director
Ms A Sievu, Director Finance
Mr M Chipule, Principal Planner
Mr E L Lubumbashi, Senior Planner
Mr J Igamungoma, Chief Planner

MINISTRY OF AGRICULTURE

Mr S Zyambo, Permanent Secretary
Mr I Mukuka, Acting Assistant Director
Mr P Lungu, Director
Ms M M Simwanza, Director
Mr M Malambo, Director
Mr S Malambo, Chief Agriculture Information Office
Ms K M Katyamba, Director
Ms L C Chomba, Chief Planner
Mr T Nyirenda, Senior Budget Analyst
Mr J Kalumba, Director

MINISTRY OF FINANCE

Dr B Ng'andu, Minister
Mr E Pamu, Permanent Secretary
Mr W Chipango, Assistant Director
M J Nonde, Director
Mr P Hora, Budget Analyst
Mr K Chimfwembe, Assistant Director

APPENDIX II – List of National Assembly Officials

Ms C Musonda, Principal Clerk of Committees
Mr F Kateshi, Principal Clerk – Parliamentary Budget Office
Mr H Mulenga, Deputy Principal Clerk of Committees (FC)
Mr S Mtambo, Deputy Principal Clerk- Parliamentary Budget Office
Mrs C K Mumba, Senior Committee Clerk (FC)
Mr S C Samuwika, Committee Clerk
Mrs E K Zgambo, Committee Clerk
Mr D Kunda, Committee Clerk
Mr E Chilongu, Committee Clerk
Mr F Chikambwe, Revenue Analyst
Ms L Chilala, Typist
Ms A Phiri, Typist
Mr M Kantumoya, Parliamentary Messenger
Mrs P N Kalunga, Intern
Mr M Mainga, Intern
Mr K Mwitwa, Intern
Mr E Chipuka, Intern
Mr W Zimba, Intern

CONSULTANTS

Dr C Mphuka
Dr M Nyamazana
Mr F Nkulukusa

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