



REPUBLIC OF ZAMBIA

REPORT

OF THE

PLANNING AND BUDGETING COMMITTEE

ON THE

**REVIEW OF THE 2023 ANNUAL PROGRESS REPORT ON THE IMPLEMENTATION
OF THE EIGHTH NATIONAL DEVELOPMENT PLAN FOR THE PERIOD 2022 – 2026**

FOR THE

THIRD SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY

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FOREWORD

Honourable Madam Speaker, the Planning and Budgeting Committee has the honour to present its Report on the Review of the 2023 Annual Progress Report (APR) on the Implementation of the Eighth National Development Plan (8NDP) (2022 – 2026). The functions of the Committee are set out in Standing Order 204(4)(h) of the National Assembly Standing Orders, 2024.

In order to acquaint itself on the contents of the APR, the Committee sought both oral and written submissions from different stakeholders. The list of the stakeholders is at Appendix 1 of the Report. The Committee held eleven meetings to consider the APR, which was tabled before the National Assembly with respect to section 29 (1) of *the National Planning and Budgeting Act, No. 1 of 2020*.

The Committee's Report has three parts: Part I highlights the Committee's findings from its deliberations. Part II presents the views and concerns raised by stakeholders on the strategic development areas, strategies and programmes. Part II further presents the Committee's findings from the local tour on the performance of budget pronouncements with respect to the energy and agriculture sectors for the financial years 2022, 2023, and 2024. Additionally, it presents findings on the foreign tour to the National Assembly of Kenya on the operations of the Budget Committee and sector budget analysis. Part III contains the Committee's recommendations.

Madam Speaker, the Committee is grateful to the stakeholders who tendered both written and oral submissions. It also wishes to thank you, for affording it an opportunity to consider the 2023 APR. Gratitude further goes to the Office of the Clerk of the National Assembly for the assistance and counsel throughout the Committee's deliberations.



Mr Fred Chibulo Chaatila, MP
CHAIRPERSON

July, 2024
LUSAKA

Table of Contents

1.0 COMPOSITION OF THE COMMITTEE	1
PART I.....	1
2.0 INTRODUCTION.....	1
2.1 Objectives of the 2023 Annual Progress Report	1
2.2 Overview Performance of the 8NDP in 2023	1
2.3 Financing of the 8NDP vis-à-vis Overview of the Budget Performance of the 8NDP in 2023	2
3.0 SUBMISSIONS BY STAKEHOLDERS	2
3.1 Macroeconomic Framework and Budget Performance in 2023.....	2
3.2 Fiscal Performance.....	4
3.3 Mining	6
3.4 Financing of the Eighth National Development Plan.....	6
PART II	8
4.0 VIEWS OF STAKEHOLDERS ON PERFORMANCE OF STRATEGIC DEVELOPMENT AREAS, STRATEGIES AND PROGRAMMES	8
4.1 Performance of Strategic Development Areas.....	8
4.1.1 Strategic Development Area 1: Economic Transformation and Job Creation	8
4.1.2 Strategic Development Area 2: Human and Social Development	14
4.1.3 Strategic Development Area 3: Environmental Sustainability	18
4.1.4 Strategic Development Area 4: Good Governance Environment	18
5.0 ENGAGEMENT WITH THE MINISTER OF FINANCE AND NATIONAL PLANNING	20
6.0 TOURS	22
6.1 Local Tour to Southern, Central and Copperbelt Provinces	22
6.2 Foreign Tour to the National Assembly of Kenya	26
PART III	32
7.0 COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS	32
8.0 CONCLUSION	41
APPENDIX I – LIST OF THE NATIONAL ASSEMBLY OFFICIALS	42
APPENDIX II – LIST OF WITNESSES.....	43

List of Acronyms and Abbreviations

8NDP	Eighth National Development Plan
GDP	Gross Domestic Product
APR	Annual Progress Report
VAT	Value Added Tax
SDA	Strategic Development Area
ECE	Early Childhood Education
SCT	Social Cash Transfer
MT	Metric Tonnes
CDF	Constituency Development Fund
MSME	Micro, Small and Medium Enterprises
FISP	Farmer Input Support Programme
CEEC	Citizens Economic Empowerment Commission
TEVET	Technical Vocational and Entrepreneurship Skills Training
SAFF	Sustainable Agricultural Financing Facility
ZISPIS	Zambia Integrated Social Protection Information System
SWSD	Single Window Service Delivery
ZCCM-IH	Zambia Consolidated Copper Mine Investment Holding
SMS	Short Messaging System

Figures

Figure 1: Growth in Domestic Revenue Collections between 2022 and 2023

Tables

Table 1: 2023 8NDP Budget Performance

Table 2: Performance of Key Macroeconomic Indicators 2022 - 2023

1.0 COMPOSITION OF THE COMMITTEE

The Committee consisted of Mr Fred C Chaatila, MP (Chairperson); Ms Brenda Nyirenda, MP (Vice-Chairperson); Mr Machila Jamba, MP; Mr Koonwa Simunji, MP; Mr David Mabumba, MP; Mr Kalalwe Mukosa, MP; Mr Jeffrey Mulebwa, MP; Mr Anthony C Mumba, MP; Mr Mayungo Simushi, MP and Mr Mwabashike Nkulukusa, MP.

PART I

CONSIDERATION OF THE 2023 ANNUAL PROGRESS REPORT ON THE IMPLEMENTATION OF THE EIGHTH NATIONAL DEVELOPMENT PLAN FOR THE PERIOD 2022 – 2026

2.0 INTRODUCTION

The Eighth National Development Plan (8NDP) themed “*Socio-Economic Transformation for Improved Livelihoods*” set forth Zambia’s strategic direction to achieve the development priorities for the period 2022 to 2026. The 8NDP, was designed to unlock the country’s immense prospects in all sectors of the economy for sustainable, holistic and inclusive national development to return the country to the trajectory of its 2030 Vision of becoming a prosperous middle-income nation. The Plan focused on four Strategic Development Areas which included: Economic Transformation and Job Creation; Human and Social Development; Environmental Sustainability; and a Good Governance environment, aimed to address the economic and social ills besetting the country.

The year 2023 marked the second year of implementation of the 8NDP and in line with section 29(1) of the *National Planning and Budgeting Act, No. 1 of 2020*, the Minister of Finance and National Planning tabled before the National Assembly, the 2023 Annual Progress Report (APR). The 2023 APR set out to present the performance on what was planned to be implemented and what was achieved during the implementation of the set targets for 2023. Therefore, in view of the requirements of the law, the Planning and Budgeting Committee considered the 2023 APR on the implementation of the 8NDP.

2.1 Objectives of the 2023 Annual Progress Report

The APR provided an opportunity to reveal the implementation successes, challenges and lessons that needed to be noted and managed in the successive years of implementing the 8NDP. The APR report provided but was not limited to:

- (i) the extent to which the output targets in the 8NDP had been attained;
- (ii) the significant achievements and milestones reached during the second year of 8NDP implementation; and
- (iii) highlighted the areas of success and identified areas for improvement, by transparently communicating progress to stakeholders with regards to implementation of programmes.

2.2 Overview Performance of the 8NDP in 2023

A total of 1,053 targets were set to be met in 2023. Out of this 485 were met, 109 were partially met and 459 were not met; representing, 46 per cent, 10 per cent and 44 per cent, respectively. In

comparison to 2022 were the total number of targets was 594, with 318 being met, 220 being partially met and 220 not being met. Therefore, there had been a reduction in the completion rate from 56 per cent in 2022 to 46 per cent in 2023.

2.3 Financing of the 8NDP vis-à-vis Overview of the Budget Performance of the 8NDP in 2023

The total cost for implementing the programme under the 8NDP was estimated at K731.4 billion. The sources of funding for implementation were supposed to be drawn from a combined pool including domestic revenues, domestic and foreign borrowing, cooperating partners, private sector, civil society and other developmental partners. With regard to 2023, a total of K107 billion was estimated for the implementation of the Plan. The Government allocated an annual Budget of K48.3 billion, representing 54.9 per cent, towards 8NDP implementation. This translated into a financing gap of K58.7 billion which was intended to be filled by other funding sources. Notably of the K48.3 billion, only K46.8 billion was released. The breakdown of the budget performance by respective Strategic Development Areas (SDAs) was as outlined in Table 1 below.

Table 1: 2023 8NDP Budget Performance

Strategic Development Area	2023 8NDP Planned Budget	2023 Annual Budget	Released	Expenditure	% of 2023 8NDP Target	% of 2023 Budget Allocation to 8NDP
Economic Transformation and Job creation	64.05	14.79	13.03	12.87	59.8	30.6
Human and Social Development	39.97	28.51	27.67	27.28	37.3	59
Environmental Sustainability	1.44	1.44	2.52	2.4	1.3	3
Good Governance Environment	1.59	3.57	3.56	3.56	1.5	7.4
Total	107.05	48.31	46.78	46.11	100	100

The large funding gap as seen in Table 1, showed that many planned projects and programmes under the 8NDP did not receive adequate funding. This could have contributed to delays or incompleteness of projects as seen by the performance of the Plan in 2023. Additionally, according to the 8NDP targets, 60 per cent of the resources were to go towards Economic Transformation and Job Creation SDA. However, in the 2023 Budget, the bulk of resources translating to 59 per cent were allocated to the Human and Social Development SDA probably indicating changed priorities. Notably, the Environmental Sustainability SDA was also funded beyond the budgeted amount.

3.0 SUBMISSIONS BY STAKEHOLDERS

3.1 Macroeconomic Framework and Budget Performance in 2023

The Committee was informed that in 2023, every economic indicator fell within target range, save for annual inflation whose performance was outside of the projected band as shown in Table 2 below.

Table 2: Performance of Key Macroeconomic Indicators 2022 - 2023

Macroeconomic Indicator	Baseline	2022		2023	
		Target	Outturn	Target	Outturn
Real GDP Growth (%)	3.6	3.6	4.7	3.6	5.8
CPI inflation (end of period)	16.4	7	9.9	6 to 8	13.2
Domestic revenue to GDP ratio (%)	23.6	>18	20	21.8	21.8
Overall fiscal deficit, including grants (% of GDP)	9.0	<3	8.1	7.7	5.7
Gross international reserves (months of Import cover)	4.4	>2	3.8	>3	3.7

Source: PBO construction using 2022, 2023 APR and 8NDP

The Committee was further informed that significant progress was made in achieving the macroeconomic objectives set out in the 2023 Budget vis-à-vis the 8NDP targets. Stakeholders submitted that the macroeconomic targets of 2023 in comparison to the 8NDP were as follows:

- i) real GDP was estimated to have grown by 5.4 per cent against a target of 3.7 per cent;
- ii) domestic revenue to GDP Ratio was 21.8 per cent against a target of 21.8 per cent;
- iii) the fiscal deficit was estimated at 5.7 per cent of GDP against a target of 6.3 per cent; and
- iv) domestic borrowing was 2.9 per cent against a target of 3.7 per cent.

However, inflation rose to 13.1 per cent in December 2023 against a target of 6-8 per cent from 9.9 per cent in December 2022.

(a) Economic Growth:

Economic growth continued to perform well above the 8NDP target. GDP growth outturn for 2022 was at 4.7 per cent against a targeted 3.6 per cent while that of 2023 was at 5.8 per cent against a targeted 3.6 per cent. Outturns for both years were above the 4.5 per cent plan target of the 8NDP.

The Committee was informed that in 2023 Real GDP growth followed a similar pattern to Real GDP growth in 2022 with the highest contributions of growth coming from the Information and Communication Technology 2.7 per cent, Education 1.1 per cent and the Construction 0.9 per cent sectors. Stakeholders submitted that, these growth drivers were not the typical priority sectors identified in the 8NDP among them agriculture, tourism, manufacturing, and mining. Of the key drivers of the Economic Transformation and Job Creation Strategic Development Area, only manufacturing had a positive contribution at 0.9 per cent while agriculture had -0.6 per cent and mining -0.5 per cent all contributed negatively in 2023. It was further stated that the effects of the Russia-Ukraine war; the Israel-Palestine war; tighter global financial conditions; as well as the ongoing debt restructuring talks, continued to be, major downside risks to economic growth forecast. To sustain economic growth, stakeholders emphasised the need to leverage on the strengths of high-performing sectors while addressing the challenges in those contributing negatively.

(b) Inflation

Annual inflation was the only economic indicator that did not meet its target. Inflation trended above the 6-8 per cent target of the 8NDP from 9.9 per cent in 2022 to 13.2 per cent in 2023. The

major drivers of inflation included the depreciation of the Kwacha against major trading currencies, high maize grain and mealie meal prices owing to constrained supply amid strong regional demand for maize grain, upward adjustment in electricity tariffs and increase in transportation costs following increases in retail fuel prices. Stakeholders submitted that rising inflation introduced cost pressures, altered financial conditions, and affected market dynamics, all of which could have a significant negative impact on the execution and success of a development plan resulting in the below par performance of the 8NDP in 2023.

(c) Exchange Rate

The Committee was informed that in 2023, the Kwacha experienced persistent pressure against major currencies, depreciating by 42 per cent, year-on-year against the US\$ dollar. The annual average exchange rate of the Kwacha to the US\$ dollar depreciated by 19.7 per cent to K20.23/US\$ from K16.91/US\$ in 2022. The depreciation of the Kwacha was mainly on account of low and intermittent supply of foreign exchange by the mining sector, heightened demand and negative sentiments. Stakeholders submitted that the mining sector supplied US\$1.1 billion into the domestic foreign exchange market compared to US\$1.3 billion in 2022. Further, the reduced foreign exchange supply was primarily attributed to lower copper production, induced by low-grade ore and operational challenges at major mines.

(d) Public Debt

The Committee was informed that the stock of Central Government External Debt as at end December, 2023 increased by 4.4 per cent to US\$14.57 billion from the end December, 2022 position of US\$13.96 billion. It was further stated that the increase was attributed to disbursements from multilateral creditors while the increase in debt stock for Bilateral Paris Club and others was due to the depreciation of the Kwacha.

(e) Fiscal Deficit

In the period under review, the fiscal deficit was at 5.7 per cent of GDP, which was within the target of 7.7 per cent in the 2023 Budget. However, the 5.7 per cent fiscal deficit did not meet the 8NDP target to reduce the fiscal deficit to 3.6 per cent of GDP by 2026. The continued widening of the fiscal deficit, coupled with the protracted debt negotiations under the Common Framework, threatened the attainment of the 65 per cent debt -to -GDP ratio prescribed in section 11(2) of the *Public Debt Management Act, No 15 of 2022*.

(f) Gross International Reserves

Although Gross International Reserves (GIR) continued to be above the 8NDP target of at least 3 months of import cover, there was a slight reduction in GIR from 3.8 months cover as at end of 2022 to 3.7 months cover as at end of 2023.

3.2 Fiscal Performance

In 2023, total revenue and grants amounted to K122.1 billion, exceeding the budget target of K113.3 billion by 7.7 per cent. This was largely due to the over-performance of grants and non-tax revenue. Tax revenue collections amounted to K92.4 billion, 17.3 per cent of GDP, and fell below the target of K93.8 billion. Non-tax revenue collections reached K23.7 billion, 4.4 per cent of GDP, exceeding the target of K17.8 billion by 14.9 per cent. Grants amounted to K6.05 billion, against a target of K1.7 billion, representing an over-performance of 255 per cent.

Collectively, domestic revenue collections (tax and non-tax revenues) amounted to 21.8 per cent of GDP, meeting the 8NDP target of 21.8 per cent for 2023. The detailed performance is outlined below.

3.2.1 Domestic Revenue Mobilisation

In 2023, domestic revenue (both tax and non-tax) as a per centage of GDP met the 8NDP target of 21.8 per cent, up from 19.6 per cent of GDP in 2022. This indicated an increased capacity of the Government to generate revenue from domestic sources. The primary drivers of revenue growth between 2022 and 2023 were VAT, excise duties, and non-tax revenue. VAT collections grew by 60 per cent between 2022 and 2023, while excise duties and non-tax revenue collections increased by 45 and 23 per cent, respectively. One of the major factors contributing to the significant increase in excise duty collections was the reinstatement of excise duty on petrol and diesel. While this tax provided the much-needed tax revenue, consumers ultimately bore the burden of the tax. This added cost factor contributed to the higher pump prices of petrol and diesel, as well as the increasing cost of living.

Notably, revenue from the mining sector underperformed. Mining company income tax and mineral royalty collections decreased by 55 and 26 per cent, respectively. The negative performance of the mining sector highlighted Zambia's heavy reliance on vulnerable primary sectors, underscoring the need for Zambia to increase its share of secondary and tertiary sources of revenue such as manufacturing and ICT, for economic stability, job creation and sustainable domestic resource mobilisation. Notwithstanding the under-collection of revenue from the mining sector in 2023, the mining and quarrying sector remained the largest contributor to domestic revenue, contributing 31 per cent. Wholesale and retail trade; and manufacturing were the second and third largest contributors at 19 and 10 per cent, respectively.

(a) Tax Revenue

Stakeholders informed the Committee that the underperformance of tax revenue collections was mainly due to lower-than-planned collections of income tax and customs duty. Income tax collections amounted to K45.1 billion, which was 10.5 per cent below the target of K50.4 billion. This negative outturn was driven by under-collections of mining company tax, attributed to decreased copper and gold production, among other factors. However, Pay as You Earn (PAYE) and Withholding Tax both exceeded their respective targets of K19.3 billion and K9.9 billion.

Value Added Tax (VAT) collections amounted to K32.9 billion against a target of K29.2 billion, exceeding the target by 13 per cent. The favourable outturn was driven by higher-than-projected collections of import VAT due to increased imports of fertilisers, vehicles, and petroleum products. Notably, despite the operationalisation of United Capital Fertiliser (UCF), fertiliser imports increased in 2023, contributing to exchange rate pressures. UCF was envisioned to reduce fertiliser imports by 60 per cent.

(b) Non-Tax Revenue

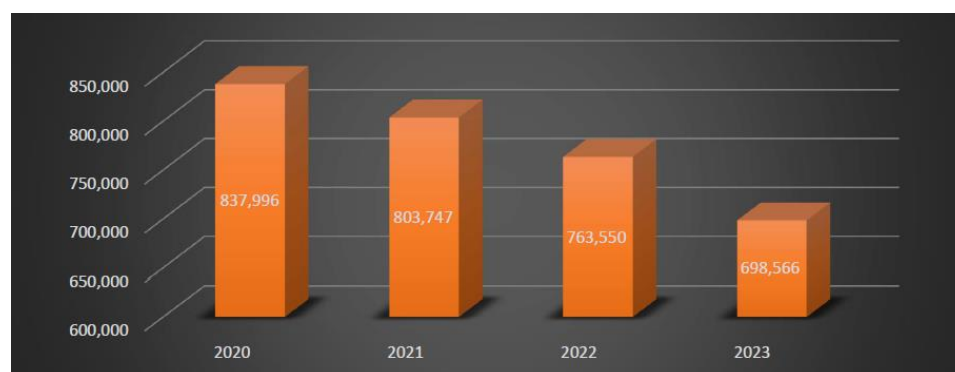
Non-tax revenue amounted to K23.7 billion which was 32 per cent above the target of K17.9 billion, owing to over-performance of fines, fees, and charges, as well as exceptional revenue from TAZAMA and Atlas Mara Bank. However, mineral royalty collections stood at K7.7 billion, falling below the target of K9 billion by 14 per cent. The underperformance was due to a decline in copper output amid low ore grade, operational challenges at Mopani and Konkola Copper

Mines, and routine closures for maintenance at some mines. The restructured mineral royalty regime for copper also contributed to the negative performance.

3.3 Mining

The 2022 Budget pronounced an estimate of 3 million metric tonnes (MT) of copper production by 2032. The intention under the 8NDP was to achieve 1.5 million MT copper production by 2026, which translated to an average increase of about 140, 000 MT per year in the period 2022 to 2026. In this sense, copper production in the 8NDP period was expected to be not less than 900,000 MT. However, contrary to aspirations, the copper production levels had been trending downwards in the last five years as shown in the figure 1 below.

Figure 1: Copper Production (Mt) 2020 - 2023



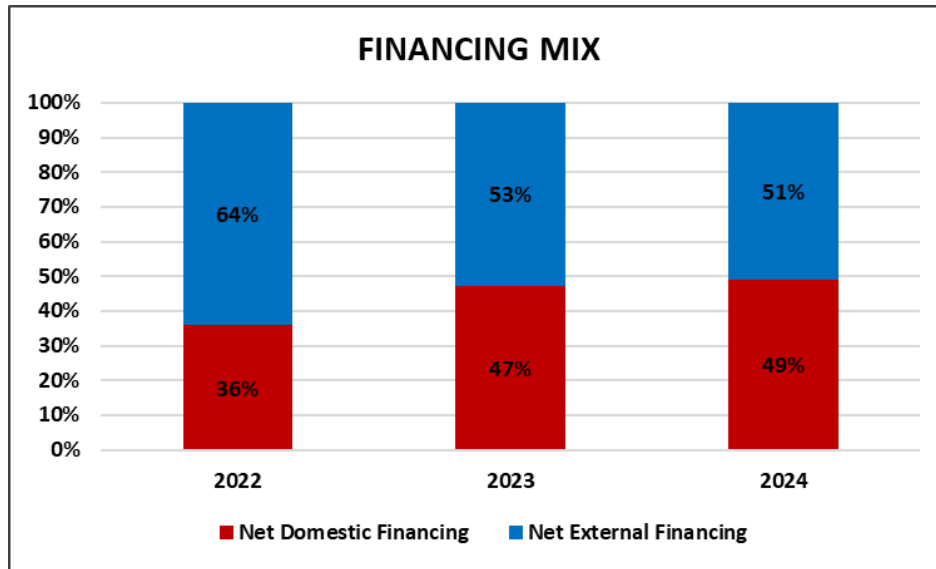
Source: 2023 Annual Economic Report

Copper production for 2023 decreased by 8.5 per cent to 698,566 MT from 763,550 MT the lowest in the last five years. This posed a huge risk to the realisation of the 8NDP goals as copper was one of the largest contributors to GDP in the country. However, on a positive note, small scale copper production had continued to increase with 2023 production increasing by 7.9 per cent to 34,017 MT from 31,520 MT in 2022. This was on account of increased production activities at mine tailing dumps.

3.4 Financing of the Eighth National Development Plan

Stakeholders informed the Committee that in 2023, gross domestic financing was on target at K15.58 billion, while gross external financing fell short by 52.5 per cent, amounting to K18.24 billion against a target of K38.4 billion. It was stated that the shortfall in external financing in 2023 was mainly attributed to lower-than-projected disbursements on the IMF Extended Credit Facility, selected project loans, and the non-disbursement of World Bank Development Policy Operation (DPO) loans intended for budget support.

Figure 2: Net Financing Mix (2022 - 2024)



Source: PBO Construction using the 2023 Annual Progress Report

The 2023 financing outturn indicated that the ratio of net domestic financing to net external financing was 47:53, against a budget target of 38:62. In 2022, the financing outturn was 36:64. This trend signalled progress towards more domestic financing to mitigate foreign exchange risk, albeit with potential crowding-out effects. However, the Bank of Zambia Credit Conditions Survey for the first three quarters of 2023 revealed that credit conditions for Small and Medium Enterprises (SMEs) and large corporations remained loose, primarily due to high (adequate) liquidity levels in the money market. It was stated that sufficient credit was available for SMEs and large corporations despite increasing Government participation on the domestic debt market, suggesting that Government may still have room to borrow from the domestic market while maintaining sufficient liquidity for the private sector. Stakeholders, however, were concerned that the prevailing high interest rates limit long-term capital investments by businesses.

PART II

4.0 VIEWS OF STAKEHOLDERS ON PERFORMANCE OF STRATEGIC DEVELOPMENT AREAS, STRATEGIES AND PROGRAMMES

All the stakeholders who appeared before the Committee commended the Government for adhering to the provisions of section 29(1) of the *National Planning and Budgeting Act, No. 1 of 2020*, which directed the Minister of Finance and National Planning to submit to the National Assembly an annual review of the implementation of the National Development Plan. However, the stakeholders expressed concern that the observed financing gap in budgeting and expenditure affected Government's ambition to eradicate poverty and improve the livelihoods of millions of Zambians.

4.1 Performance of Strategic Development Areas

Stakeholders informed the Committee that to accelerate progress during the implementation of the 8NDP period, and drive the economy to greater heights, the Government would use a focused approach, based on four SDAs: Economic Transformation and Job Creation; Human and Social Development; Environmental Sustainability; and Good Governance. Performance in the four thematic areas of the 8NDP with respective concerns of stakeholders is as discussed below.

4.1.1 Strategic Development Area 1: Economic Transformation and Job Creation

Stakeholders submitted that SDA 1 was co-chaired by the Ministry of Commerce Trade and Industry; and the Zambia Association of Manufacturers (ZAM). SDA 1 had a total of 465 targets which were set to be achieved in 2023. Out of these targets, 216 were met, thirty were partially met and 219 were not met, representing, 46.5 per cent, 6.5 per cent and 47 per cent, respectively. With regard to the budget allocations for SDA 1, the Committee learnt that a total of K64.04 billion was the estimated Budget for implementing 8NDP programmes under SDA 1 in 2023 of which K14.79 billion was allocated through the National Budget, representing a deficit of K49.25 billion. Out of the annual allocated amount by the Government, K13 billion was released, representing 88 per cent of the allocated annual budget. A total of K12.87 billion was expended, representing 98.8 per cent absorption.

(i) Development Outcome 1: An industrialised and Diversified Economy

Strategy 1 -: Increase Agricultural Production and Productivity

Stakeholders submitted that the overall performance of the outcome on Industrialised and Diversified Economy was satisfactory as it had a negative contribution to GDP growth 0.6. This was attributed to non-implementation of infrastructure development in the sector, lack of mechanisation as a partly 101 small-scale farmers received mechanisation fund, lack of early warning equipment and no farm hectare allocation.

The Committee was informed that although notable achievements were observed in Smart Agriculture, there was low productivity largely due to overreliance on rain-fed agriculture particularly among small-holder farmers. It was submitted that there was need to have a deliberate focus on investing in small-holder irrigation development, while at the same time pursuing public-private partnerships for irrigation development in the commercial sector.

The Committee was also informed that the budget allocation for the agriculture sector was 6.7 per cent in 2023, to address various challenges such as low productivity, access to modern farming technologies, and climate change resilience. It was observed that the Maputo Declaration mandated signatory parties to dedicate at least 10 per cent of their national budgets to the agriculture sector in order to achieve a 6 per cent annual growth. Stakeholders, however, expressed concern that the agriculture budget fell short of the Maputo Declaration Agreement.

The Committee was informed that it was commendable for Government to introduce the Sustainable Agricultural Financing Facility (SAFF), which had loan values ranging between K13,000 and K70,000 for farmers with one to five hectares of agricultural land. The Committee learnt that as at 21st June, 2024, out of the 26,289 farmers who had applied for SAFF, 10,348 had received support totalling K257,412,708.

Stakeholders expressed concern that for more than a decade, the Farmer Input Support Programme (FISP) and the Food Reserve Agency had continued to gobble more than 50 per cent of the total budget to the Ministry of Agriculture. FISP had numerous challenges such as lack of graduation of farmers, stressing the need for software-based monitoring in order to track FISP beneficiaries who had been on the programme for too long. The Committee was also informed that although 600 extension officers were recruited out of 500, only 15 extension camp houses out of 536 were rehabilitated.

Strategy 2: Promote Traditional and Non-Traditional Minerals

The Committee heard that large-scale copper production decreased by 8.51 per cent from 763,550 tonnes in 2022 to 698,566 tonnes in 2023. The low production was attributed to the low production in large-scale mines. However, it was noted that while large scale production declined, small scale processing plants saw a notable increase of 7.92 per cent in copper production, with 34,017 tonnes produced in 2023 compared to 31,519 tonnes in 2022.

Despite the low copper productivity, stakeholders commended the Government on normalising operations at Konkola Copper Mine (KCM) and Mopani. This was in addition to First Quantum Minerals (FQM) investing \$1.25 billion in Kansanshi mine, as it would enhance mineral production and mineral processing to actualise attainment of Government's aspirations of increasing copper production to 3 MT by 2032.

Stakeholders however expressed concern on revenue lost in the mining sector through transfer pricing. It was stated that Zambia Consolidated Copper Mine-Investment Holding (ZCCM-IH) being Government-owned entity, needed to be a Statutory Mining Company under Legislation and not merely as an ordinary company in the mining sector. This would ensure that ZCCM-IH would be a major share-holder in all mining companies for it to have a major stake in decision making.

The lack of legislation being a minor shareholder made ZCCM-IH not to have influence in major decisions such as payment of dividends.

Other Stakeholders submitted that although Zambia was endowed with various mineral resources, there was a bias towards copper and cobalt, leaving the other mineral resources underdeveloped.

The Committee was informed that during the period under review, geological mapping was undertaken in Lufwanyama, Copperbelt Province, Mumbotuta Falls areas in Luapula Province extending the coverage area for geological mapping from 54.76 per cent in 2022 to 56.36 per cent in 2023, resulting in improved availability of reliable and up to date geological information and increased exploitation of mineral resources in Zambia.

Stakeholders also submitted that during the period under review, various interventions were undertaken to formalise small-scale miners, such as granting of artisanal mining licenses to 155 gold mining cooperatives and 117 artisanal mining licenses in other mineral commodities other than gold. Furthermore, there was need to enhance sensitisation on the tax regime for the artisanal and small-scale miners, in addition to creation of platforms to link investors with artisanal and small-scale miners.

Strategy 3: Promote Value-Addition and Manufacturing

Stakeholders expressed concern with respect to the lack of participation of youths and women in value chains. The target to have 80,000 youths employed in value chains was not met as only 12,551 youths were employed in the value chains. On the other hand, a total of 10,236 women were employed in value chains, meeting and exceeding the target to employ 120 women.

It was stated that the ability to form market linkages was key in ensuring business growth and sustainability. The Committee was informed that a total of 3,981 businesses were linked to value-chains, exceeding the target to link 1,000 farmers. On the other hand, the target to link 500 Micro Small and Medium Enterprises (MSMEs) to business opportunities in various sectors was not met as only twenty-four MSMEs were linked.

Stakeholders recommended the tracking of various linkages and ventures created in 2023 to determine growth and impact on future employment creation measures. However, the target to operationalise one industrial hub or economic zone was not met. Other stakeholders further submitted that the target to have 12,000 people graduating from skills centres and Technical Vocational and Entrepreneurship Skills Training (TEVET) institutions was met as a total of 66,370 people graduated from skills centres and TEVET Institutions in 2023. The performance was attributed to new TEVET institutions registered in the course of the year.

Strategy 4: Promote Tourism Growth

Stakeholders informed the Committee that the country recorded a 31.2 per cent increase in international tourist arrivals, surpassing the annual target of 23 per cent. The achievement was primarily attributed to Government initiatives aimed at fostering tourism, including hosting significant meetings, conferences, and events, as well as providing incentives. Stakeholders further submitted that the introduction and implementation of visa waivers to attract tourists and intensified marketing efforts positioned Zambia as a favoured tourism destination. However, the target to record an increase in domestic tourists by 55 per cent was not met, with only a 22 per cent increase. The shortfall was primarily attributed to insufficient promotion of domestic tourism within the country. Stakeholders stated that there was need for Government to create incentives for citizens to embark on investment in the tourism sector. Stakeholders submitted that during the period under review, a total of 385,399 domestic tourist arrivals at tourist sites were recorded

against the target of 722,313 arrivals. On the other hand, the target to have 437,500 international tourist arrivals was met and exceeded as 1,392,153 international tourist arrivals were recorded.

The Committee was further informed that infrastructure development was key in ensuring growth of the tourism sector. Stakeholders submitted that during the period under review, a total of 1,808.9 kilometres of access roads to tourist sites were rehabilitated to climate resilient standards against the target to rehabilitate 1,680 kilometres. On the other hand, a total of 1,879 kilometres of loop roads in national parks and game management areas were rehabilitated to grade D/E climate resilient standards against the target to rehabilitate 416 kilometres. The Committee was informed that these targets were achieved and exceeded through enhanced collaboration with cooperating and conservation partners in the tourism sector. Other stakeholders expressed concern with regard to tourism promotion and marketing as the target to conduct four road shows was not met.

Strategy 6: Enhance Generation, Transmission and Distribution of Electricity

Stakeholders informed the Committee that during the year under review, the goal was to increase electricity generation capacity, with notable achievements recorded through the additional 150 Megawatts (MW) turbine which was commissioned at the Kafue Gorge Lower Power Station, bringing the 750MW power project to full completion. Stakeholders further submitted that there was an additional 33MW from the Copperbelt Energy Corporation (CEC) Solar PV Power Plant resulting in a total national installed capacity of 3,812 MW. These interventions contributed to the promotion of alternative green and renewable energy and diversification of the energy mix. The Committee was also informed that the target to scale-up rural electrification connections to 1,075 in 2023 was met as 3,314 connections were achieved. Other stakeholders also submitted that the programme output “to increase the number of connections to the National Grid” was met, as the annual target to increase connections by 80,000 was exceeded with 85,028 connections being achieved.

Stakeholders also recommended the continued increase in investments by Public Private Partnerships in energy projects, through initiatives such as the Open Access Frameworks and Net Metering which would feed into the main ZESCO grid. Other stakeholders also submitted that Government should introduce incentives such as tax holidays and subsidies for potential investors in the energy sector, as this would enhance sector growth and creation of jobs. However, stakeholders expressed concern on the lack of regulatory framework with regards to investor participation in the sector, and the high bureaucracy which had impacted investor entrance. The Committee was informed that to promote energy efficiency, a number of interventions were put in place among them, promotion of the use of solar home systems, and distribution of energy efficient lighting bulbs.

Strategy 7: Enhance Management of Petroleum Products

Stakeholders informed the Committee that the procurement of petroleum products continued to be private sector led with 80 per cent of diesel being transported by the pipeline and 20 per cent by road. Stakeholders further submitted that the target to attain a storage capacity of 510,428 cubic metres of fuel was not met as the storage capacity stood at 410,824 cubic metres, attributed to the non-operationalisation of the Lusaka fuel depot. The depot was expected to be completed and commissioned in 2024.

Other stakeholders also submitted that the target to promote alternative fuel production by developing the bio-fuel infrastructure development framework was not met. The Committee was however informed that the National Biofuel Blending Pilot Programme was launched, aimed at reducing fossil fuel content in diesel by up to 20 per cent, improved efficiency in the utilisation of blended petroleum products, provision of affordable fuel, transition into greener fuels, and ultimately create local jobs in the provision of raw materials, production, transportation and blending of bio-fuels.

Strategy 8: Enhance Management and Productive use of Water Resources

Stakeholders commended the Government on the implementation of initiatives such as water harvesting through construction of dams, as the initiative resonated with the requirement for natural resource conservation. This was in view of the subsisting national energy crisis, coupled with the effects of climate change. The Committee was informed that it was essential to ensure that water harvesting infrastructure was climate resilient and adaptable to changing conditions. The interventions should be treated as priority by allocating the required resources to ensure timely implementation. Other stakeholders also submitted that there was need to expedite exploration and mapping of ground water as a way of enhancing the development of ground water resources. The Committee was informed that interventions such as water resource mapping and hydrological assessment were key in monitoring underground water pollution. Stakeholders further recommended for the expedited development of the final Kafue Catchment Plan as its absence had resulted in over utilisation of water resources without due consideration of the impact on the ecology and downstream users.

Other stakeholders expressed concern that the target to construct five small dams was not met while seventy-seven small dams were maintained. Furthermore, the target to map ten localised aquifers was not met as only two localised aquifers were mapped.

(ii) Development Outcome 2: Enhanced Citizenry Participation in the Economy

Strategy 1: Promote Local and Diaspora Participation in the Economy

Stakeholders submitted that some of the targets were fully met while others were partially met. The Committee learnt that the target to have 50 per cent of MSMEs participating in reservation schemes was met at 100 per cent. On the other hand, the target to have 4000 vulnerable youths accessing grants for economic activities was partially achieved as 3,290 youths were empowered.

Other stakeholders submitted that the target to have 200,000 youths owned businesses benefitting from empowerment funds was met as 5034 youth owned business benefited from empowerment funds. This performance was attributed to high interest rates attached to empowerment funds. Others expressed concern on the multiplicity of empowerment schemes resulting in double dipping.

Strategy 2: Promote Enterprise Development

The Committee was informed that the number of MSMEs compliant with business registration requirements could not be assessed at the time of reporting due to lack of information. However, a total of 99,713 annual returns were filed, exceeding the target of 95,400 annual returns. This was attributed to Short Messaging System (SMS) and social media reminders to file annual returns as

well as the statutory requirement to remain compliant for businesses seeking to access the Constituency Development Fund (CDF). Other stakeholders also stated that the target to register 19,660 business names was exceeded as a total of 33,114 business names were registered. In addition, 17,225 companies were registered, exceeding the target to register 12,752 companies, attributed to the need to formalise businesses to access the CDF.

Stakeholders however expressed concern that the target to have 872 of creative enterprises formalised (company/tax registration) could not be assessed as data was not available at the time of reporting. It was further submitted that there were too many processes involved in formalising a business, which impacted availability of information due to the high number of businesses in the informal sector. Stakeholders recommended for enhanced collaboration with the Patent and Company Registration Agency in order to access information on the number of registered or formalised businesses.

Other stakeholders submitted that there were no targets during the year under review to create industrial yards. However, three industrial yards were operationalised in Kasama, Mongu and Chipata District in the year under review. Stakeholders also expressed concern with regard to whose mandate it was to operate and managed industrial yards between the Ministry of Small and Medium Enterprise or the Citizens Economic Empowerment Commission (CEEC). The Committee was informed that the ideal management model was for the industrial yards to be operated by the private sector, with support from Government. It was further stated on the need for both the Ministry of Small and Medium Enterprise and the CEEC to collaborate in order to stimulate business growth and financial support.

(iii) Development Outcome 3: A Competitive Private Sector

Strategy 2: Facilitate Increased Domestic and International Trade

The Committee was informed that Zambia had so many economic and trade opportunities which were not being utilised. Stakeholders submitted that the country could benefit through exporting of locally made products through value addition and market linkages. Stakeholders submitted that efforts were being made to improve the cross-border trade through creation of non-stop border points, in addition to enhancing security at borders across the country.

Stakeholders submitted that with regards to investments, projects and increased facilitation of trade volumes under the Bi-National and Joint Permanent Commissions of Cooperation (JPCCs), a total of fifteen agreements and Memorandum of Understanding (MoUs) were signed, exceeding the target to sign three agreements/MoUs. The Committee was informed that these agreements were signed during the three JPCCs between Zambia and Saudi Arabia from 1st to 3rd March 2023; Zambia and Ghana from 26th to 28th April, 2023; and Zambia-Mozambique from 24th to 25th August, 2023.

With respect to the facilitation of global and regional development agenda engagements included among others the launch of the Kazungula Water and Sanitation project, official handover of the operations of the corridor to the concessionaire in Lobito, Angola, launch of construction works on Kasomeno-Mwenda Road in the Democratic Republic of Congo as well as launch of the expanded and modernised Nacala Port in Mozambique.

Other stakeholders, however, expressed concern on the high bureaucracy in the export business, which had potential to impact investors in the sector. The Committee was informed that Zambia still had a challenge with infrastructure to facilitate smooth flow of trade between Zambia and various trade partners. Stakeholders informed the Committee that the plan to revitalise the rail transport, was key, as it would facilitate regional trade and had potential to enhance exports. Another challenge that contributed to the high bureaucracy was the lack of capacity by local businesses to export at a large scale.

4.1.2 Strategic Development Area 2: Human and Social Development

The Committee was informed that SDA 2 was co- chaired by the Ministry of Community Development and Social Services and Civil Society for Poverty Reduction.

Stakeholders submitted that SDA 2 had a total of 343 targets set to be achieved in 2023. Out of these targets, 160 were met representing 47 per cent, 46 were partially met representing 13 per cent and 137 targets were not met representing 40 per cent. With respect to the funding allocation, stakeholder submitted that a total of K39.97 billion was planned to be spent on implementing 8NDP programmes in 2023 out of which the K28.51 billion was allocated in the 2023 National Budget representing a deficit of K11.45 billion. Out of this amount, K27.66 billion was released, representing 97 per cent and K27.27 billion was expended, representing 98.57 per cent absorption rate. In comparison, in 2022, the approved budget for the same SDA was K28.6 billion, with K25.5 billion released and K25.09 billion spent, yielding a 98.3 per cent absorption rate. Although the National Budget allocation was higher in 2023, it was significantly short of the 8NDP planned budget by 28.7 per cent.

Stakeholders submitted that despite several gains, significant constraints persisted in Zambia which affect Human and Social Development, including declining enrolment rates, gaps in technical skills and training quality, high disease burdens, and inadequate health infrastructure. Additionally, significant rural-urban disparities, extreme poverty and social protection challenges were prevalent.

(i) Development Outcome 1: Improved Education and Skills Development

Strategy 1 - Enhance Access to Quality, Equitable, and Inclusive Education

The Committee was informed that the target to establish 240 Early Childhood Education (ECE) centres was exceeded by 700, with 940 centres having been established in 2023. ECE further had a target to deploy 400 qualified teachers to teach Learners with Special Education Needs (LSEN) was achieved as 400 LSEN teachers were deployed. Stakeholders commended Government for meeting most of the targets under ECE. While the target to deploy 400 qualified teachers to teach learners with special educational needs was met, it would have been more encouraging had more teachers been deployed as this hypothetically meant that only about three teachers were deployed to each district. Stakeholders recommended the prioritisation of needs of learners with special educational needs to achieve equitable access to education for all learners in Zambia.

Other stakeholders expressed concern over the failure to deploy 434 teachers under ECE which was deferred to 2024. They also expressed concern at the failure to inspect all the seventy-five ECE centres due to funding challenges. Similarly, 2,536 primary school teachers were not deployed and consequently the pupil teacher ratio of 40:1 by 2026 was negated.

The Committee was informed that most of the targets for the construction of ECE centres, secondary school classrooms and teachers' houses under the World Bank supported project were not met. Stakeholders submitted that while targets to re-enter girls into schools were met and exceeded, they expressed concern that many of the teenage girls fell pregnant at a tender age.

Strategy 2 - Improve Technical Education, Vocational and Entrepreneurship Skills

Stakeholders commended the Government that all the targets to enrol learners at primary and secondary schools and to support 8,000 students with bursaries were met. The Committee was informed that Government needed to support even more learners with bursaries so that youths were empowered with the necessary skills to enable them to survive in the absence of white-collar jobs.

Stakeholders expressed concern that the target to rehabilitate 10 per cent of classrooms, lecturers' houses, boarding and bed spaces, workshops and 25 per cent of laboratories at TEVET level was not actualised due to limited resources.

Strategy 3: Increased Access to Higher Education

With regard to the target to recruit sixty TEVET lecturers, stakeholders informed the Committee that only four were recruited. They were of the view that the Government should also increase funding towards loans and scholarships so that access to high education loans could also be rolled out to students in private universities.

Development Outcome 2: Improved Health, Food and Nutrition

Strategy 1 –Strengthen Public Health

Stakeholders submitted that in disease prevention, TB notification and cervical cancer screening fell short. They further submitted that maternal and child health showed mixed results in antenatal care and immunisation rates. They further submitted that to fast-track progress in healthcare, there was need to enhance funding for critical maternal health, improve data systems to ensure accurate information for decision making and conducting regular capacity building for health care workers.

Strategy 2 – Increased Access to Quality Health Care

The Committee was informed that significant gaps in essential equipment functionality impacting patient care. The Committee learnt that ambulance functionality and health insurance coverage remained below targets highlighting critical gaps in emergency transport and financial access.

Strategy 3 – Enhanced Food Security and Nutrition

Stakeholders informed the Committee that there was limited district coverage in critical early childhood nutrition intervention. Further, there were gaps in school feeding implementation, affecting children's health and education. The Committee heard that there were delays in strategic planning for sustainable food systems and setbacks in micronutrient fortification efforts and institutional feeding guidelines.

Development Outcome 3: Improved Water and Sanitation

Strategy 1 - Improve Access to Clean and Safe Water Supply

Stakeholders submitted that in the interim, the 8NDP targets to increase access to safe water to 67 per cent by 2026 and increase sanitation coverage to 55 per cent. Unfortunately, the nation had no hand hygiene targets. The Committee was informed that the water and sanitation budget performance as measured by disbursed funding compared to approved allocation stood at 37 per cent of the approved budget, which was a significant drop from the 94.1 per cent recorded in the 2022 Annual Progress Report, indicating a retrogression to past budget performance averages. The large and persistent deviations between the budget authorised and actual expenditure indicated weaknesses in the public sector's ability to implement programs in water and sanitation.

Stakeholders informed the Committee that in 2023, the approved funding to water, sanitation and hygiene stood at K1.87 billion, a drop from K2.1 billion proposed budget allocation for 2023. Stakeholders expressed concern over the financing gap in water and sanitation, whose budget allocation had been declining since 2021. The Committee was further informed that considering the challenges the sector faced and the significant investments required, the subsisting funding level made it challenging to achieve the goal of access to WASH services for all by 2030. This was despite the lessons and emphasis on the importance of WASH highlighted by the COVID-19 pandemic and perennial cholera outbreaks that characterised poor urban communities.

Strategy 2 - Improve Sanitation Services

The Committee was informed that the supply of water in public places using the CDF made steady progress in 2022 and 2023, which include drilling and rehabilitation of boreholes in public institutions and communities as well as water reticulation systems. Stakeholders commended Government for using the CDF to finance water projects in communities, which needed to be maximised if we are to resolve the issues of equity and increase access in rural communities and peri urban communities. However, the Committee was informed that it was not clear whether the boreholes or water and sanitation interventions under CDF were being captured in the targets under the 8NDP Progress Report.

Development Outcome 4: Reduced Poverty and Vulnerability Inequality

Strategy 1 - Improve Social Protection Programmes

Stakeholders highlighted progress in integrating social protection across eighty-one districts, enhancing efficiency through initiatives like functional cash plus linkages. However, challenges such as limited utilisation of systems like the Zambia Integrated Social Protection Information System (ZISPIS) persisted due to resource constraints and operational issues. The Committee was also informed that the Single Window Service Delivery (SWSD) implementation in forty-six districts resulted in service access, yet lacked referral tracking, while a high number of formal sector social security registration was recorded, in contrast with challenges in informal sector coverage, indicating policy and implementation gaps.

Other stakeholders submitted that the root causes in the slow progress of the initiatives mentioned above was resource limitations which posed challenges in funding and infrastructure, impacting the expansion and integration of social protection systems like ZISPIS and SWSD, in addition to

operational and technological issues which hindered consistent service delivery and data management, especially in remote areas. It was further observed that awareness gaps in the informal sector limited participation, while coordination issues and data limitations affected monitoring and governance, potentially reducing the effectiveness of social protection initiatives. The Committee was informed that in order to fast track progress in provision of social protection programmes, there was need to increase funding for system expansion and technology, accelerating deployment of integrated systems, and enhancing public awareness. Stakeholders submitted that these efforts would help overcome resource constraints, technological challenges, awareness gaps, coordination issues, and data management limitations in social protection initiatives.

Strategy 2 - Enhance Welfare and Livelihoods of Poor and Vulnerable People

The Committee was informed that the target was to increase the percentage of the extreme poor population receiving Social Cash Transfer to 90 per cent. However, only 80 per cent was met. Stakeholders were concerned with the absence of credible baseline data on poverty statistics and believed the target may have been met considering the improvement in Government funding and positive support from cooperating partners towards social protection programmes.

Other stakeholders submitted that over 315,593 beneficiaries were provided with emergency cash transfers, exceeding the target of 140,000 beneficiaries. Stakeholders commended the Government with this initiative and stated that this should be sustained in view of the impacts of climate change and the high cost of living further impacted by the drought.

Stakeholders, however, expressed concern with provision of grants to disability institutions. The Committee was informed that only five disability institutions out of the targeted fifteen were provided with grants, which was a major step backwards to the disability community. This was because the Government managed to grant all fifteen disability institutions in 2022 but only granted five in 2023. The Committee was further informed that disability institutions across the country were in a state of disrepair and could not attract modern technologies and lacked trained or skilled staff.

Strategy 4—Increase Access to Decent and Affordable Housing

The Committee was informed that the strategy experienced mixed performance, with significant progress in land securing and settlement improvements, but notable setbacks in legislative updates, social housing construction, and rent-to-own projects, due to financial constraints and economic volatility. Stakeholders submitted that maintenance of existing housing was inadequate and unmet targets in financing and research underscored critical gaps hindering comprehensive sector development.

Stakeholders submitted that key risk factors hindering housing sector implementation included limited resources impacting legislative updates and housing construction; economic volatility affecting project costs and financing; administrative delays in regulatory reforms; coordination challenges in project management; and deficiencies in data management for monitoring progress and outcomes.

Strategy 5 – Reduce Vulnerability Associated with HIV and AIDS

The performance in reducing vulnerability to HIV/AIDS showed significant achievements in testing rates and ART coverage across most age groups, alongside successful reductions in HIV positivity rates. However, challenges persisted in achieving viral suppression targets and addressing funding sustainability. Gaps in paediatric testing and stigma reduction efforts also needed improvement to ensure comprehensive and effective HIV/AIDS management and prevention strategies are in place.

The Committee learnt that the key risk factors hindering HIV/AIDS programme implementation included heavy dependence on external funding, challenges in paediatric testing, adherence issues affecting viral suppression, incomplete healthcare provider training, and gaps in policy development.

4.1.3 Strategic Development Area 3: Environmental Sustainability

SDA 3 was co-chaired by the Ministry of Green Economy and Environment and World-Wide Fund for Nature (WWF).

The Committee was informed that the Environmental Sustainability Pillar had the lowest budget allocation in 2023 at 3 per cent of the 8NDP budget allocation. Stakeholders submitted that although 175 per cent of funds were released to the Environmental Sustainability pillar in 2023 compared to 85 per cent in 2022, only 39 per cent of targets were achieved compared to 50 per cent in 2022. The poor performance had an impact in attaining outcome indicators aimed at mitigating and adapting to the effects of climate change.

Stakeholders further submitted that the effective implementation of climate change mitigation and adaptation measures was to a greater extent affected by the promulgation of the Climate Change Bill. It was stated that the Ministry of Justice should expedite the drafting of the Climate Change Bill which provided for a legal and institutional framework in implementing mitigation and adaptation actions.

Other stakeholders also submitted that the target to recycle 10 per cent of collected electrical and electronic waste was partially met as 80 tonnes of e-waste was recycled in 2023. Thus, in order to enhance collection and recycling of e-waste, the Zambia Environmental Management Agency (ZEMA) had embarked on development of regulations for e-waste management. Additionally, the agency had engaged the University of Zambia to undertake studies on the waste value chain, economic viability and private sector involvement in waste management. The Committee was also informed that the Environmental Impact Assessment Regulations had been revised and draft regulations had been submitted to the Ministry of Justice for finalisation. These would simplify regulatory processes and offer incentives to attract private sector engagement and adherence to environmental requirements.

4.1.4 Strategic Development Area 4: Good Governance Environment

Stakeholders informed the Committee that SDA 4 was co-chaired by the Ministry of Justice and Transparency International Zambia (TIZ). The Committee was informed that SDA 4 had a total of 126 targets which were set to be achieved. Out of these targets, sixty-two were met, fourteen were partially met and fifty were not met, representing, 49 per cent, 11 per cent and 40 per cent,

respectively. Stakeholders submitted that a total of K1.57 billion was planned to be spent on implementing programmes under the Good Governance Environment strategic development area. The 2023 National Budget allocated K3.57 Billion towards the implementation of 8NDP programmes under this SDA, out of which K3.56 Billion was released, representing 99.92 per cent releases and K3.55 Billion was expended, representing 99.67 per cent absorption.

Good Governance Environment SDA was guided by two development outcomes namely, Improved Policy and Governance Systems and Improved Rule of law, Human Rights and Constitutionalism.

Stakeholders submitted that the target to issue 250, 000 certificates of title was not met as only 139,816 were issued representing 55.92 per cent success rate. This below target performance was attributed to the transition from Zambia Integrated Land Management Information System to Zambia Integrated Land Administration System. Stakeholder holders submitted that this pointed to the inefficiencies and the user unfriendliness of the new system that should be more efficient than the old one.

Other stakeholders submitted that the Corruption Perception Index (CPI) score improved by four points, from 33/100 in 2022 to 37/100 in 2023 and improved the Country's rank by eighteen points, from 116/180 in 2022 to 98/180 countries in 2023. The Committee learnt that the target to have 43 per cent of investigated corruption cases concluded was not met as only 25 per cent were concluded. This performance was mainly attributed to high staff turnover, which was against the 8NDP, where the Government resolved to scale-up interventions to promote transparency and accountability. This was through capacitating investigative institutions such as the Offices the Auditor General and the Anti-Corruption Commission.

The Committee was informed that the target to establish four (4) Electoral Commission of Zambia Provincial Offices, was not met as none were constructed. Furthermore, the targets of establishing one (1) legal framework for diaspora voting, one (1) legal framework for electronic voting, and revising one legislation to provide for proportional representation were not accomplished in 2023. While progress was being made, the Government should adhere to the 8NDP, which sought to promote democratic and political governance by promoting electoral reforms and decentralising electoral processes.

5.0 ENGAGEMENT WITH THE MINISTER OF FINANCE AND NATIONAL PLANNING

The Minister of Finance and National Planning appeared before Committee to give a policy perspective on the 2023 implementation of the 8NDP and also clarify issues that arose during interaction with the stakeholders that had made submissions to the Committee. The Minister informed the Committee that the APR was meant to highlight what milestones had been achieved in the year 2023. He also stated that an annual review was undertaken each year. The Minister further submitted that the performance of the 8NDP in 2023 was not very good, as most targets were just below 50 per cent met. He also expressed concern over the poor implementation of projects and programmes in various sectors, despite money being released.

The Minister further stated that there was need to harness the developments in the mining sector by exporting finished mining products through value addition. The Minister also informed the Committee that the prevailing drought had affected various sectors of the economy which had led to reduced economic growth for the first quarter of 2024. He stated the need to enhance mitigation on climate change, through diversification of power generation.

The Minister also apprised the Committee that the Government was committed to actualising the aspirations of the 8NDP and encouraged the Members to continue holding the Executive to task through their oversight function. The Minister provided clarification on the matters outlined hereunder.

(i) Effects of Reduced Economic Growth on the 8NDP

The Committee was informed that the drought experienced during the 2023 to 2024 rainy season has affected various sectors including agriculture. The spill-over effects, however, were beyond food security and agriculture; and affected other vulnerable sectors which were meant to contribute to the country's economic growth. Poor productivity in the economy eventually affected the country's domestic revenue mobilisation goals. In order to mitigate this challenge, the Minister stated that Government would import maize from neighbouring countries. The Committee was also informed that the Supplementary Budget presented to Parliament in June 2024 for approval would benefit various sectors of the economy which had been negatively affected by the drought.

The Minister also submitted that Government would continue engaging various stakeholders every quarter to ensure all Government Departments and Ministries were implementing programmes and projects effectively. He further stated that the *Public Procurement Act, No. 8 of 2020* was very bureaucratic and would need to be reviewed as it affected and delayed implementation of programmes.

(ii) Revitalising Growth amid Poor Performance of Economic Transformation

The Minister informed the Committee stated that despite many pillars not attaining their targets in 2023, private sector participation was key in ensuring that going forward, the economy grew through contribution by key sectors such as mining and manufacturing.

(iii) Debt Restructuring and its Impact on Financing Gap

The Committee was informed that since 2020, Zambia had not been servicing its debt obligations due to the unsustainable debt levels the country had reached. Considering that the debt restructuring was almost concluded, some funds in the National Budget would be allocated towards debt servicing. The Minister further stated that due to Zambia's default in debt servicing, the country's credit rating had deteriorated, thereby affecting Foreign Direct Investment which eventually affected foreign exchange inflows and revenue generation. The Minister informed the Committee that the debt restructuring paved way to investments due to high investor confidence.

The Committee was further informed that despite debt restructuring, the Government had prioritised resources towards the CDF and provision of free education from grade one to twelve. The Minister further stated that apart from paying foreign creditors, Government had also prioritised dismantling of arrears for local businesses, as a way of enhancing liquidity in the economy.

(iv) Lack of Participation by Cooperating Partners and various Stakeholders

The Committee was informed that various measures were being put in place to ensure that various stakeholders were involved in effectively implementing programmes in the 8NDP, such as setting up Regulation Policy on Development Cooperation. The Policy was launched in December 2023. The Committee was also informed that collaboration of stakeholders would also be enhanced through various clusters through which stakeholders were a part of. This was in addition to the planned review of both the 8NDP and the *National Planning and Budgeting Act, No.1 of 2020*.

6.0 TOURS

The Committee undertook a local tour to Southern, Central and Copperbelt Provinces. The tour was premised on the Budget pronouncements with respect to the energy and agriculture sectors for the financial years 2022, 2023 and 2024 budgets. The focus was on rural electrification, enhancement of the provision of extension services, development of irrigation schemes and farm blocks.

6.1 Local Tour to Southern, Central and Copperbelt Provinces

6.1.1 Tour of the Extension of the Grid Network and Deployment of Off-grid Electrification Solutions in Kalomo and Kazungula Districts

Kazungula District

The Committee toured Nyawa Grid project under Rural Electrification Authority (REA). The project constructed at over K23.4 million with 33kilovolt (KV) grid power, was a significant initiative aimed at connecting rural areas to the national electricity grid. The project reflected Zambia's commitment to expanding energy access to rural areas, fostering sustainable development. The Committee learnt that REA's main role was promoting and facilitating improved access to modern energy services in rural areas by overseeing the implementation of rural electrification programmes, managing funds dedicated to these projects, and sourcing additional funds for the expansion of rural electrification and renewable energy as opposed to rather than generating revenue.

Kalomo District

The Nkandanzovu Solar Mini-Grid project began in 2023 and was officially launched by the Government on 7th May, 2024. The total cost of the project was K4.13 million with installed power capacity of 34 Kilowatts power solar system to provide electricity to local primary and secondary schools, a rural health centre, a market, and the surrounding community, benefiting over 180 individuals.

6.1.2 Provision of Extension Services and Tour of Camp Houses

Kalomo District

During the meeting with officials from the Ministry of Fisheries and Livestock and Ministry of Agriculture and a spot check visit to Sipatunyana camp houses, the Committee was informed that there were twelve camp houses which included Nkandanzovu, Lungunya, Munyeke, Chifusa and Sipatunyana among others. Stakeholders submitted that nine new camp houses were earmarked for construction under the Ministry of Fisheries and Livestock. The Committee further heard that thirteen existing camp houses were in a dilapidated state and un-inhabitable, while others could be rehabilitated.

During the period under review, Kalomo district did not receive any funding with respect to the Ministry of Fisheries and Livestock for enhancement of extension services. The Committee learnt that the number of extension officers under the Ministry of Fisheries and Livestock were

inadequate. The Committee also learnt that the officers lacked the necessary tool kits for use in their work and that the extension officer to farmer ratio was still high.

With regard to the Ministry of Agriculture, the stakeholders informed the Committee that during the period under review, six agricultural extension officers were recruited and allocated to various camps in the district. In addition, a brand-new motor cycle was allocated to Sikweya Agriculture camp. The Committee learnt that the district had transport challenges as there were more camp officers without motor cycles. The Committee learnt that with regard to mechanisation equipment, the district received an agriculture disc plough, an agriculture fertiliser sprayer and agriculture cultivator.

The Committee heard under the Ministry of Agriculture, there was need to construct twenty-three new camp houses as the old ones were uninhabitable, while thirteen required rehabilitation and only two required minor works to be done.

Chisamba District

The Committee was informed that the district had a total number of 78,248 farmers out of which 49,810 were registered in the Zambia Integrated Agricultural Management Information System. Stakeholders further informed the Committee that they were seventeen gazetted agricultural camps and an additional six un-gazetted. The Committee learnt that most of the camp houses were dilapidated and required renovations and construction of completely new structures. Furthermore, the Committee heard that new camps had been created to reduce the high camp officer to farmer ratio and consequently there was urgent need to construct camp houses in the newly established camps.

Mufulira District

The establishment of camp extension officers was twenty-one while the number of staff houses was only four. The Committee further heard that only two houses were occupied out of the four because the other two were dilapidated and not un-inhabitable. The stakeholders submitted that there was need to renovate the other two camp houses. The Committee was informed that the agriculture office was housed within the District Administration Block due to lack of infrastructure. The Committee further heard that extension officers did not have adequate and reliable transport, making it difficult for them to effectively carry out their operations. The Committee learnt that the district only had two motor bikes which were procured under the CDF Kankoyo Constituency.

With regard to funding for operations, the funding to the agriculture office was erratic. As a result, their activities were supported through the Recurrent Departmental Charges through the Agriculture Development and Productivity and Management and Support Services. The Committee further heard that the station had only received funding for the month of February in 2024 and that other funds received were under SAFF for monitoring.

6.1.3 Tour of Farm Blocks

Nansanga Farm Block

The Committee was informed that Serenje District had five farm blocks namely: Nansanga, Munte, Luombwa, Kasanka and Sasa. Nansanga farm block, was one of the blocks the Government had

prioritised for development into a model one in Zambia. The planning, demarcation and surveying of Nansanga farm block was completed in 2009, after consultation and engagement with the traditional leadership. Farms in the farm block were allocated between 2009 and 2012 by the Ministry of Lands and Natural Resources.

Nansanga farm block had over 100,000 hectares, with 391 farm parcels including service centres. Stakeholders informed the Committee that land utilisation was low as the Government had not completed putting up key infrastructure such as roads, power in the whole eastern bloc, dams for irrigation, communication towers, storage sheds for bulking among other key infrastructure.

The Committee learnt that the Government was making efforts to improve the infrastructure in the farm block. Some of the developments included the construction of three dams namely Sasa, Musangashi and Munte, construction of 151 kilometres of road at a cost of K 28 million, constructions of fifty-six bridges at a total cost of K14 million and 95kilometre of 33 KV power line from Serenje boma to Nansanga farm block among others.

Stakeholders submitted that in the 2022 budget, K 100 million was allocated to Nansanga farm block but only K3, 025, 100 was received for power line survey, boreholes citing, borehole rehabilitation and dam assessment survey, land use assessment survey, road condition survey, and stakeholder's engagement. In addition, the district received a Toyota Land Cruiser while the Central Province received a Toyota Hilux from the 2022 budget.

Stakeholders further submitted that in 2023, all farm blocks were allocated K126 million and of this amount, Nansanga farm block was allocated K27, 596,826.37 under a contract given to Zambia National Service to rehabilitate a stretch of 50 kilometres access and trunk roads which were being worked on.

The Committee learnt that from the surveys done in 2022, the generated data with regard to prioritised works and quantities for infrastructure development, the total cost estimated costs for roads, dams, water reticulation and power line extension was K410,552,670.08 (US\$ 19,383,978.76).

The Committee heard that various crops and vegetables were grown by commercial and small-scale farmers. Stakeholders informed the Committee that Silver Land Zambia was implementing a robust corporate social responsibility programme where they had constructed a school, staff houses and a clinic which was serving both the local community and their employees.

Luswishi Farm Block

Luswishi farm block is located in Lufwanyama District of the Copperbelt Province and was established in 2008. The farm block had a total area of about 87,836 hectares and was surrounded by five rivers namely, Mushingashi, Luswishi, Mikelo, Mirumbi and Bwinjimilonga rivers.

Stakeholders informed the Committee that there were two active commercial farmers and four other potential farmers who were earmarked to set base in the farm block. Stakeholders further apprised the Committee that the main crops that were grown in the farm block included but not limited to soya beans, wheat and maize.

The Committee learnt that there were very few local indigenous farmers and that the few farming activities were spearheaded mainly by foreign investors. That notwithstanding, it was established that there were very few activities being undertaken and that the farm block was being underutilised. In addition, there were many people with huge parcels of land which was not being utilised.

The Committee learnt that there were a number of challenges that hindered the timely utilisation of the farm block among which included, delayed allocation of land and realignment of farm plots to settlers in Chananda cadastral area, conflict of boundaries among the settlers, poor road network and lack of sufficient grid electricity. The Committee further learnt that the land was being damaged due to mining activities that were being conducted in the farm block.

It was further established that there were many planned infrastructure projects which had not been actualised for many years to the detriment of operationalisation of the farm block. Some of these included constructions of four schools, three health posts, 1000 hectares irrigation project and construction of ten dams among others.

6.1.4 Irrigation Schemes

Momboshi Irrigation Scheme

The Committee was informed that the Momboshi Irrigation Scheme was created in 2018 after the construction of the Momboshi Dam across the Momboshi River. The project was developed by the Ministry of Agriculture, under the World Bank funded Irrigation Development Support Project (IDSP) at a cost of \$ 41 million.

Stakeholders submitted that the Momboshi Irrigation Scheme had a total of 4555 hectares which was on one title deed and that the land was divided into four tiers. Tier one had 420 hectares and was reserved for the villagers, tier two had 350 hectares which was for emergent famers and cooperatives, while tier three had 900 hectares and tier four was for commercial farmers who abstracted water directly from the Momboshi River at a fee.

The Committee learnt that the Zambia Correctional Service had leased 660 hectares at K2,500 per hectare and 220 hectares was leased to Chumene Investments. Stakeholders informed the Committee that the Zambia Correctional Service and Chumene owed the Community Land Trust for Momboshi, K 5.8 million. Stakeholders submitted that despite relentless efforts to collect the funds in question to no avail. It was further submitted that non-payment of the funds had adversely affected the 760 households operating from tier one as they lacked the requisite capital.

The Committee learnt that the Momboshi project was completed in 2019 and was going to be one of the largest dams in the history of the country's agriculture sector with the capacity to store 65 million cubic metres of water with a dam wall of 1,700 metres long and 23 metres high. The Committee further learnt that the irrigation scheme was underperforming due to numerous challenges not limited to; limited farmer resources to procure inputs such as seed, fertilisers, chemicals, operational logistics to grow crops under contract for off-takers and limited irrigation accessories, as they were only dependent on drip irrigation technology.

Despite the above challenges, the Committee was informed that a few projects had been implemented under tier one among them were 200 hectares of early maize under a contract with Nalikwandaagro, eleven hectares of potatoes under contract with Buyabamba had been planted. The Committee learnt that the Zambia Correctional Service had planted onion on fifty-five hectares, wheat on 300 hectares both under centre pivot irrigation, and water melons under drip irrigation.

The Committee learnt that the IDSP had constructed a clinic, police post and a school for the locals under the corporate social responsibility. Stakeholders further informed the Committee that the IDSP was ending in November, 2024.

Musakashi Irrigation Scheme

Musakashi irrigation scheme had 1,054 hectares of land. The Committee learnt that the irrigation scheme was constructed by the IDSP under the World Bank which was ending in November, 2024. The Committee further learnt that the IDSP project had benefited 402 small holder farmers.

Stakeholders informed the Committee that the major crops that were grown included maize, groundnuts, sweet potatoes and soya beans. Stakeholders further informed that Committee that the land in the irrigation scheme was highly acidic and that this affected the yield output for the farmers who had no capacity to buy the chemicals for the land and that the field officers also lacked the requisite equipment for land testing. The Committee learnt that there were staffing challenges as most positions had remained vacant and that a number of officers were in acting positions without being confirmed. It was further established that a number of officers had upgrade their qualifications but had not been promoted despite the positions being available.

6.2 Foreign Tour to the National Assembly of Kenya

The Committee undertook a benchmarking study tour to Kenya. The objectives of the tour included, but were not limited to learn:

- i) how Kenya's committee responsible for matters pertaining to the budget operated;
- ii) how sector budget analysis was conducted; and
- iii) the roles of various parliamentary committees during sector budget analysis.

The Committee interacted with the Public Debt and Privatisation Committee; Committee on Finance and National Planning; Committee on Administration and Internal Security; the National Treasury; the State Department for Economic Planning; the Kenya Institute for Public Policy Research and Analysis (KIPPRA); and the Parliamentary Budget Office (PBO).

The Committee's findings are as highlighted hereunder.

6.2.1 The Budget Process

The Committee was informed that the budgeting process in Kenya was anchored in the Constitution of Kenya, 2010 and supported by other legal frameworks such as the *Public Finance Management Act, 2012* and the *Public Audit Act, 2015*. The Committee was informed that the budgeting process for the national Government in Kenya was undertaken through various stages as listed outlined below.

6.2.2 Formulation

The Committee was informed that budget proposals were formulated at this stage through the various Ministries, Departments and Agencies. These were under the ambit of Executive and they prepared their budget requests based on their needs and priorities. The proposals were then consolidated into a national budget. The Committee also heard that, it was at this stage that the National Treasury tabled the Budget Policy Statement (BPS) which was prepared in compliance with the provisions of the Public Finance Management Act, 2012 which outlined the strategic priorities of the Government, highlighted the subsisting state of the economy, and provided macro-fiscal outlook over the medium term.

6.2.3 Approval

The Committee was informed that approval stage occurred in Parliament and the County Assemblies. The National Treasury prepared and submitted to the Cabinet the BPS for approval. The BPS, Medium Term Debt Strategy, Division of revenue Bill and County Allocations of Revenue Bill to Parliament for approval by mid-February in each year as provided for by the *Public Finance Management Act, 2012*.

6.2.4 Consideration of the Budget in Parliament

The Committee was informed that there were two stages of considering the Budget in the Kenyan Parliament. In Stage 1, the PFMA required the National Treasury to prepare and submit the Cabinet approved BPS to Parliament by 15th February of each year. Further, the Committee was informed that the BPS set out the broad strategic priorities and policy goals that guided the National and County Governments in preparing their budgets for the following financial year and over the medium term. The BPS included a number of parameters such as an assessment of the subsisting state of the economy and the financial outlook over the medium term, including macro-economic forecasts; and the financial outlook with respect to government revenues, expenditures and borrowing for the next financial year and over the medium term among others.

Further, the Committee was informed that in Stage 2, the budget estimates for the three arms of Government which were the Executive, Judiciary and Legislature were submitted to the National Assembly not later than 30th of April. The Committee heard that the Cabinet Secretary in charge of the National Treasury then submitted to the National Assembly comments on the budgets of the Judiciary and the Parliamentary Service Commission by the 15th of May. Thereafter, the estimates were made public. Upon approval of the budget estimates by the National Assembly, the Cabinet Secretary to the National Treasury then introduced the Appropriation Bill for enactment.

6.2.5 Implementation

The Committee was informed that the implementation stage involved executing the budget proposals passed at the approval stage. The Executive at the national and the county level were in charge of the implementation stage. The Committee further heard that parliamentary oversight also took place at this stage and it involved evaluating and accounting for the budgeted revenues and expenditures for the national government, and the county governments; and reviewing and reporting on those budgeted revenues and expenditures every three months.

6.2.6 Audit and Evaluation

The Committee was informed that in this final stage, the budget's implementation was audited and

evaluated. The Office of the Auditor-General was in charge of audit. It audited and reported on the financial accounts of the National Government and the County Governments. The audit reports confirmed whether the expenditure of public funds was prudent. Thereafter, the Auditor-General tabled the reports before Parliament or the relevant County Assembly. Parliament or the County Assemblies debated and considered the reports. The debate and consideration were undertaken within three months of tabling the reports.

6.2.7 Consideration and Approval of Public Debt

The Committee was informed that the National Assembly of Kenya had a Committee solely responsible for privatisation, consideration, approval and monitoring of debt and issuance of guarantees. The Public Debt and Privatisation Committee ensured effective oversight on matters concerning public debt, debt guarantees, public-private partnerships and the privatisation of national assets. The Committee was comprised of fifteen Members and was headed by a Member of Parliament from the opposition political party.

6.2.8 Public Debt Management

The Committee was informed that the Constitution of Kenya, 2010 and the *Public Finance Management Act, 2012* had provisions that compelled the Cabinet Secretary in charge of National Treasury to provide information on the country's public debt to Parliament through the Public Debt and Privatisation Committee. The Committee heard was further informed that the Cabinet Secretary of the National Treasury was required to submit, every four months, a report of all loans contracted by the National Government, national government entities and county governments. The same was required for guarantees given by the national government though at different times.

Further, the Committee heard that the Cabinet Secretary was required to submit at the same time as the BPS a statement setting out the debt management strategy of the national government over the Medium Term. The Statement included information not limited to; the total stock of debt as at the date of the statement; sources of loans made to the national government and the nature of guarantees given by the national government; and principal risks associated with those loans and guarantees among others.

The Committee learnt that the Public Debt and Privatisation Committee was mandated to monitor the capital projects for which funds had been borrowed and also to monitor all programmes supported using debt with regard to budget support. The Committee also heard that the Public Debt and Privatisation Committee had a responsibility to ensure that borrowing and debt service payments were at the lowest cost over the medium to long term and also to ensure intergenerational equity where benefits and costs of public debt were shared between the immediate beneficiaries and the future generations.

6.2.9 Sector Budget Analysis

The Committee was informed that the Constitution of Kenya (2010) positioned Parliament at the heart of the budget-making process. Article 221 of the Constitution, section 39(2) of the Public Finance Management Act and Standing Order 235(5) mandated the Budget and Appropriations Committee (BAC) to discuss and review the estimates of revenue and expenditure, and table a report to the House for consideration and adoption.

The Committee heard that before the BAC tabled a report to the House for consideration and adoption, budget estimates stood referred to Departmental Committees upon being submitted to the National Assembly. Further, the Committee was informed that committees considered the estimates of revenue for the respective sectors under their ambit. During the period of the Departmental sittings, the BAC undertook budget consultations in the different County's. The Committee was informed that the Departmental Committees did not report directly to the House but instead reported to the BAC together with their recommendations. The BAC in turn compiled one report which was called the Report of the BAC, with submissions of the Departmental Committees.

The Committee was informed that the BAC considered submissions from Departmental Committees as well as interacted with other stakeholders including the Treasury for a period of about seven days where Chairpersons of Departmental Committees, the Parliamentary Service Commission and Treasury were required to submit to the BAC their reports and clarify matters arising there from.

The Committee was informed that in line with Article 221(4) of the Constitution of Kenya, the BAC had substantial influence in the budget approval process being the designated committee to discuss and review the estimates. Therefore, the BAC had a leverage to propose significant amendments to the estimates but it was not obliged to include all recommendations of the DCs in their final report.

6.2.10 Operations of the State Department for Economic Planning

The Committee was informed that the State Department for Economic Planning in Kenya was responsible for formulating, coordinating the implementation, monitoring and evaluation of economic development plans, policies and strategies towards achieving the national development agenda. In this regard, the Department assisted the government in the formulation, coordination and implementation of economic policies and intervention measures that would effectively and efficiently accomplish the country's major economic and development objectives. It also provided guidance on policies, norms and standards for developing various plans as well as capacity building and technical assistance to Ministries, Departments, Agencies and Counties.

The Committee was informed that the mandate and functions of the State Department for Economic Planning were stipulated in the Executive Order No. 2 of 2023 on the organisation of the Government of the Republic of Kenya and included the following: coordinating formulation of five-year Medium Term Plans for implementing Kenya Vision 2030; providing leadership in macroeconomic policy formulation, review and analysis for informed policy making; coordinating and tracking implementation of bilateral, regional and multilateral international economic partnerships; macro-analysis modelling and forecasting; co-convening Sector Working Groups in the annual Medium Term Expenditure Framework budgetary preparation process; co-convening of the Macro Working Group that was responsible for production of Budget Review Outlook Paper and BPS.

6.2.11 Semi-Autonomous Government Agencies

The Committee was informed that there were a number of Semi-Autonomous Government Agencies. Some of which included National Government Constituencies Development Fund (NG-

CDF), Kenya National Bureau of Statistics, and Kenya Institute of Public Policy, Research and Analysis (KIPPRA) among others.

The Committee was informed that through NG-CDF, to enhance decentralised development, addressed socioeconomic development and regional equity through implementation of community-based projects, all the 290 constituencies received CDF. The CDF was distributed using a formula where all the Constituencies received an equal share of the funds at 75 per cent while 25 per cent was shared based on the population, and the prevailing demographics. The Committee was informed that 5 per cent was retained by NG-CDF for administration. The Committee learnt that the State Department spearhead monitoring and evaluation (M & E) and that 2 per cent of the Budget was earmarked for M& E. The Committee interacted with the Kenya Institute for Public Policy Research and Analysis.

6.2.12 Kenya Institute for Public Policy Research and Analysis

The Committee was informed that the Kenya Institute for Public Policy Research and Analysis was a public institution that was established in May 1997. The Institute was a State Corporation established by the Kenya Institute for Public Policy Research and Analysis Act Chapter 112 to contribute to the achievement of national development goals by providing quality public policy advice to the Government of Kenya through effective capacity building and conducting objective policy research and analysis.

The Committee was informed that during the National Budgeting Process and Tax Policy Formulation, the Institute was responsible for reviewing the Budget Review and Outlook Paper and the macroeconomic performance for the previous financial years, especially aggregate demand variables. Further, the Committee heard that after the presentation of the BPS, the Institute prepared macroeconomic growth projections based on aggregate demand variables, and generate sectoral forecasts using time series analysis, for the macroeconomic framework. Further, the Institute undertook economic research to review and inform tax policy frameworks after the Finance Bill/Act was presented.

6.2.13 Operations of the Parliamentary Budget Office (PBO)

The Committee was informed that the PBO of Kenya was a non-partisan professional office of the Parliamentary Service Commission (PSC). It was established in 2007 with a goal of enhancing the oversight role of Parliament by creating the necessary capacity for scrutiny of the National Budget and the economy as well as budget processes relating to the sub-national governments.

The Committee heard that the PBO was a Directorate within the overall structure of the PSC. The Office was a core technical office headed at the level of a director charged with the mandate of offering technical advisory services in-line with its function and mandate. The Office of the Director was supported by three deputy directors, and fifty other staff comprising of forty-five fiscal analysts and five support staff. The Committee was informed that the Directorate was composed of three core Departments with respective sub-mandates and was guided by a robust service charter and other performance management instruments in the delivery of its overall mandate.

The Committee was further informed that the primary function of PBO was to provide professional and technical services in respect of budget, finance and economic information to Committees of Parliament. The Office drew this legal mandate from Sections 9 and 10 of the *Public Finance Management Act, 2012*.

The Committee was informed that the key mandate of the PBO was in line with the provisions of sections 9 and 10 of the Public Finance Management Act which was the enabling legislation included, but was not limited to:

- i) provide professional services in respect of budget finance and economic information to the Committees of Parliament;
- ii) prepare reports on budgetary projections and economic forecasts and make proposals to Committees of Parliament responsible for budgetary matters;
- iii) preparing analysis of specific issues including financial risks posed by government policies and activities to guide Parliament; and
- iv) propose where necessary an alternative fiscal framework in respect of any financial year among others.

PART III

7.0 COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

The Committee observed with concern that implementation of the 8NDP was faced with huge financing gaps for the various pillars which failed to attain targets which are key in Zambia's Economic Transformation. The failure to meet these targets may affect effectiveness in implementing the 8NDP in the remaining period up to 2026, which may also affect attainment of Zambia's Vision 2030 goal of becoming a middle-income country by the year 2030. The Committee strongly recommends that going forward, financing of the 8NDP should be adequate to match with the proposed budget for the period.

Based on the stakeholder's submissions on the review of the 2023 Annual Progress Report on the implementation of the 8NDP, and the foreign and local tours undertaken, the Committee makes the observations and recommendations outlined below.

7.1 Observations and Recommendations on the 2023 Annual Progress Report

7.1.1 Failure by Stakeholders to Participate in Financing of the 8NDP

The Committee observes that the 8NDP is expected to be financed from a combination of sources from domestic revenues, private sector, public private partnerships, and cooperating partners. However, during the period under review, the Committee observes with concern the inadequate participation of cooperating partners and the private sector in various programmes of the 8NDP, which affected both the financing and implementation of programmes.

In view of this, the Committee recommends that the Ministry of Finance and National Planning should put in place measures to ensure that partners who pledge to support financing of the implementation of the 8NDP honour their pledges through enhanced economic diplomacy. Furthermore, the Ministry should enhance participation of identified stakeholders in addition to creating a conducive environment for the private sector.

7.1.2 Drought and Environmental Sustainability

The Committee observes with concern that the country remains vulnerable to effects of climate change which have affected key economic sectors and thereby significantly impacting Economic Growth. However, the Environmental Sustainability Pillar received the least financing among the pillars of the 8NDP.

The Committee, therefore, recommends for sustainable financing towards climate mitigation and adaptation, in addition to long-term measures which will reduce the impact of climate change on the economy. The Committee further recommends the advancement and research in renewable energy instead of over-dependence on hydro electricity generation.

7.1.3 Enhance Domestic Revenue Mobilisation

The Committee observes that domestic revenue mobilisation performed below the set target, which has affected effective financing of the 8NDP, leading to failure in meeting set targets. The Committee further observes that the domestic revenue mobilisation has continued to be a challenge

over the years as the tax base is not wide enough and there are a few compliant tax payers that cater for the larger population, while the informal sector remains unexploited. The Committee is of the considered view that failure to locally mobilise revenue from the domestic sources leads to continued dependence on donor funding which is not sustainable.

The Committee urges the Government to implement measures to widen the tax net, relook at the fiscal incentives for mining sector and improve collection mechanisms at both central and local Government levels. The Committee further recommends that the Government should harmonise tax collection including formalisation of the informal sector. The Committee also recommends that the Government should as a matter of urgency digitise revenue collection systems at the local level, including the full roll out of the Electronic Government Procurement System

7.1.4 Tourism

(a) Enhancing Domestic Tourism

The Committee observes with concern that during the period under review, domestic tourism performed poorly compared to international tourism sub-sector. The Committee observes that there are no effective measures in the country to market and promote domestic tourism, in order to contribute to the country's domestic resource mobilisation objectives. In light of the above, the Committee urges the Government to take deliberate measures to sustain and promote domestic tourism as an economic sector. The Committee also recommends that citizens and locally owned businesses should be supported and promoted to invest in the tourism sector, as this can also contribute to job creation.

(b) International tourism sub-sector

The Committee observes that while the waiver of visa requirements for selected countries is meant to spur international tourist visits, this leads to loss of revenue from visa fees which are a low hanging fruit.

The Committee urges the Government to re-consider the waiver of visa fees and ensure that the process of acquiring visa by international tourists is efficient, effective and not cumbersome.

7.1.5 Establish ZCCM-IH as a Government Mining Company under Statutory Legislation

The Committee takes note that the mining sector continues to be a backbone of the economy and a major contributor to the Country's GDP and foreign exchange inflows. However, the Committee is concerned with the amount of revenue being lost from the mining sector through transfer pricing as the Government only has minority shareholding in most mining companies and has no major influence on most of the decisions made. This is to the detriment of the ordinary Zambians with regard to benefits accrued from their endowment.

The Committee, therefore, recommends that the Government should consider changing the ownership of ZCCM-IH and establish it as statutory body under an Act of Parliament to operate as a Government mining company as the case is in Botswana and the Democratic Republic of Congo. Additionally, ZCCM-IH should have a sharing holding of not less than 49 per cent all green field mines.

The Committee also observes that there was no mechanism to establish the amount of gold produced by small-scale miners, which can lead to loss of mineral revenues. Apart from formalisation of artisanal small-scale miners, the Committee recommends that the Government should put-in place a robust system for tracking and to accounting for the amount of gold and other minerals being produced by artisanal miners.

7.1.6 Enhance Funding for Water and Sanitation Sector

The Committee observes with concern that the water and sanitation budget performance as measured by disbursed funding compared to approved allocation stood at 37 per cent of the approved budget, which is a significant drop from the 94.1 per cent recorded in the 2022 APR, indicating a retrogression to past budget performance averages. The large and persistent deviations between the budget authorised and actual expenditure indicate weaknesses in the public sector's ability to implement programs in water and sanitation. The Committee notes the importance of water and sanitation sector in mitigating the spread of diseases such as cholera and other water bone diseases. The Committee recommends for effective and sustainable financing of this sector due to the role it plays in healthy livelihoods.

7.1.7 Enhance Financing for Institutions for Persons with Disabilities

The Committee observes with concern with that only five institutions for persons with disabilities out of the targeted fifteen were provided with grants. This is a major step backwards to the disability community. The Committee further observes that Government managed to grant all fifteen institutions for persons with disabilities in 2022 but only granted 5 in 2023.

The Committee therefore, recommends for enhanced financing to these institutions in order to improve inclusive education and the use of assistive aid devices for the disabled. This is because most institutions for persons with disabilities across the country are in a state of disrepair and are hampered by low funding.

7.1.8 High Bureaucracy in Implementing Donor-Funded Projects

The Committee is concerned with the high administrative processes and bureaucracy in implementation of donor funded projects, such as the World Bank Funded Zambia Education Enhancement Project Schools. The delay in approval processes has therefore, affected communities benefiting from the Projects. The Committee, therefore, recommends that the Ministry of Finance puts up measures and coordinates with stakeholders to facilitate effective means in implementing such projects without affecting their timeframe of completion.

7.2 Observations and Recommendations on the Committees Local Tour

7.2.1 Inadequate Funding for REA Projects and Delayed Funding

The Committee notes that despite the Government doubling funding to REA, from the previous allocation of K360 million in 2022 to K740 million in 2023, rural electrification projects still face, significant number of risks such as inadequate funding. The Committee further observes that while it is envisaged that REA will achieve rural electrification rate of 51 per cent from 3 per cent, this falls below the requirements of the United Nations Sustainable Development Goal Number 7 which calls for universal access to affordable, clean and sustainable energy for all by 2030.

In light of the above, and while noting that the REA Master Plan has set a target of annual funding of US\$ 50 million, the Committee strongly urges the Government to increase funding above the set target and to increase the rural electrification surcharge on certain consumers of electricity. The Committee further urges the Government to release funds on time. Additionally, the Committee urges the Government to take cognisance of the overlap in project implementation and to ensure that funds are not mopped-up for such projects at the end of a financial year.

7.2.2 High Cost of Infrastructure for Grid Extension vis-à-vis Fluctuation in the Exchange Rate

The Committee observes that the cost of infrastructure for grid extension is high as most of the materials used are imported. Furthermore, the Committee notes that the cost is exacerbated due to high inflation and erosion of the currency. Additionally, the long tendering procedures result in delayed project implementation and increase in cost outlay.

The Committee recommends that the Government should ensure that tendering procedures are streamlined to reduce the time lag between the time the contractors are hired and when the actual procurement of materials is actualised.

7.2.3 High Cost of Connectivity Charges to the Main Grid

The Committee observes that the extension of the electrical grid to remote rural areas was initially subsidised with support from the World Bank without which it would have been expensive for people to pay for the facility. The Committee, therefore, urges the Government to subsidise connection charges so that low-income earners in the rural area can have access to electricity, in line with the goal of the Electrification Master Plan.

The Committee further notes that the cost of wiring materials is high for the people in the rural areas. Therefore, while grid extension infrastructure maybe put in place, most people have not benefited. In this regard, the Committee recommends that the Government should consider coming up with an incentive on wiring materials for the people in the rural areas.

7.2.4 Concern on the Criteria of Project Selection under REA

The Committee observes that most of the projects that are being implemented are concentrated in certain regions and constituencies as opposed to being wide spread across the country. The Committee notes with concern with respect to the criteria used to select the areas for development of both grid extension and off grid projects. The Committee recommends that the Government should formulate a systematic method of selecting project sites which will ensure equitable and fair distribution to the beneficiaries.

7.2.5 Preference for Grid Power to Solar-Off Grid Power

The Committee observes that the over reliance on hydropower energy is no longer sustainable due to climate change and that the country should deviate towards the use of solar energy and other renewable sources of energy. However, the Committee, notes with concern that most people prefer grid power-hydro power to solar energy. This is because grid hydropower is cheaper, more reliable as it can be used for lighting, cooking among other uses at a cost-effective rate in comparison to solar energy.

While taking cognisance of the advantages of grid hydropower to off-grid solar power, the Committee recommends that the Government should take strategic efforts to sensitise the public about the benefits of using solar energy, incentivise and reduce the cost of importation of materials so as to reduce the cost of implementing off grid solutions which can be reliable as grid power.

7.2.6 Rigidity of the Master Plan

The Committee observes with concern that the REA Master plan does not respond to evolving and subsisting needs as it was formulated sixteen years ago. The Committee further notes that there are only six years to the expiry of the Master Plan while there are numerous unimplemented projects.

The Committee recommends that the Government should expedite the process of reviewing the REA Master Plan so as to ensure it responds to the evolving trends. Additionally, the Government should ensure that REA ramps up project identification and implementation before 2030.

7.2.7 Establish and Design Multi Dwelling Housing Units

The Committee observes with concern that the camp houses which have been designed are small and not modern as they lack the necessary utilities. Further, they are only suitable to accommodate bachelors and spinsters. The Committee further observes that the camp houses are not strategically positioned as most of them are dotted across the farms in respective districts.

The Committee recommends that the Government should design modern camp houses ideal to accommodate not only bachelors and spinsters. Furthermore, the Committee recommends that as opposed to having the camp houses dotted across the farms in the various districts, the Government should establish multi dwelling housing units which should accommodate officers from the various sectors as this will not only help to save costs but enhance cross pollination of ideas. The Committee further recommends that the Government should expedite construction and rehabilitation of dilapidated camp houses.

7.2.8 Allocate Sufficient Funds to the Ministry of Agriculture and Ministry of Livestock and Fisheries

The Committee observes that most of the programmes under the two ministries with respect to irrigation, camp houses and provision of agriculture tool kits were not funded during the period under review. The Committee observes that in as much as funds were allocated in the budget, the various departments relied on CDF which were already oversubscribed.

The Committee recommends that the Government should allocate sufficient funds for programmes under the specific sectors as opposed to solely relying on CDF to fund all the programmes as CDF is oversubscribed and has strict guidelines on how funds should be utilised.

7.2.9 Lack of Requisite Infrastructure to fully Operationalise Farm Blocks

The Committee observes with concern that Nansanga and Lusakashi farm blocks were established in 2008. However, they lack requisite infrastructure such as trunk and feeder roads, electricity supply, connectivity towers and reliable irrigation schemes. The Committee observes that the poor road network, lack of irrigation schemes increases the cost of doing business and has greatly contributed to the inordinate development of the farm blocks.

In light of the above, the Committee urges the Government to expedite the establishment of the requisite infrastructure, which are a panacea to opening up and developing of the farm blocks whose development has remained tardy for over sixteen years.

7.2.10 Poor Budget Credibility

The Committee observes that in 2022 the Government allocated K 110 million towards the Nansanga farm block. The Committee notes that out of this allocation, only a meagre K 3.1 million was received by Serenje district. In addition, the district received a one vehicle for the province and one for the district Toyota. The Committee further observes that in 2023, the Government allocated K427 million for irrigation and farm block development. However, a check with district office, the funds were not received. The Committee notes that out of the US\$ 300 million secured from the World Bank for the development of farm blocks such as Nansanga in Central Province, Luswishi on the Copperbelt Province among others, the Government received a partial disbursement of US\$ 100million. Unfortunately, these funds were not disbursed to the affected districts and little was being done in the farm blocks.

In light of the above, the Committee urges the Government to disburse the appropriated funds so as to achieve budget credibility.

7.2.11 Clamp Mining in Nansanga and Luswishi Farm Blocks

The Committee observes with concern that there are mining activities that are being undertaken in the Nansanga and Luswishi farm blocks to the detriment of implementing agriculture activities. The Committee further observes that those who are mining manganese in Nansanga farm block create trenches and gorges making the land un-useable for farming activities. Furthermore, these miners damage the graded roads.

The Committee strongly urges the Government to intervene promptly and stop the mining activities that are taking place in the farm blocks. The Committee further recommends that in an event that the Government regularises the mining activities, measures should be put in place to ensure that the mining activities do not stifle the smooth operations of the farm blocks.

7.2.12 Expedite the Establishment and Rehabilitation of Dams

The Committee observes that to reduce dependence on rain-fed agriculture, Government committed to complete and operationalise the ongoing irrigation infrastructure projects. Furthermore, the Government committed to construct a total of forty dams across the country over the medium-term and would construct sixteen dams in 2023. The Committee notes with concern that during the period under review, no dams were constructed both in Nansanga and Luswishi farm blocks. The Committee further observes that the existing dams in Nansanga farm block require urgent rehabilitation.

In view of the above, the Committee urges the Government to expedite construction and rehabilitation of dams not only in Nansanga and Luswishi, but in all the farm blocks earmarked to benefit from the funding for dam construction.

7.2.13 Low and Insignificant Participation of the Local Farmers in Farming Blocks

The Committee observes that farm blocks' development has been identified as a cornerstone of the Government's rural development policy as highlighted in the 8NDP. However, the Committee observes with concern that the participation of indigenous local farmers domiciled in the farm blocks is very low and their contribution is very insignificant. The Committee further observes that the few successful projects being implemented in the farm blocks are being implemented by foreign investors or the Zambia Correctional Service.

In this regard, the Committee recommends that the Government should take practical measures that will help the local farmers to effectively participate in the agriculture sector, without which the agriculture sector will also become dependent on foreign investors as the case is in the mining sector.

7.2.14 Review of Tax Incentives for Irrigation Schemes

The Committee notes that the Government has offered tax incentives for materials that are imported for the purpose of establishing irrigation schemes. However, the Committee notes that materials such as pipes which are used between the sources of water and the centre pivots among other irrigation equipment are not exempt from import duty. The Committee observes that this affects the construction and transportation of water from the source to the irrigation equipment as the cost of importation is high.

While noting the above, the Committee is aware that the polyvinyl chloride pipes are also used not only in the agriculture sector but other sectors such as mining. In this regard, the Committee recommends that the Government should review the tax incentives to include the pipes and also put in measures which will only entitle farmers implementing irrigation schemes to be exempt.

7.2.15 Lack of Stability Among Investors in Luswishi Farm Block

The Committee observes that there have been numerous changes of investors, investing in Luswishi farm block in a short span of time. The Committee notes with concern that this may affect the development of the farm blocks if investors do not set permanent base for a reasonable period of time. The Committee urges the Government to investigate the challenges that are associated to departure of investors from the farm block after operating for a brief period.

7.2.16 Resolve Land Wrangles in Cananda Cadastral Area

The Committee observes with concern that there are numerous problems and challenges with regard to allocation of land and realignment of farm plots to settlers in Cananda Cadastral area. This has resulted in conflicts among the settlers. The Committee further observes that the Ministry of Lands and Natural Resources has taken an inordinate time to issue title deeds to the settlers. The Committee urges the Government to urgently issue title deeds and also to promptly resolve all matters with regard to realignment of farm plots.

7.2.17 Non-payment of Lease Fees by Zambia Correctional Service and Chumene Investments-K5.6 million

The Committee observes that the establishment of the Momboshi Dam was meant to enhance agriculture in both for the local farmers and would be investors. The Committee observes with concern that while the Zambia Correctional Service and Chumene Investment have leased land

from the Community Land Trust, they have not paid any amount towards the lease fees. The Committee is saddened to note that the villagers are unable to fully engage in agricultural activities due to lack of capital.

In light of the above, the Committee urges the Government through the Ministry of Agriculture, who had facilitated the engagement of the Zambia Correctional Service to intervene on the matter. Furthermore, considering that the project implementation has not ended and that the Government pumped in funds in Momboshi, the Government should intervene with respect to the funds owed by Chumene Investments. The Committee further recommends that all parcels of land that have not been utilised but are part of the lease should be surrendered back to the trust.

7.2.18 Low Utilisation of the Irrigation Schemes

The Committee observes that the Momboshi Dam is the largest dam for the purposes of agriculture. However, the Committee notes with concern that the irrigation scheme is being underutilised and therefore, negating the envisaged success story of non-dependent on rain feed agriculture. The Committee further notes that the local farmers are performing dismally in comparison to the foreign investors.

The Committee strongly urges the Government to implement programmes to empower the local farmers to have capacity to increase their yield production, and use of huge investments such as the Momboshi Dam. The Committee recommends that the Government should guide the local farmers in the irrigation schemes, as failure to do so will lead to wastage of resources that are invested in the creation of the irrigation schemes as they may become white elephants.

7.2.19 Low Mechanisation and Inadequate Equipment for Irrigation

The Committee observes that the local farmers continue to rely on manual agriculture methods which result in low and poor yields. The Committee further observes that there is inadequate irrigation equipment in Momboshi and Musakashi Irrigation Schemes. Considering that the IDSP project is ending in by the close of 2024, the Committee urges the Government to ensure that the schemes have modern irrigation schemes and are mechanised.

7.2.20 Improvement of Staff Welfare

The Committee observes that most of the extension officers operate with numerous challenges ranging from lack of proper accommodation, lack of lunch allowance, poor transport among others. The Committee further observes that there are a number of positions that have been frozen, for example in Mufulira District and there are delays in upgrading officers who have continued in acting positions for a long time. The Committee notes that this is de-motivating and affects the delivery of service in the agriculture sector. The Committee further observes with concern that a number of officers that have not received their settling allowances despite numerous follow-ups with the Ministry of Agriculture and Ministry of Livestock and Fisheries.

The Committee urges the Government to promptly look into the staff welfare to ensure efficient and effective delivery of service as happy employees engage more, communicate more, work harder, work faster, and stay loyal.

7.2.21 Legal Framework work for Establishment of Farm Blocks

The Committee observes with concern that while the Government has prioritised the development of farm block as per the 8NDP, the Committee observes that there is no policy and legal framework which outlines clear milestones and timeframes for actualising operations in the farm blocks.

The Committee therefore, urges the Government to formulate a policy and legal framework for the operationalisation of farm blocks.

7.3 Observations and Recommendations on the Committees Foreign Tour to the National Assembly of Kenya

7.3.1 Create Legislation for the Mandate of the Parliamentary Budget Office

The Committee observes that the mandate of the PBO in Kenya is provided for in section 9 and 10 of the *Public Finance Management Act, 2012*, which is to provide professional and technical services in respect of the Budget, fiancé and economic information to committees of Parliament. The Committee further observes that the PBO continues as an office in the Parliamentary Service Commission of Kenya.

In light of the above, the Committee, therefore urges the Government to amend the Public Finance Act and provide for the functions and mandate of the Parliamentary Budget Office as is the case in Kenya. This will enhance their operational independence in the scrutiny of the budget, production of economic models among others.

7.3.2 Introduce a Committee Responsible for Scrutiny of Debt

The Committee observes that the Budget and Appropriations Committee of Kenya had a dual role of considering the Budget and all matters with respect to debt contraction. The Committee observes that a Committee which is specifically mandated to ensure effective oversight on matters concerning public debt, debt guarantees, public-private partnerships, and the privatisation of national assets was created.

In this regard, the Committee recommends that going forward, there is need to consider amending the Standing Orders and introduce this new Committee which will be considering issues to do with debt in the country.

7.3.3 Relevance and Operations of the Expanded Planning and Budgeting Committee

The Committee observes that the during the consideration of the Budget, Departmental Committees consider their respective Heads of Expenditure, after which, the Chairpersons of the respective committees submit their reports to the Budget and Appropriations Committee which then tables the report in the House.

In light of this, the Committee recommends that, considering that Management will fully roll out sector budget analysis during the Fourth Session of the Thirteenth National Assembly, the Committee is of the view that the is no need to have the Expanded Planning and Budgeting Committee as it will not have any relevance going forward.

7.3.4 Enhance Public Consultations and Participation in the Budget process

The Committee observes that in Kenya, the National Treasury undertakes budget consultations enhance public participation. On the other hand, the Budget and Appropriations Committee whose mandate is to consider all matters that relate to the Budget, the Committee undertakes their own budget consultations on selected overarching budget polices and do not solely rely on the consultations of the Executive. The Committee observes that this activity is undertaken when Departmental Committees are scrutinising the individual Heads of Expenditure.

In light of the above, the Committee recommends that the Planning and Budgeting Committee should start conducting budget consultations in the respective provinces on a sample basis, during the ten days when the sector committees are considering the respective Heads of Expenditure.

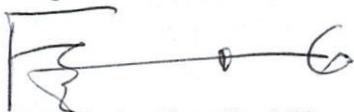
7.3.5 Expedite the use of a Formula in Disbursement of the Constituency Development Fund

The Committee observes that disbursement of CDF to the 290 constituencies in Kenya is done using a formula, where all constituencies receive 75 per cent of the funds, while 25 per cent is disbursed based on population, poverty index, and other demographics. The Committee urges the Executive to expedite the roll-out of using a formula to disburse CDF.

8.0 CONCLUSION

The implementation of the 8NDP programmes during the year under review faced significant financial and operational challenges. Although a total of K107 billion was planned for expenditure, only K48.3 billion was ultimately spent, revealing a substantial financing gap of K58.7 billion. This shortfall was primarily attributed to constrained fiscal space.

The Committee notes with concern that in comparison to 2022 were the completion rate of achievement was 56 per cent, there had been a reduction to 46 per cent in 2023, indicating that the implementation of the 8NDP is averagely on track and may negate the progress to becoming a prosperous middle-income country if resources are not available and efficiently utilised if available. The progress and challenges identified across the various development outcomes and strategies show the complexity and interdependence of Zambia's development efforts. Therefore, there is need to adopt a multi-faceted approach that integrates robust planning, enhanced monitoring and evaluation framework and sustainable funding mechanisms across sectors.



Mr Fred Chibulo Chaatila, MP
CHAIRPERSON

July, 2024
LUSAKA

APPENDIX I – LIST OF THE NATIONAL ASSEMBLY OFFICIALS

Mr Stephen Chiwota, Director Financial Committees
Mr Fitzgerald Kateshi, Director, Parliamentary Budget Office
Mrs Angela M Banda, Deputy Director (Financial Committees)
Mr Simon Mtambo, Deputy Director Parliamentary Budget Office
Ms Chitalu R Mulenga, Senior Committee Clerk (FC2)
Mr Ferdinand Chikambwe, Senior Budget Analyst Revenue
Mr Aubrey Chilambwe, Senior Budget Expenditure
Mr Elijah I C Chilimboyi, Committee Clerk
Mr Elvis Chipuka, Budget Analyst- Expenditure
Mrs Rachael M Kanyumbu, Administrative Assistant
Mr Daniel Lupiya, Committee Assistant
Mr Muyembi Kantumoya, Committee Assistant

APPENDIX II – LIST OF WITNESSES

Bank of Zambia
Centre for Trade Policy and Development
Churches Health Association of Zambia
Civil Society for Poverty Reduction
Copperbelt University
Citizens Economic Empowerment Commission
Economics Association of Zambia
Green Co
Ministry of Finance and National Planning
Ministry of Energy
Ministry of Commerce Trade and Industry
Ministry of Agriculture
Ministry of Mines and Minerals Development
Maamba Collieries
Indaba Agricultural Policy Institute
Water Aid Zambia
Jesuit Centre for Theological Reflection
Zambia Institute for Policy Analysis and Research
Zambia Association of Manufacturers
Zambia Climate Change Network
Zambia National Education Coalition
ZCCM-IH
Zambia Environmental Management Agency