



REPUBLIC OF ZAMBIA

REPORT OF THE PLANNING AND BUDGETING COMMITTEE

ON THE

**CONSIDERATION OF THE ANNUAL BORROWING PLAN FOR THE
FINANCIAL YEAR 1ST JANUARY TO 31ST DECEMBER, 2024**

FOR

THE THIRD SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY

Published by the National Assembly of Zambia

FOREWORD

Honourable Madam Speaker, the Planning and Budgeting Committee has the honour to present its Report on the 2024 Annual Borrowing Plan (ABP) for the Third Session of the Thirteenth National Assembly. The functions of the Committee are set out in Standing Order No.195(7) of the National Assembly Standing Orders, 2021.

In order to acquaint itself with the contents of the ABP, the Committee sought both oral and written submissions from different stakeholders. The list of the stakeholders is at Appendix 5 of the Report. The Committee held ten meetings to consider the 2024 ABP in accordance with section 8(4) of the *Public Debt Management Act, No.15 of 2022*.

The Committee's Report has three parts: Part I highlights the Committee's findings from its deliberations. Part II presents the views of stakeholders, and the highlights of the Committee's engagement with the Minister of Finance and National Planning. Part III contains the Committee's observations and recommendations, and conclusion.

Madam Speaker, the Committee is grateful to the stakeholders who tendered written submissions and appeared before it. It also wishes to thank you, for affording it the opportunity to consider the 2024 ABP. 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 C Chaatila, MP
CHAIRPERSON

October; 2023
LUSAKA

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List of Acronyms and Abbreviations

Annual Borrowing Plan	ABP
Gross Domestic Product	GDP
Medium-Term Debt Strategy	MTDS
Eighth National Development Plan	8NDP

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 1

2.0 INTRODUCTION

The Annual Borrowing Plan (ABP) was presented to the National Assembly in accordance with section 8(4) of the *Public Debt Management Act, No. 15 of 2022*. The ABP was referred to the Planning and Budgeting Committee for detailed scrutiny in line with Standing Order No. 195 (7) of the National Assembly of Zambia Standing Orders, 2021. The ABP outlined Government's plan, to mobilise resources required to finance the deficit in the 2024 National Budget. In addition, while the publication of the ABP was in accordance with the law, it also demonstrated Government's commitment to enhance transparency and accountability in the contraction of public debt.

In 2024, the Government planned to spend a total of K177.89 billion out of which, domestic resources, including tax and non-tax revenue, as well as grants, were projected to amount to K144.55 billion. This left a budget deficit of K33.34 billion, representing 4.8 per cent of Gross Domestic Product (GDP). To finance this budget deficit, the Government planned to borrow from both domestic and external markets. In this regard, the Government planned to borrow K16.33 billion from the domestic market through the issuance of Government bonds (hereafter referred to as bonds) and Treasury bills. The K16.33 billion represented net domestic financing. However, for the fiscal year 2024, the projected Gross Domestic financing was K83.2 billion. Out of this amount, K16.33 billion would serve as net domestic financing to support the 2024 National Budget, while the remaining K66.87 billion will be used to refinance maturing debts throughout the year. With respect to external financing, the Government limited it to concessional loans amounting to K17.01 billion, in line with Government's commitment to ensure that Public Debt was restored to sustainable levels.

In coming up with an optimal balance in the financing sources between external and domestic financing, the Ministry of Finance and National Planning in preparing the ABP took into account the 2023-2025 Medium-Term Debt Strategy (MTDS), commitments arranged under the International Monetary Fund Extended Credit Facility and the ongoing debt restructuring process, which included limiting external financing to concessional loans. The ABP, therefore, was expected to contribute to attaining the optimal cost-risk targets on the Public Debt stock as provided under the 2023-2025 MTDS.

The debt that will be contracted in 2024, will be utilised to finance various development programmes and priorities in line with the Eighth National Development Plan (8NDP) and the 2024-2026 Medium-Term Budget Plan.

2.1 Objectives of the Annual Borrowing Plan

The Committee was informed that the main objective of the 2024 ABP was to seek authority from the National Assembly to contract a total amount of K16.33 billion as net domestic financing and a total of K17.01 billion as the new external loans to finance the 2024 National Budget deficit. In respect with external loans, the Committee was informed that the Government remained committed to contracting only concessional loans in the medium term.

2.2 Justification for the Proposed Borrowing by the Government

The Committee was informed that as at June 2023, Zambia's total public sector debt amounted to USD 27.7 billion. Within this total, central Government's external debt stood at USD 14.1 billion, while the domestic debt amounted to USD 12.2 billion. Additionally, central Government's guaranteed external debt was USD 1.4 billion, while external non-guaranteed debt amounted to USD 8.4 million. Total arrears as at June, 2023, stood at USD 10.4 billion.

In light of the above, it was evident that the debt distress was still subsisting. However, Government had to continue to provide essential public goods and services for economic transformation and job creation, as well as the overall well-being of the Zambian citizens. Due to debt obligations and challenges to mobilise finances from the local market, the Government had to acquire external debt so as to bridge the financing gap in the 2024 National Budget.

2.3 Programmes to be Financed under the 2024 Annual Borrowing Plan

The Committee was informed that the debt would be used to finance programmes shown in Appendix 1, which included but not limited to the following:

- i) improving the delivery of water supply, sanitation, and hygiene services;
- ii) improving the quality of teaching and learning in targeted schools;
- iii) developing the agricultural sector by making investments in the agribusiness supply-chain; and
- iv) strengthening the institutional capacity to produce, disseminate and use quality statistics.

Stakeholders submitted that the successful implementation of the projects to be financed would contribute to economic growth and improve people's livelihoods. The borrowing

strategy, therefore, showed commitment to prudent and sustainable borrowing for national development.

3.0 PLANNED MANAGEMENT OF RISKS LAID OUT IN THE ANNUAL BORROWING PLAN SPECIFIC TO DOMESTIC AND EXTERNAL DEBT

The Committee was informed that the ABP did not undermine Government's commitment to the fiscal path towards reducing the budget deficit, prudent financial management and debt sustainability in the medium to long-term. The Committee was further informed that the external debt would be contracted on concessional terms, while the domestic debt would be market based. However, there were associated risks that had to be mitigated. Details of the identified risks are summarised hereunder. Stakeholders further submitted that if the risks associated with the proposed debt arose, this could result in deviation from the expected outcome on the 2024 Budget and the Government's balance sheet.

3.1 Exchange Rate Risk

The exchange rate risk was associated with a deviation of the planned (budgeted) debt service due to having a significant portion of the new financing contracted in foreign denominated currency, which was usually in United States Dollars. Exchange rate fluctuations, and excessive depreciation of the exchange rate led to an increase in the amount of Kwacha required to service debt beyond the budget. This resulted in higher fiscal deficits with its adverse ramifications on the economy.

3.2 Refinancing Risk

This risk was associated with a deviation of the planned debt service due to having a significant proportion of the new financing with short maturities, which needed to be amortised frequently.

3.3 Operational Risks under both Domestic and External Debt Mobilisation

i. Domestic Financing

The main risk identified under domestic financing was the undersubscription to Government bonds and Treasury-bill auctions arising from the unpredictability of investor demand. Under subscription could pose a risk to the attainment of the objectives outlined in the 2024 ABP and MTDS. However, the success of domestic financing remained highly dependent on other macro-economic conditions and external market influence.

ii. External Financing

Under external financing, the main risk related to delays in finalising the contraction processes for the expected US\$416.33 million to be borrowed from external sources in 2024. The delay could negatively impact the timely implementation of programmes and projects in the 2024 Budget. However, the mitigation measures to proactively engage creditors by Government could facilitate timely negotiations and execution of financing agreements.

4.0 PERFORMANCE OF THE 2023 ANNUAL BORROWING PLAN

The Committee was informed that the 2023 ABP had proposed to contract eleven loans totalling US\$ 1,403,288,600. The Committee learnt that as at August, 2023, seven loans totalling US\$ 1,064,658,600 representing 76 per cent of the approved loans had been contracted. In addition, as at August, 2023, US\$445,775,094 had been disbursed representing 58 per cent of the projected disbursements for the year 2023. However, two loans were yet to be contracted and project preparation was still underway, while the remaining two had been converted to grants.

The Committee was also informed that 55 per cent of the external loan proceeds amounting to US\$ 773,630,000.00 would be channelled towards capital projects while US\$629,658,600.00 would be channelled towards non-capital projects and programmes representing 45 per cent. As at end August 2023, US \$124,500,000 was disbursed as capital expenditure while US \$321,275,094.00 was non-capital expenditure as shown in the Table 1 below.

Table 1: Summary of Capital and non-capital expenditure for approved external loans in 2023

Expenditure type	Loan Amount	Disbursed as at 31.08.2023
Capital Expenditure	773,630,000.00	124,500,000.00
Non-Capital Expenditure	629,658,600.00	321,275,094.00
	<u>1,403,288,600.00</u>	<u>445,775,094.00</u>

PART 2

5.0 VIEWS OF STAKEHOLDERS

All the stakeholders who appeared before the Committee supported the ABP in principle because it would guide the Government's borrowing, from both domestic and external sources to bridge the financing gap in the 2024 National Budget. However, they raised concerns as set out below.

5.1 Introduction of a Twenty-Year Government Bond

Stakeholders expressed concern that while the 2023-2025 MTDS recommended for the introduction of a 20-year Government bond to minimise refinancing and foreign risks, the MTDS did not specify the exact timing for the introduction of the 20-year bond. Additionally, in the ABP, the Government only planned to offer 2-year, 3-year, 5-year, 7-year, 10-year and 15-year bonds as instruments for domestic financing.

5.2 Appraisal of Major Projects and Programmes

While acknowledging that the 2024 ABP presented a breakdown of the projects and programmes to be funded through Government borrowing, stakeholders expressed concern that the ABP did not expressly state whether the projects had undergone appraisal to confirm their technical feasibility and economic viability in accordance with section 24(1) of the *National Planning and Budgeting Act, No. 1 of 2020*. This was because, at the time of the presentation of the 2024 National Budget, the Ministry of Finance and National Planning had not published in the Gazette, a schedule of approved appraised projects.

5.3 Misalignment of the Public Debt Management Act and the Minister of Finance Incorporation Act

Stakeholders noted with concern that while the *Public Debt Management Act, No. 15 of 2022* provided that any loan or guarantee outside of the Public Debt Management Act would not bind the Government, the *Ministry of Finance (Incorporation) Act, Chapter 349, of the Laws of Zambia* contradicted it by defining the Minister of Finance and National Planning as a corporate body whose power bound the state on financial matters. Stakeholders were of the view that the misalignment was risky as it allowed the Minister of Finance and National Planning to borrow without National Assembly approval.

5.4 Lack of Full Disclosure on Government Guaranteed Loans

Stakeholders noted that Government guarantees represented contingent liabilities, which were off-balance-sheet obligations but became actual liabilities if a guaranteed state-owned enterprise defaulted. These contingent liabilities could significantly impact the Government's financial position, potentially leading to an increase in Government debt and a broader fiscal deficit. However, the ABP did not include external non-guaranteed debt of public bodies, domestic debt of public bodies, as well as domestic Government arrears.

5.5 Lack of an Update on the Implementation of the Annual Borrowing Plan

Stakeholders noted that while the 2024 ABP was the second ABP to be approved by the National Assembly, the Government did not provide an update to the National Assembly,

on the implementation of the 2023 ABP in accordance with section 10 of the *Public Debt Management Act, No.15 of 2022*.

5.6 Crowding-out of the Private Sector

Stakeholders noted that there was a gradual shift towards domestic borrowing, which was consistent with the MTDS, with a ratio of 51 per cent domestic and 49 per cent external financing. However, stakeholders expressed concern that the continued involvement of the Government in the domestic securities market continued to have a negative impact, as seen in the persistently high lending rates that exceeded 25 per cent. Stakeholders expressed concern that businesses and households were marginalised from the credit market due to the elevated interest rates resulting from the Government's substantial borrowing.

5.7 Continued Accumulation of Debt

Stakeholders noted that it was inevitable for the Government to continue borrowing to cover its budget deficit and that it had to adhere to the requirements of the International Monetary Fund Programme, which limited external financing to concessional loans. However, stakeholders expressed concern that the continued debt accumulation and the debt restructuring exercise merely shifted the burden of debt repayments from the subsisting leadership or generation to the future.

5.8 Lack of Parliamentary Oversight on Medium Term Debt Strategy

Stakeholders noted that while the *Public Debt Management Act, No. 15 of 2022* had improved the oversight role of the National Assembly in debt management, the National Assembly was not involved in the formulation and approval of MTDS. They expressed concern that the exclusion of the National Assembly from the formulation and approval of the MTDS restricted its oversight role to short-term management. Additionally, the Ministry of Finance and National Planning did not provide the National Assembly with information on the contents of the loan agreements after they were signed for scrutiny.

5.9 Mismatch of Priorities Between the Annual Borrowing Plan and the Eighth National Development Plan

Stakeholders expressed concern that the projects to be financed under the 2024 ABP were not in line with the economic drivers and enablers identified in the 8NDP, save for projects under the agriculture and education sectors. They were of the view that borrowing for budget financing and not investing in projects which had a return on investment, was unsustainable.

5.10 Limiting Participation of Non-residents Bond Holders to 5 per cent

While appreciating Governments intention to limit the participation of non-resident bond holders to 5 per cent so as to reduce risk exposure, stakeholders noted that between 2020 and 2022, non-residence bond holders held the largest share of Government bonds. They were of the view that limiting their participation to only 5 per cent had the potential of compromising the country's revenue targets if the domestic securities market were not adequately developed.

6.0 COMMITTEE'S ENGAGEMENT WITH THE MINISTER OF FINANCE AND NATIONAL PLANNING

The Minister of Finance and National Planning appeared before the Planning and Budgeting Committee to clarify matters that had arisen during the Committee's interaction with stakeholders. The Minister informed the Committee that the 2024 ABP would enable the Government to finance the 2024 budget deficit in order to fully implement various programmes and priorities in the 2024 Budget in line with the 8NDP.

The Minister also stated that the impact of borrowing to GDP ratio was subject to the outcomes of the external debt restructuring discussions. The projected borrowing for 2024 was in line with the commitments to bring debt down to sustainable levels as informed by the constraints of the 2023 Debt Sustainability Analysis and the 2023 to 2025 MTDS. He added that all the projects to be financed in the 2024 National Budget were contained in the 2024 ABP and had been appraised.

The Minister provided clarification on issues set out hereunder.

i. Crowding out of the Private Sector

Regarding the concern that domestic borrowing would crowd-out the private sector, the Minister stated that domestic borrowing should not only be perceived on a basis of an absolute number when comparing between two periods of time, but should also be understood in relation to the size of the economy. Therefore, to assume that crowding-out would increase because the Government had increased the domestic borrowing without taking into account the size of the GDP during those periods of time maybe misleading.

ii. Consumption or Social Sector Spending in Relation to Development Spending

The Minister explained that the 8NDP was comprehensive. This was because development did not only include road construction and other physical assets, but also catered for all the critical sectors of the economy including investment in human capital. The Minister was of the view that when the population was knowledgeable, it was able to do things that would help grow the economy. Additionally, a healthy population was able to positively

contribute to the growth of the economy. He observed that there was a misconception that social sector spending was not investment and clarified that spending on human capital such as education and health was equally important giving examples from South Korea and other Asian Tigers.

iii. K83 billion Gross Domestic Borrowing vis-a-vis net Domestic Borrowing of K16 billion

The Minister explained that K83 billion was the gross domestic borrowing for 2024. However, K16.3 billion was the net domestic borrowing. He explained that, from the K83 billion borrowed, about K66 billion would be paid back in terms of maturities of Treasury-Bills and Bonds leaving a balance of K16.3 billion which was the net borrowing. He further explained that at any given time, there were some Treasury-Bills and Bonds that would be maturing and, as such, had to be honoured. The Committee learnt that for Government to pay off maturities, the Government had to offer new securities. The Minister emphasised that it was common practice, everywhere in the world, for countries to issue new securities to pay off maturities.

iv. Status of the Public Debt Management Office

With regard to the establishment of the Public Debt Office, the Minister informed the Committee that the staff establishment for the Public Debt Office had been formulated and that the Ministry was in the process of submitting the proposed structure to Cabinet Office for approval. The expectation of the Ministry was that the structure would be approved by Cabinet and the establishment of the structure would take place in the first quarter of 2024.

v. Southern African Development Community Regional Statistics Project

The Minister informed the Committee that the Southern African Development Community regional project costed US\$104.5 million, out of which US\$30 million was Zambia's contribution. The project aimed at strengthening institutional capacity of the Southern African Development Community (SADC) and participating countries to produce, disseminate and use quality statistics, while increasing regional harmonisation and collaboration. Further, the regional component of the project was to harmonise the quality and dissemination of statistics for the SADC Region. The key institution to benefit from this project would be the Zambia Statistics Agency. Additionally, other line ministries that would benefit included the ministries Health and Agriculture.

vi. Loans Contracted Before 2023 and not Drawn Down

The Minister explained that in line with the Government policy of reducing debt to sustainable levels, the Government undertook the process of cancellation of debt contracted before 2023 but were not disbursed.

vii. Undersubscription of Treasury Bonds and Government Bonds

The Minister explained that the undersubscription for the Treasury-bills and Government Bonds normally took place when there were low levels of confidence in the economy. That was why, in the past, the Government made sure that it did not default. Subscription was undertaken by individuals and firms, as this was the easiest window to borrow by the Government. In 2022, during the discussion about restructuring of debt, there was talk to include Treasury Bills and Government Bonds in the restructuring. This brought the element of trust into question. The Government did not agree with the idea of including domestic debt to be part of the restructuring process because it was going to negatively affect market confidence. Some of the creditors who included foreigners were uncomfortable with this talk and, as such, held back their investment. This was what led to under subscription despite the Government making it clear that the restructuring would not affect domestic bond holders. However, the Government was of the view that the under subscription was a temporary issue.

viii. Revenues from Mining and Agriculture to Repay Loans

The Minister explained that the mining sector in Zambia was paying more taxes than was the case with many countries in the region. In this regard, there was need to align Zambia's mining taxation with what was obtaining in other countries such as the Democratic Republic Congo. He argued that there were no incentives given to the mining sector, but merely a correction of the historical distortions. He also explained that the Government was working at strengthening the export capacity of the agriculture sector through the establishment of the farm blocks.

PART 3

7.0 COMMITTEES OBSERVATIONS AND RECOMMENDATIONS

From the outset, the Committee supports the Annual Borrowing Plan, which was produced in line with the provisions of the *Public Debt Management Act, No.15 of 2022*. This is because the Plan will strengthen debt management and enhances transparency and accountability. Following the interactions with stakeholders, the Committee makes observations and recommendations as set out below.

i. Debt Repayment Plan

The Committee observes that the Minister of Finance and National Planning has not been publishing a Debt Repayment Plan. In this regard, the Committee recommends that in addition to the ABP and the MTDS the Ministry of Finance and National Planning should publish a Debt Repayment Plan. The Repayment Plan will specify when and how the Government will pay interest and principal maturities on its outstanding debt. The

overarching principle is to ensure that borrowed funds are repaid in a manner that does not strain the country's finances and is sustainable in the long term.

ii. Quarterly Update on the Implementation of the Annual Borrowing Plan

The Committee observes that section 10 of the *Public Debt Management Act, No. 15 of 2022* provides that the Minister of Finance and National Planning should on, a bi-annual basis, provide an update on the implementation of the ABP. The Committee is aware that an update on the implementation of the Annual Borrowing Plan is provided in the Quarterly statistical bulletins. However, to enhance prompt identification of potential challenges and risks in the implementation of the borrowing plan, the Committee recommends that the Minister of Finance and National Planning should be updating the National Assembly by way of issuing a Ministerial Statement on a quarterly basis as opposed to bi-annual. Consequently, there is need to amend the Public Debt Management Act, 2022 to provide for quarterly reviews.

iii. Operationalisation of the Sinking Fund

The Committee observes that for a long time, the Government has not been coming up with practical ways of repaying the external debt. These practical ways include the creation of a sinking fund as provided for in section 25 of the *Public Debt Management Act, No. 15 of 2022*. The Committee is of the considered view that the creation of a sinking fund will enable the Government set aside portions of revenue for purposes of repayment of long-term debt. The Committee, therefore, recommends for the prompt operationalisation of the Sinking Fund.

iv. Establishment of a Sovereign Wealth Fund

The Committee notes that the creation of a sovereign wealth fund has been part of Government's agenda. However, this has not been actualised. In this regard, the Committee recommends that the Government should consider enacting legislation which will provide for the guidelines for the Minister of Finance and National Planning to develop a legal and regulatory framework for the establishment and management of a Sovereign Wealth Fund in line with section 55 of the *Public Finance Management Act, No. 1 of 2018*.

v. Strengthen Legislation on the Management of Debt

The Committee observes that significant strides have been made with respect to enhancing the oversight function of the National Assembly on debt management. However, the Committee observes that the National Assembly is not involved in the medium-to-long term planning, as the MTDS is not subject to approval by the National Assembly. Further, the Public Debt Management Act, 2022 does not provide sanctions against the Minister of

Finance and National Planning if he/she abrogates the provisions of the Act. Additionally, the National Assembly is not purview to the content of the loan agreements after they are signed. This is because, the ABP simply provides an overview of loans the Government plans to contract in a fiscal year. In light of the above, the Committee recommends for strengthening of oversight functions on public debt management to prevent the country from falling into another debt trap.

vi. Crowding - out effect

While commending the Government for consistency in policy with regard to having a shift towards domestic borrowing in preference for external borrowing, the Committee observes with concern that continued heavy involvement of the Government in the domestic securities market has a potential of crowding out the private sector. Therefore, the Committee urges the Government to ensure that macro-economic fundamentals are strengthened to ensure GDP growth and create a buffer against crowding out the private sector.

vii. Mitigation of Potential Risks in the Annual Borrowing Plan

The Committee observes, with concern, that the ABP highlights potential risks that may affect the implementation of the ABP. One of the major potential risks, is the fluctuation of the exchange rate and a weakening Kwacha. In this regard, the Committee strongly urges the Government to ensure that clear measures are put in place to hedge against fluctuations in the exchange rate.

viii. Acquisition of Loans to Spur Growth in Key Economic Strategic Areas of the Eighth National Development Plan

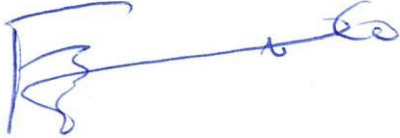
The Committee observes that only the agriculture and education sectors are highlighted in the ABP. While borrowing is inevitable considering that the Government is debt distressed, the Committee strongly recommends that the ABP should prioritise borrowing only for projects that are in tandem with the four key strategic drivers and enablers of the 8NDP.

ix. Continued Accumulation of Debt

The Committee observes that in 2011, Zambia graduated to a lower middle-income country from a lower-income country. This reclassification meant that Zambia was no longer eligible for concessional debt, as it had been previously. Unfortunately, the country went back to the lower category and is now eligible for concessional loans. The Committee further observes that even though the Government is accessing concessional loans, there is still debt accumulation. In light of this, the Committee urges the Government to ensure that it strictly adheres to the MTDS terms of the debt restructuring exercise to avert shifting unsustainable debt burden to future generations.

8.0 CONCLUSION

The presentation of the Annual Borrowing Plan for approval to the National Assembly as provided for in the *Public Debt Management Act, No.15 of 2022* is in line with the debt sustainability analysis and the objectives of the 8NDP. It is, therefore, also consistent with commitments the Government made under the Extended Credit Facility. The Committee is confident that approval of the ABP by the National Assembly is key to ensuring debt sustainability and that the country does not fall back into debt distress through unsustainable borrowing.



Mr Fred C Chaatila, MP
CHAIRPERSON

October; 2023
LUSAKA

Appendix 1 New Loans to be Contracted in 2024

Description	Loan Amount (US \$)	Amount to be Disbursed in 2024 (US\$)	Purpose of Borrowing
1. Net Domestic Financing (ZMW)	16,328,755,585.00	16,328,755,585.00	Budget Support
2. External Financing (US\$)	416,333,333.00	203,965,000.00	
O/w Programme Loans	150,000,000.00	53,965,000.00	Budget Support
Improving Access and Strengthening Innovations for Water, Sanitation, and Hygiene	13,333,333.00	4,865,000.00	Project Implementation
Zambia Education Enhancement Project Phase II	53,000,000.00	20,000,000.00	To improve the quality of teaching and learning in targeted schools
Zambia Agribusiness and Trade Project Phase II	170,000,000.00	16,000,000.00	To develop the agriculture sector by making investments at critical points in the agribusiness supply chain
SADC Regional Statics	30,000,000.00	13,100,000.00	To strengthen the institutional capacity of SADC and participating countries and use quality statistics

Appendix 2 Projected Disbursements on the IMF ECF and other Existing External Loans

Description	2024Projecte Projected Disbursements	Financing Type
IMF Extended Credit Facility (Budget support	187,955,612.78	Expected drawdown on the IMF Extended Credit Facility
Drawdown on already contracted loans	522,826,042.48	Projected disbursements on existing external loans, largely from multilaterals
B. Sub-Total	710,781,655.26	
Total Projected Disbursement (A=B)	914,746,655.26	

Appendix 3 Status of external loans as approved in 2023 ABP

	Description	Creditor	Loan Amount (Face Value) (USD)	Projected Amount to be Disbursed in 2023 (USD)	Amount disbursed as at 31.08.2023 (cumulative)	Purpose for Borrowing	Comment
1	Zambia Growth Pole Project	World Bank	300,000,000	150,000,000	74,000,000	Development of farm blocks & value chain addition	Loan signed and disbursements have commenced
2	Zambia Devolution Support project	World Bank	210,000,000	105,000,000	50,500,000	Support decentralization including capital grants to town councils	Loan signed and disbursements have commenced
3	Scaling Up shocks responsive Social Protection Project	World Bank	155,000,000	90,000,000	36,602,594	Social protection programme	Loan signed and disbursements have commenced
4	Development Policy Operation (DPO 1) – Budget Support	World Bank	275,000,000	275,000,000	275,000,000	General Budget Support	Loan signed and fully disbursed
5	Development Policy Operation (DPO 2) – Budget Support	World Bank	75,000,000	75,000,000	0	General Budget Support	Loan has been converted into a grant
6	Green Resilient Transformational Tourism Development project	World Bank	100,000,000	15,000,000	0	Green Resilient Transformational Tourism Development project	Loan signed on 15 th July 2023 and would be effective by October
7	Zambia Tanzania Interconnector	World Bank	240,000,000	36,000,000	0	Expansion of power transmission lines	Loan has been converted into a grant
8	Zambia Emergency Food Production Facility	Africa Development Bank	14,873,000	7,436,500	9,672,500.00	Support emerging farmers productivity to promote food security	Loan signed and disbursements have commenced
9	Programme for Integrated Development and Climate	Africa Development Bank	9,785,600	4,892,800	0	Climate change mitigation and adaption	Loan signed however, disbursements are yet to

	Change in the Zambezi Basin (PIDACC)						commence
10	Farm Block Transformation Program	Africa Development Bank	13,900,000	6,950,000	0	Development of farm blocks and value addition	Loan not signed due to delays in the environmental impact assessments
11	Kabwe water supply emergency works	Africa Development Bank	9,730,000	4,865,000	0	Provision of water supply and sanitation	Loan contraction has been deferred to 2024, is contained in the 2024 ABP and has been renamed to <i>“Improving access and strengthening innovation for water sanitation and hygiene”</i>
			<u>1,403,288,600</u>	<u>770,144,300</u>	<u>445,775,094</u>		

Appendix 4 List of National Assembly Staff

Mr Charles Haambote, Principal Clerk of Committees (FC)
Mr Fitzgerald M Kateshi, Principal Clerk, Parliamentary Budget Office
Mrs Angela Banda, Acting Deputy Principal Clerk of Committees (FC)
Ms Chitalu R Mulenga, Senior Committee Clerk (FC 2)
Mrs Edna K Zgambo, Senior Budget Analyst-Macroeconomics
Mr Elijah I C Chilimboyi, Committee Clerk
Ms Carol Ndoti, Committee Clerk
Mr Maambo Chilobya, Research Officer
Mr Philip Mwiinga, Budget Analyst
Mrs Racheal M Kanyumbu, Administrative Assistant
Mr Danny Lupiya, Committee Assistant
Mr Muyembi Kantumoya, Parliamentary Messenger

Appendix 5 List of Witnesses

1. Ministry of Finance and National Planning
2. Bank of Zambia
3. Zambia Institute for Policy Analysis and Research
4. University of Zambia
5. Zambia Institute of Chartered Accountants
6. Southern African Institute for Policy Research
7. Civil Society Organisation Debt Alliance
8. Copperbelt University
9. Economics Association of Zambia
10. Price Water House
11. Zambia Revenue Authority
12. Dr Trevor Hambayi-Debt Specialist