REPORT OF THE EXPANDED COMMITTEE ON ESTIMATES, CHAIRPERSONS OF PORTFOLIO COMMITTEES, THE CHAIRPERSON OF THE PUBLIC ACCOUNTS COMMITTEE AND THE CHAIRPERSON OF THE COMMITTEE ON REFORMS AND MODERNISATION APPOINTED TO CONSIDER THE 2009 ESTIMATES OF REVENUE AND EXPENDITURE

The Honourable Mr Speaker
National Assembly
Parliament Buildings
P O Box 31299
LUSAKA

Sir,

Your Expanded Committee on Estimates were appointed on 30th January, 2009 to consider the 2009 Estimates of Revenue and expenditure and now have the honour to present their Report on their work.

Terms of Reference

2. The terms of reference of your Committee on Estimates are as follows:

(a) to examine the Estimates and Excess Expenditure Appropriation Bill;
(b) to report on the economies, improvement in organisation, efficiency or administrative reform consistent with the policy underlying the estimates, examine whether the money is well laid out within the limits of the policy implied in the estimates;
(c) to suggest alternative policies in order to bring about efficiency and economy in administration;
(d) to carry out regular examination and scrutiny on budgets, estimates and management thereof, and conduct budget hearings; and
(e) to make recommendations and report to the House for the formulation and implementation of future Budget Estimates.

In addition to the above terms of reference, your Committee were mandated to:

(a) study and analyse the Estimates of Revenue and Expenditure for 2009, in relation to the 2009-2011 Medium Term Expenditure Framework and the 2009 budget; and
(b) hear evidence from some of the stakeholders that the Ministry of Finance and National Planning invited during the budget preparation process.

Membership

3. Your Committee, as constituted, comprised the following members:
Mr B Imenda, MP (Chairperson);
Mr J P L Mulenga, MP;
Rev G Z Nyirongo, MP;
Mr E M Hachipuka, MP;
Mr H H Hamududu, MP;
Ms J Kapata, MP;
Mr S Chisanga, MP;
Mr E M Sing'ombe, MP;
Mr A M Nyirenda, MP;
Mr C L Milupi, MP;

Mr M Habeenzu, MP;
Mr R Muntanga, MP;
Mr E C Mwansa, MP;
Mr M Muteteka, MP;
Ms E K Chitika, MP;
Mrs F B Sinyangwe, MP;
Mr J J Mwiimbu, MP;
Mr S Sikota, MP;
Mr L J Ngoma, MP;
Mr R Muyanda, MP;
Mr G G Nkombo, MP; and
Mr C W Kakoma, MP.

Meetings of the Committee

4. Your Committee, in considering the 2009 Estimates of Revenue and Expenditure, invited various stakeholders and examined in detail all the submissions presented before them. The list of witnesses who gave oral and written evidence to your Committee is at Appendix I of this Report.

ANALYSIS OF 2009 ESTIMATES OF REVENUE AND EXPENDITURE

5. Your Committee scrutinised and analysed the budget for the fiscal year commencing 1st January, 2009 and ending 31st December, 2009. Their observations are summarised in the paragraphs set out below.

I. Performance of the Zambian Economy: 2003 to 2008

As a prelude to a detailed analysis of the 2009 budget, your Committee undertook a review of a series of key macroeconomic indicators for the period 2003 to 2008. Your Committee found that, generally, the economy had been growing between 5.1 and 5.8 percent between 2003 and 2006. There was a slump, however, in 2005, when the economy grew by 5.1 percent which was lower than the target of 6.0 percent and the 5.4 percent attained in 2004. The slow down in the economy was attributed to the reduced growth in the major sectors of manufacturing, agriculture and mining. In 2006 and 2007, the economy began to look up when it posted a growth of 5.8 percent and 6.2 percent respectively. In 2006, growth was mainly driven by the mining, construction and transport sectors. Other sectors that registered positive growth were agriculture, tourism, manufacturing, wholesale and retail trade and the service sector. In 2008, the Zambian economy grew by 5.8 percent, a rate mainly driven by growth in the transport, storage and communication, mining, manufacturing and trade sectors. The poor performance of the agriculture sector and a slowdown in the construction sector contributed to the lower than expected growth.

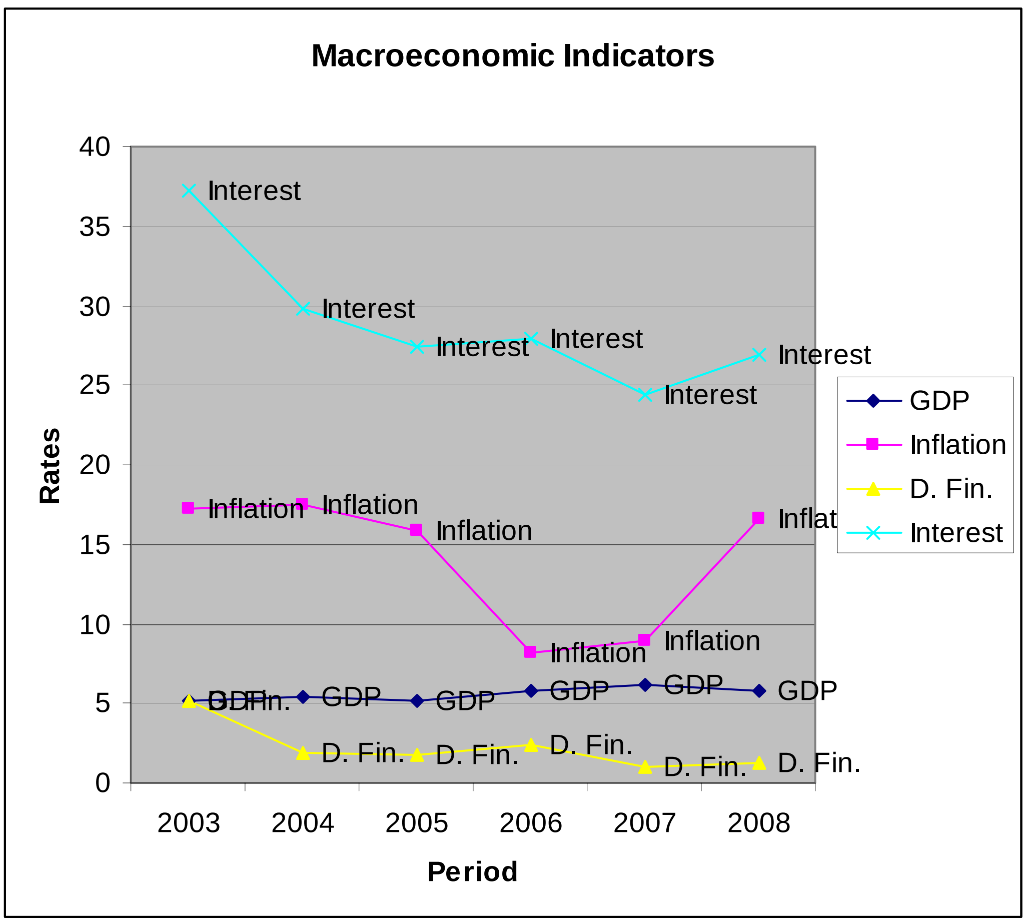
The statistics in Table 1 clearly show the macroeconomic performance of the economy for the period 2003 to 2008.

Table 1
Economic Indicators for Zambia: 2003 to 2008

	2003	2004	2005	2006	2007	2008
GDP Growth Rate	5.1	5.4	5.1	5.8	6.2	5.8
Inflation	17.2	17.5	15.9	8.2	8.9	16.6
Money supply(Annual Percentage Change)	23.4	30.3	0.4	22	22.5	22.1
Interest rates(Lending rates)	37.2	29.8	27.4	27.9	22	26.9
Current Account Deficit/GDP incl grants	-16.2	-10.7	-11.9	-12	-11.7	-9.1
Gross International Reserves	1.3	1.2	1.8	2	3.6	-
Domestic Financing	5.1	1.9	1.8	2.4	0.95	1.2

Sources: Economic Reports, MTEF report and Budget Speeches

Your Committee noted that the key projection of 7 percent relating to GDP growth rate, though modest, could not be achieved by the end of 2008. Further, the inflation rate rose in the actual rate from 8.9 percent in 2007 to16.6 percent at the end of December, 2008. Your Committee are alive to the fact that there is a very close relationship among Government borrowing, inflation and interest (lending) rates and, at the same time, all three have a close correlation with the economic growth rate (GDP). This is illustrated in Graph (a) below.



Note: D. Fin denotes domestic financing.

II. Overview of the 2009 Budget

The Government must redouble its efforts to reverse the relentless decline of living standards in Zambia. A new long-term strategy seems to have emerged. However, for it to be credible, it should be based on an honest examination of the lessons of past experience. Immediately after independence, the assumption was that development meant achieving the living standards of the former colonising countries. Consequently, most countries, including Zambia, embarked on import substituting manufacturing with the state controlling industrial investment. This strategy failed because it was based on foreign models that Africans hardly understood.

Today's strategy must give primacy to agricultural development, emphasizing not only prices, markets, and private sector activities, but also capacity building, grassroots participation, increasing productivity among rural farmers, diversification, decentralization, and sound environmental practices. In this country, non-Zambians have played an overly dominant role. There are now a significant number of experienced Zambians who should implement future strategy.

The Government recognises agriculture as the primary foundation for growth. This is one area where Zambia could create immediate comparative advantage. Agriculture accounts for almost 30 percent of GDP, 50 percent of its labour. But in recent years, the sector's performance has been very poor. The target must be to raise the growth of output to at least 4-6 percent per annum, the level that will be needed to achieve food security and to raise per capita incomes, perhaps initially by a modest 1 percent a year, and eventually by 2 or 3 percent.

It is, therefore, encouraging that the 2009 budget claims to put emphasis on agriculture as potential source of economic growth with a policy of removing constraints which led to poor performance in 2008. However, the budget speech gives conflicting information on the allocation to the sector this year. A close look at data in the "Yellow Book" shows that last year's allocation to agriculture was K1,353.7 billion, inclusive of the supplementary, compared to this year's allocation of K1,074.4 billion, a reduction of 20.6 percent. This is in sharp contrast to the claim in the budget speech that there is "a 37 percent increase in the allocation to the agriculture sector".

Implementation of the current fertilizer support programme is a disaster since most of the fertilizer does not reach the targeted farmers. The factors behind this failure are well known. The Government will, therefore, do well to address the causes of this fiasco before any more resources are wasted because of corruption and downright theft.

The strengthening of extension services is a welcome development and the hope is that more small scale farmers will be covered in this programme.

Infrastructure in agriculture, including rural infrastructure, should be emphasised. The scope for growth of high cost projects, such as large scale irrigation schemes, is limited. Instead, growth will have to come from improved seed varieties, more and reliable supplies of inputs (such as fertilizer, water, pest control and agricultural implements), and better management of livestock. Public investment that would most likely yield high returns will largely be in research and extension, small- and medium-scale irrigation, forestry, soil conservation and land development, livestock and fisheries, and low cost rural infrastructure to serve areas with good agricultural potential.

For the most part, rural infrastructure in Zambia is extremely deficient. Improving rural infrastructure is an essential requirement for modernisation and growth of agriculture. Better market incentives to farmers will be ineffective if the physical barriers and economic costs of transporting goods to markets remain too high. The development of roads in rural areas is crucial. This year's budgetary expenditure does not seem to address this fully.

Crop marketing is critical to the improvement of productivity of the small scale farmer. It is expected that the allocation to the Food Reserve Agency will be adequate and that farmers will be paid a fair price for their produce.

It is generally accepted that the Government is rightly committed to the growth of tourism in view of the foreign exchange earnings of this sector. It also induces demand for urban services, such as housing and construction, personal services such as restaurants, hotels, bars, and night clubs, and distribution. However, the size of Government expenditure in commercial tourism in this year's budget is too high and needs to be determined rather in the light of overall investment targets and the returns on alternative uses of Government funds. The infrastructure required for tourism promotion will be more economical, if there is better coordination and planning of complementary inputs.

The Government has decided to develop manufacturing on the basis of multi facility economic zones and industrial parks (MFEZs). Very generous tax concessions will be granted to developers of, and investors in MFEZs and industrial parks who invariably will be foreigners.

From past experience, the MEFZs and industrial parks will be nothing more than enclave economies with essentially foreign owned manufacturing operations. In addition to the lop sided tax concessions they will enjoy, foreigners will pay very low rents or none at all, for the rights to use land; they will bring in their own foreign capital and skilled labour; they will hire local unskilled labour at subsistence wages; and they will have a minimal effect on the rest of the Zambian economy, even though they may generate significant export revenues. The MEFZs and industrial parks will be manufacturing export enclaves for such operations as personal computer assembly, running-shoe and toy manufacture, textiles and so on.

The trade gains arising from the MEFZs and industrial parks will accrue mostly to foreigners. This can be proven by analysing Zambia's GDP and GNP. The distinction between gross domestic product (GDP), which is a measure of the value of output generated within the geographic boundaries of Zambia, and gross national product (GNP), which measures the income actually earned by Zambian nationals, is extremely important. To the extent that the export sector, or any sector of the economy, is foreign owned and operated, GDP will be that much higher than GNP, and few of the benefits of trade will actually accrue to Zambian nationals. It may even be possible for the value of exports to be greater than GNP – i.e. foreign export earnings may exceed the total value of domestically accrued income. The other problem that may arise will be transfer pricing.

The quality of social services in Zambia is generally poor and has been declining. Urgent corrective spending is, therefore, required. Improvement in the quality of education is important to support sustainable growth. It is, therefore, encouraging to note that this year's budgetary allocation has been increased by 24 percent implying that spending on education will be 17 percent of the total budget. Increased investment in education will accelerate growth in several ways. For example, educated farmers have been found to achieve higher productivity levels than those who have not gone to school. Education is intrinsic to development in the widest sense; empowering people, especially the poor, with basic cognitive skills is the surest way to render them self-reliant citizens.

One reason for the low quality of primary education in Zambia is the low expenditure on educational materials per student. The budget seems to be silent on this. Enhancing the quality of education will also require raising the professional competence of teachers while keeping the costs of teacher training down. Quality will also be improved by ensuring that curricula and teaching materials meet the needs of the Zambian environment. Also using the vernacular languages in the first years of primary school may contribute to quality. Although improving quality is paramount and the immediate priority, the long-run goal should also be to expand enrolment, especially of girls.

To survive and compete in a competitive world in the 21st century, Zambia will require not only literate and numerate citizens, but also highly qualified and trained people to perform top quality research, formulate policies, and implement programmes essential to economic growth and development. Therefore, institutions of higher learning must be adequately funded to produce, at an affordable and sustainable cost, well trained people in academic and professional disciplines applicable to diverse work environments.

The structure of expenditure would seem to indicate that the allocation to education will not be sufficient to adequately address the funding problems of this sector. Too much emphasis is on general Government administration with 32 percent of the total budget.

In Zambia today, expenditure programmes seem to be geared to meet the needs of the elite. Health, education, water supply, sanitation and other services for most of the poor are either non-existent, or represent the efforts of local communities and NGOs, poorly supported financially and technically by the Government.

The 2009 budgetary allocation to the health sector is said to have increased by 12.9 percent and will, therefore, account for 12 percent of the total budget. This is to be spent on drug and equipment procurement, staff recruitment and construction and expansion of a number of district hospitals. The allocation also includes a sum of money for the prevention and treatment of HIV/AIDS. While the allocation has been increased, it will not be sufficient to make an impact on the health problems in the country. The economic crisis Zambia is facing has not only depressed already low incomes, but has also dealt a blow to the ability of the health care sector to cope by constraining public expenditure on drugs and medical supplies. In recent years, the struggle has been to safeguard budget allocations for health care, especially, for the provision of primary health care. This is essential if health services are to achieve their potential contributions to improved health, productivity, and development.

One characteristic of the health sector is that expenditure on hospital services has been disproportionate to that on primary health care. The consequence has been that the burden of large hospitals on recurrent budgets has been overwhelming. As a general rule investment in new hospitals or in expanding existing hospitals for curative services should be made only if it can be demonstrated that public health will not be better served by increased expenditures on primary health care, including facilities for their support. Much needed improvements in hospitals and elsewhere in the health care system, requires improved management and training. Basic health centres are needed to encourage people to seek care at an early stage of sickness, which would thereby reduce the crisis morbidity situation that prevails in most hospitals. Therefore, the hope is that these principles would have been taken into account when deciding to spend on new hospitals and expansion of existing ones.

Access to safe water, accompanied by improvements in sanitation and personal hygiene contributes to better health. Although there has been some improvement in coverage, the overwhelming majority of people in the rural areas are without access to improved water supplies. Therefore the allocation of K214 billion to the National Rural and Urban Water Supply programmes is a move in the right direction. However, there is the likelihood that most of the allocation will be spent in the urban areas.

The policy decision has been made toward improving the monitoring and evaluation of projects as part of budget execution. This will require the Government to publish information regarding the location and resources allocated to each project to enable stakeholders to monitor projects. This is aimed at increasing transparency and accountability of Government to implement infrastructure projects in this year's budget. This raises some scepticism with respect to its effectiveness. It may lead to waste of public resources. Monitoring and evaluation are complex technical activities involving the systematic collection and analysis of information on the performance of policies, programmes or initiatives to make judgements about relevance, progress or success and cost-effectiveness and/or to inform future programming decisions about design and implementation. This should be a necessary component of implementation by ministries and departments responsible for these projects and programmes.

III. The 2009 Budget

Your Committee noted that in 2008, approved estimates were K13,761,400,894,438, the supplementary estimates were K2,158,432,304,951 making the total authorised expenditure for 2008 K15,919,833,199,389. The total estimate for 2009 is K15, 279,037,268,316. As such, there was no escalating factor for the 2009 estimates. Further, the 2008 inflation was at 9% for the larger part of the year while the 2008 year end inflation was estimated at 16.6%. It is therefore, possible that the 2009 budget could most likely be, in real terms, less than the 2008 budget.

The analysis of the budget has become a difficult enterprise for the simple reason that there is hardly any reliable data, particularly information on national accounts. Conventional wisdom is that an economy will have gone into recession following two successive quarters of negative growth of GDP. In Zambia, such information is non-existent and it is a matter of improvisation. The question therefore arises: is Zambia in recession or a slow down of economic activity?

It is stated that the budget is based on a medium-term perspective and therefore should illustrate how revenue and expenditure will develop at least over the next two years beyond the current fiscal year. Similarly, this year's budget should be reconciled with forecasts contained in earlier fiscal reports for this same period. All significant deviations should be explained. These aspects of budgeting do not seem to have been comprehensively addressed.

The Budget

The Minister of Finance and National Planning prefaced this year's budget speech with an account of recession in the industrialized countries and the consequent collapse of commodity prices, including copper prices in the international markets. At the macro level, the budget states the obvious, that these adverse developments in the international economy have had a negative impact on the Zambian economy: economic growth slowed down to 5.8 percent against the target rate of 7 percent in the 2008 budget and even slower than the rate of growth of 6.3 percent achieved in 2007; the annualised inflation rate spiraled upwards to 16.6 percent at the end of 2008 against the target rate of 7 percent; the exchange rate of the Kwacha depreciated sharply against the US dollar; and the terms of trade deteriorated, largely because the value of mineral exports plummeted with the collapse of copper prices.

Fiscal and monetary policies remained largely on course. Domestic borrowing for deficit financing was marginally lower than budgeted; monetary growth slowed down due to declining export performance and a reduction in growth of foreign exchange reserves. The rising rate of inflation coupled with reduced demand for Government securities, mainly because foreign portfolio investors (speculators) withdrew from the market in response to the global financial meltdown, pushed interest rates up beyond 26 percent.

The equity market also collapsed as foreign investors sold Zambian equities. This was a strong indicator of speculative activity from abroad. In recent years, there has been heightened enthusiasm in the stock exchange. The decline in the Lusaka Stock Exchange shows how volatile the stock market can be. It has also increased volatility in the economy, as funds have flowed in from abroad and, even more dramatically, flooded out. There will be significant problems with relying too strongly on the stock market as a development strategy in Zambia. Some of these problems can be summarised as follows:

- The stock market could lead to substantial foreign investor influence over domestic company operations; the overwhelming percentage of shares listed is foreign owned.
- The stock market will lead to short-term speculation that will dominate trading and distort decision making by company managers, inducing a short-time horizon.
- “Hot money” which flows in and out of the country to speculate in the market will lead to wide currency swings and destabilise the economy.

In 2008, mobilisation of resources from domestic sources exceeded the target by 2.4 percent. Non-tax sources were 18.4 percent below target while collections including windfall tax from mining were dismal at K319.5 billion compared to K917.3 billion originally expected. There were problems in administering the tax, worsened by very poor relations between the government and the mining companies regarding the fiscal regime that was to determine the windfall tax. Resources in the form of grants from external donors were 8 percent below the budget estimate, showing how difficult it is to budget for charity, especially in an environment of recession in the main donor countries.

IV. Resource Outlook for 2009

Based on the Budget Speech the resource outlook for 2009 is as shown in Table 2 below.

Table 2: Resource Outlook for 2009

Revenue Estimates for 2009 (in billions of Kwacha)			
Tax revenue			10191.6
Direct taxes		4530.0	
Company tax	1104.0		
PAYE			2692.5
Other income taxes			579.0
Value added tax			2549.9
Customs and excise duties	3111.6		
Customs duty	1452.5		
Excise duty			1659.1
Non-tax revenue	454.3		
User fees and charges			353.3
Exceptional revenue			34.8
Dividends, interest, etc	66.2		
Total domestic revenues	10645.8		

Sources: Budget Speech and Medium-Term Expenditure Framework, 2009-2011.

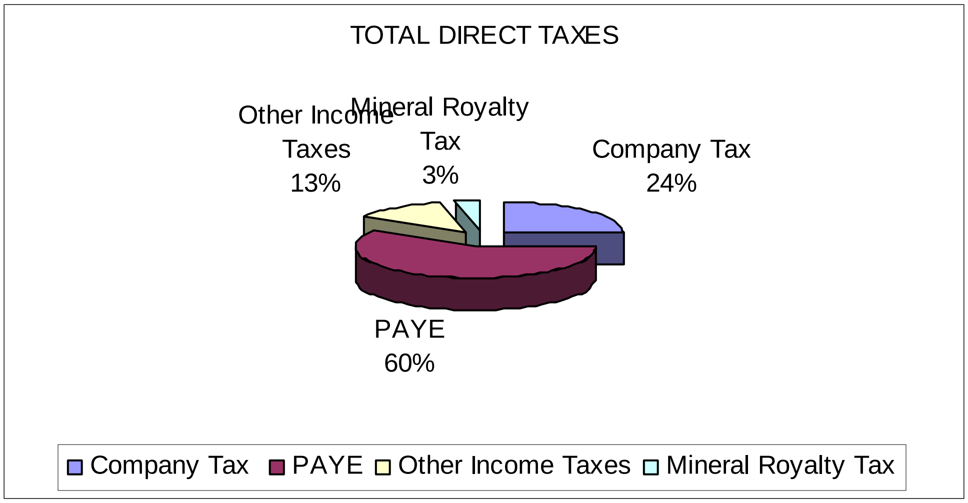
Observations on the Resource Outlook

There are a few issues that arise from Table 2 on resource mobilisation for the 2009 budget and these are summarised as follows:

- Domestic revenues are equivalent to about 19 percent of GDP while tax revenue is 18 percent. These percentages show that there has been no shift in these relative shares indicating the overwhelming dependence of public finance on taxation.

- The medium-term expenditure framework for the period 2008-2010 states that on the revenue side, Government policy would be to increasingly reduce taxes on trade and move towards taxes on consumption. In the 2007 budget, trade taxes accounted for 32 percent of total domestic revenues. In 2009, the Government estimates that the proportion of trade taxes in total domestic revenue will decline marginally to 29 percent. This is commendable effort because it indicates the start of restructuring taxation.
- Taxes on trade slow down the development of agriculture and industry and generally work against growth and poverty alleviation. Consumption taxes are preferable because they do not adversely affect production. Thus the Government's resource mobilisation efforts will be better served by a gradual shift from taxes on trade to taxes on consumption and income. It is noted that the Government places much less emphasis on taxing exports.
- The 2009 budget was no different from previous ones regarding the distribution of the burden. Again, individual and household incomes will bear the burden of taxation by paying about 27 percent of total tax revenue while corporate tax payers including the mining companies will only pay 10.8 percent. Meanwhile, some mining companies declined to pay their dues of windfall tax and instead put pressure on the government which succumbed and removed the windfall tax from the statute books. Further, the tax relief for those on PAYE is cancelled out by the 16.6 percent rate of inflation
- In these circumstances, it is clear that growth will not necessarily reduce poverty or enhance food security. The budget's development strategy should have specifically addressed poverty alleviation and more equitable income distribution as issues in their own right. This strategy needs to focus on two critical issues: one – how to make the poor more productive; and two – how to provide affordable productive assets to the poor.
- A neutral structure of incentives is an important first step toward a fairer society. Instead, this year's budget gives substantial incentives to so called foreign investors while struggling local investors are expected to benefit from possible trickle-down effects.
- Non-tax revenue is forecast at K453.3 billion against actual collections of K567.3 billion in 2008. This is indicative of problems in administering user fees and charges, largely associated with revenue leakages through corruption.

- Large increases in the country's public revenues are potentially available from full cost pricing of infrastructure services: roads and drainage, water and sewerage, electricity, and telecommunications. Charges for infrastructure services in Zambia are lower than economic costs and cannot even finance infrastructure maintenance. But the Government has continued to rely heavily on tax revenues, particularly personal tax through PAYE, placing an inordinately heavy burden on the individual taxpayer. The pie chart below illustrates the share of direct taxes contributed by each direct tax type.



About 60 percent of the total direct taxes are being contributed through PAYE. Clearly, this is worrying as workers have continued to carry the burden even at an economically lean time such as now when they need some relief.

V. Expenditure

For citizens, there is need for more easily read Government-wide financial statements that provide a concise presentation of information. Comparative reporting of the original budget, final budget and actual revenue and expenditure increases accountability. For the average citizen, who knows little if anything about financial statements, the budget should provide substantial detail concerning the Government's performance, in plain language. Public officials must now comment on their performance, addressing specific issues.

The 2009 budget gives a comprehensive functional classification of expenditure but does not show much detail of the economic classification. The functional classification of expenditure is needed to measure the costs and benefits of entire programmes although more than one ministry may participate in those programmes. This information will enable the legislature to make an appraisal of the Government's budget on the assumption that activity based budgeting is predicated on the application of cost-benefit analysis to the evaluation of expenditure programmes. However, supplementary information classifying expenditure by economic categories should also be presented. In this regard, an economic classification of expenditure has been estimated as shown in Table 3 below:

Table 3: Economic Classification of Expenditure

Estimate of the 2009 Budget Expenditure by Economic Categories
(in billions of Kwacha)

Current expenditures	12223	
Personal emoluments		5100
Recurrent departmental charges		4108
Grants and other payments	2834	
Other current expenditure		181
Capital expenditure		3056
Total expenditure		15279

Sources: Medium-Term Expenditure Framework, 2009-2011 and 2009 Budget Speech.

Observations on Expenditure by Economic Categories

A number of observations should be made on these estimates:

- Current spending constitutes 80 percent of total Government expenditure or 22 percent of reported GDP; this is a category of expenditure that will require strict control given that most of it is Government consumption that leaves very little for investment.
- Expenditure should be reduced through stricter management of public spending such as tighter control of public sector wages and salaries.
- Personal emoluments will account for 48 percent of domestic revenues or 33 percent of total expenditure or about 9 percent of GDP; given tight resources, the Government should have made the desirable decision of limiting the wage bill; as a general rule the Government should have limited the wage bill to no more than 25 percent of domestic revenue
- There is also potential to increase public savings by tightening procurement for Government purchases through competitive bidding, bulk purchases, and proper audit and accountability.
- The allocation for working capital (RDCs) is 26 percent of total expenditure; this amount will not be sufficient to meet the needs for full capacity utilisation of Government assets through operation, repair and maintenance of Government assets. In other words, adequate recurrent expenditure is essential to operate and maintain social and physical infrastructure.
- Total budgetary expenditures in 2009 will be 27 percent of GDP, reflecting continuing poor public sector management.
- Capital expenditure will be 20 percent of total public expenditure or 5.4 percent of GDP. The investment-income ratio of 5.4 percent is grossly inadequate. Past evidence suggests that the best performing developing countries had high rates of investment. They had ratios of around 20-25 percent: China invested about 33 percent of GDP to achieve an annual growth rate of more than 9 percent during the 1980s and 1990s.

VI. The Fiscal Balance

From the two tables above, the fiscal balance for 2009 has been estimated as shown in Table 4 below:

Table 4: Balance between Revenue and Expenditure

(in billions of Kwacha)		
Domestic revenue		10645.8
Total expenditure		15279.0
Deficit		-4633.2
Financing		4633.2
Foreign grants and loans		3564.1
Domestic borrowing	1069.1	

This presentation gives the correct picture of Zambia's fiscal balance which shows that:

- The fiscal outlook for 2009 shows a deficit of 8.2 percent of GDP as reported in the MTEF documents and not 1.8 percent as reported in the Budget Speech.
- Foreign resources for deficit financing are 6.3 of GDP.
- Domestic borrowing is 1.8 percent of GDP.
- With a fiscal deficit of 8.2 percent of GDP, it is difficult to attain the inflation target of 10 percent at year end.
- Zambia is pinning its hope on foreign donors financing at least 23.3 percent of this year's national budget despite the fact that all the major external donor countries are in recession. The structural problem is that part of this aid goes to pay for some wages and salaries.

ISSUES AND CONCERNS RAISED BY STAKEHOLDERS

6 In their endeavour to fully appreciate the budgetary pronouncements made by the Minister of Finance and National Planning and to afford members of the public an opportunity to make their views heard on this important policy instrument, your Committee interacted with various stakeholders from all walks of life. The stakeholders who appeared before your Committee raised a multiplicity of issues of concern from their respective perspectives. Your Committee, therefore, realised that there was great need for extensive and genuine consultation by the Government during the budget formulation process. Your Committee reflect hereunder some of the key concerns that were raised by the stakeholders who made submissions before them.

Global Economic Downturn – All stakeholders who submitted before your Committee acknowledged that the world economy would in 2009 undergo recession due to the prevailing global economic crisis. The 2009 budget theme "*Enhancing Growth through Competitiveness and Diversification*" was therefore a meritorious one. They also acknowledged the emphasis in the budget speech on diversification from the mining sector, which was very important to the protection of sustainable growth and hedging from the global crisis.The country was faced with unprecedented challenges in 2008 as a result of the global economic downturn. Things got out of hand when copper prices (Zambia's major sole export commodity) that had hit an all-time high of $137 per pound fell drastically to the unprecedented low of $ 37 per pound. The inflation rate which was targeted at 7% increased geometrically in two months to 16.6% at the close of the year, causing exchange rates to rise from K3,500 to K5,200. The budget was set at K13, 761 billion but by year end it had reached in excess of K15,900 billion following substantial supplementary provisions.

High Poverty Levels – Zambia continued to be plagued by high poverty levels despite all the strides made in terms of economic growth over the past few years. The Central Statistical Office (CSO) Living Conditions Monitoring Survey for 2006 indicated that poverty levels in the country reduced only by 6% from 70% during a fifteen year period from 1991 to 2006. These statistics showed that the number of people living below the poverty datum line was unacceptably large and this situation called for urgent attention.

Macroeconomic policies – The stakeholders agreed with the Government's observation that the weakening global demand and the global economic crisis would have a negative impact on the economy and constrain efforts to reduce poverty. The following were their comments on the Government's macroeconomic targets for 2009:

Growth of 5%

- The Government needed to do more work to ensure that economic expansion was sustained and participation broadened. Part of the answer lay in the fiscal and investment decisions and partly in ensuring that the economy was able to adjust to global risks and opportunities.

- It was of major concern that the Government's macroeconomic targets did not include important social indicators such as employment creation. This argument was strengthened by the fact that despite having positive economic growth in Zambia over the past few years, poverty and unemployment still remained a huge challenge. There was need to broaden the participation of rural people in economic activities, thus stimulating growth through job creation in those areas, unlike concentrating the growth in urban areas. The major focus of the government's growth policy should be on employment creation in the sectors with a direct pro-poor growth impact. These included rural development, agriculture, tourism, and the manufacturing sectors. Of serious concern was that the marginalised and the less privileged were not adequately catered for in the budget and may not benefit from any growth and wealth creation that might arise in 2009.

- It was too early yet to properly evaluate the economic prospects for 2009, but it would seem that growth may not exceed the rate expected in 2009, which in itself was far from what was required to make a meaningful impact on poverty and social welfare in the country. It was, however, hoped that earnings from agricultural and mineral exports may maintain positive trends if the dynamics of the global crisis were resolved.

Limiting domestic borrowing to 1.8% of GDP

- Stakeholders noted that the Government urgently needed to decrease its domestic borrowing, as continued Government borrowing from limited savings would have an adverse impact on the interest rates. Higher interest rates would constrain the ability of the private sector and ordinary citizens to borrow from commercial banks. Further, increased Government borrowing would mean that the Government would be competing with the private sector for the limited funds from banks and, as such, was crowding out the private sector. This would undoubtedly result in slow private sector growth and would accordingly result in little, if any, employment creation as well as little contribution by the private sector to the tax revenues of the country.

- The Government's intention to increase domestic borrowing was inconsistent with the FNDP goal of reducing domestic borrowing to less than 1% from 2008, recognising the cost that government borrowing had on the economy.

Lowering inflation to 10%

- The target of reducing inflation rate from the current 16% to 10% was desirable as far as macroeconomic stabilisation was concerned. It was expected that lower inflation would help reduce interest rates and would encourage long term borrowing for investment purposes, and also help ease the government's debt service burden. It was, however, doubtful if this target was realistic in view of the very real possibility of maize and mealie meal price escalation. Some stakeholders, however, felt that the Government needed to be very cautious in its effort of reducing inflation, lest it resulted in increased inequality through unemployment.

Expenditure

Foreign missions

Stakeholders observed that Zambia was proposing to spend over K230 billion on foreign missions in 2009 compared to K190 billion in 2008. It was not clear as to what had necessitated such a significant increase, but they felt that there should be a rationalisation of the need for Zambia to have some of these Missions Abroad.

Staff Sensitisation

Stakeholders were concerned that there was an allocation of K34 million for sensitising staff on the use of Government transport. Out of this venture, the Government was expected to make a revenue gain in the amount of K50,250. It was difficult to make economic sense out of this provision.

Independent Broadcasting Authority

The Government had projected to spend K801 million on the appointment of the Independent Broadcasting Authority Board. It was notable that in 2008, an amount of K500 million had been allocated on the same activity. It was not clear why such amounts should be spent on the same activity in successive years and Stakeholders felt that it amounted to wasteful expenditure and that the funds should be redirected to more needy areas.

Continuous Voter Registration

It was observed that continuous voter registration under the Electoral Commission of Zambia had been allocated K5 billion**.** This was a very good start but it was inadequate. Considering that there were 150 constituencies, this meant that each constituency would receive K33 million for the whole year, or K2.7 million per month.

Kasaba Bay Integrated Development Plan

It was indicated in the 2009 budget that preparation of the integrated development plan for the Kasaba Bay tourist area had been allocated K1 billion. Additionally, K5 billion had been allocated. It was worrying that allocations for the same activity could be spread out under different heads. Further, stakeholders were concerned that it could cost Zambia so much (K5 billion and K1 billion) to develop the plan.

Rural Road Rehabilitation

Stakeholders were concerned that despite the statement by the Minister that infrastructure development would be a priority in 2009, rural road rehabilitation had been allocated K200 million compared to K18 billion last year. Surprisingly, this amount was even less than the allocation to Remembrance Day under the Office of the President which had an allocation of K349 million.

Ministry of Finance, Review of Ministerial Strategic Plan

In 2007, an allocation of K400 million was made for the revision of the strategic plan for the Ministry of Finance. In 2008, K205 million was allocated for the same activity and in 2009, K197 million was proposed to be spent yet again for the same activity. Stakeholders wondered why it was necessary to revise the strategic plan annually and at such a huge cost.

Decentralisation

While stakeholders applauded the Government for deciding to expedite the decentralisation policy through local government capacity building programmes, which would equip the local councils with the human, technical and financial capacity to deliver quality and responsive services, they sadly observed that the decentralisation policy implementation had not been allocated funds with regard to the programmes relating to the decentralisation policy implementation process. These programmes included planning and budget reforms, legal reforms, sector reforms, monitoring and evaluation, financial reforms and revenue mobilisation initiatives, and stakeholder sensitisation on the decentralisation policy and implementation process. As no money had been allocated to these areas, it was not clear how the Government expected to facilitate implementation of this policy.

Agriculture

Most stakeholders expressed satisfaction that the allocation to the agriculture sector had increased by 37.0% to K 1, 096.3 billion with the bulk of these resources being directed towards the Fertilizer Support Programme (FSP). However, it was observed that in 2008, crop production reduced by 7% and overall contribution of agriculture to GDP by 4%. The poor performance was attributed to the high cost of inputs, limited access to credit, inputs and extension services, inadequate infrastructure, poor livestock management, weaknesses in the FSP, and failure to attract adequate private investment in the sector. The continued allocation of a large portion of the agriculture budget to the FSP was worrisome because from the time the programme was initiated, only a few small scale farmers had benefited from it. As a result, there had been no appreciable increase in the hectarages of land under cultivation. Stakeholders were happy that the Government had realised that the FSP had not performed as expected, and looked forward to prompt action to ensure that the resources availed to the sector achieved the intended objectives. Further, the measures introduced in the sector would offer considerable relief to some small scale farmers who may be encouraged to invest in equipment and expand production. However, there was a concern with regard to the fact that suppliers of equipment may not pass on the relief to the consumers. There was also a concern that most small scale farmers would not benefit from this relief because they did not use such equipment in their operations. Some stakeholders noted that there should have been some effort made to zero rate some other agricultural products in order to lower the cost of production and relieve consumers from paying VAT on food related items. This could have helped encourage local food production and counter some of the effects of the global developments on the local food situation. There was also concern over the state of the road infrastructure, the exchange rate, the levels of Government borrowing and communication costs, which all impacted significantly on agriculture operations.

Concern was also expressed that despite Government repeatedly professing its commitment to diversification, allocations to the Zambia Agricultural Research Institute had remained almost unchanged (from K11, 632 million to K11, 583.9 million) in the 2009 budget. If the country was to achieve diversification in production, there was need for the country to engage in serious research so that findings could inform how best to diversify. In the same vein, there was also concern with regard to the amount of funding provided for irrigation. It was the stakeholders' view that this activity had not been given the necessary support, and they were not sure whether the planned programmes in 2009 would be effectively implemented. For example, it was not clear as to what progress the funds allocated in 2008 for this activity had achieved. Similarly, stakeholders felt that there had been little, if any attention paid to livestock production and disease control by the Government. They had hoped that the appointment of a Cabinet Minister in charge of livestock and fisheries would go some way towards alleviating the situation. However, it had been realised even at this early stage that what was needed was a separate Ministry in charge of livestock and fisheries rather than a mere ministerial office for livestock under the Ministry of Agriculture and Cooperatives.

Health
While commending the Government for increasing the expenditures for health care by 12.9 percent in the proposed budget which was almost in line with the FNDP projections of 13.2% for health in 2009, stakeholders noted that Zambia was still short of her international commitments on allocation of budgetary resources to health. They noted with concern that there was need to urgently address the deficiencies in the health sector's capital assets such as health infrastructure, utilities, drugs and equipment. It was observed that less than 50% of the country's rural health centres (RHCs) were connected to the national power grid and high rates of non-functional utilities and transport equipment eroded access to these RHCs. Further, many hospitals continued to lack appropriate medical equipment. Stakeholders had been expecting to see a reduction in the allocation for international specialised treatment but there had instead been a substantial increase in 2009.

Stakeholders further noted that in the 2008 budget, the allocation for retaining health personnel was set at K62.6 billion. In the course of the year, a supplementary budget of K50.0 billion was approved. With this expenditure in 2008, the allocation of K58.0 billion was unreasonable as it would fail to ensure health staff were satisfactorily motivated. Similarly, concern was expressed that the allocation to the purchase of drugs and medical supplies for district health centres had been reduced from the K67 billion in 2008 budget to K50.7 billion. It was also noted that, like in the education sector, the retention schemes budget lines in the health sector were only going to be funded with donor resources from the European Union and SIDA. Paradoxically, Zambia's health workers were leaving for greener pastures to these same countries that purported to be helping in retaining health workers.

Education
Stakeholders were pleased to note that in the proposed budget, the Government had increased expenditures for education by twenty-four percent. Notably, however, the Government had not taken steps to make primary education compulsory for all students, as required by the various international human rights instruments. Specifically, it was laudable that the Government planned to recruit another 5000 teachers to beef up staff levels in the rural and urban schools. The concern, however, was that the Government had reduced the budget allocation for settling in allowances (from K1, 401,016,378 in 2008 to K840,609,827 in 2009) and rural retention allowances (from K3,000,000,000 in 2008 to K1,800,000,000 in 2009), despite planning to hire the same number of teachers in 2009 as they did in 2008. This was worrying because the budget allocation implied that the Government was ready to hire more teachers but was not ready to retain them. Another point to note was that the funds earmarked for this budget line (retention) would be provided by the European Union and the Swedish IDA. Considering that the economies of these agencies had not been spared by the global economic downturn, it was not clear what contingency measures the Government had put in place to sustain the teacher retention programme.

In addition, secondary and tertiary education had, hitherto, not been treated as priority segments of the educational system and in the last 30 years, there had been little investment in secondary and tertiary education.

There was also general appreciation of the move by the Government in the proposed 2009 budget to allocate K71.3 billion for technical, vocational and entrepreneurship training (TEVET). It was, however, not clear what steps the Government would take to ensure that access to skills training for the poorest people in Zambia was improved.

Water and Sanitation

Stakeholders observed that the Zambian Government had made a number of commitments towards ensuring that the majority of its population had access to safe water and adequate sanitation. This was evident in the Vision 2030, the Fifth National Development Plan (FNDP) 2006-2010, the Millennium Development Goals (MDGs) and the various programmes and projects aimed at realising these commitments. However, it was observed that access to clean water and sanitation continued to be a major problem in Zambia, especially in urban areas. Over 40% of the Zambian population had no access to safe water. Surveys had revealed that diarrhoea was the leading cause of under-five mortality and Zambia had one of the highest under-five mortality rates in the world at 182 per 1,000 live births. It also accounted for 1/5 of all deaths among children under five. Additionally, cholera was endemic (recurrent throughout the year) in Zambia.

It was, therefore, of serious concern to learn from the Central Statistical Office in their Living Conditions Monitoring Survey of 2002/3 and the National Rural Water Supply and Sanitation Programme (NRWSSP) (2005), that between 1990 and 2005, rural water supply declined from 58% to 37% and sanitation coverage only increased marginally from 8% to 13%, while urban water supply remained static at 86% and sanitation coverage declined from 54% to 43%. The great disparity between the rural and urban areas could not be justified when 7.6 million (65%) of the population lived in rural areas and only 4 million in urban areas.

This decline meant that hundreds of people, especially, children, contracted and died every year from preventable diseases, schools were not conducive for children to receive a proper education, people's dignity and social development was affected and economic development was also negatively affected. For example, between 10 September, 2008 and 21 January 2009 a total of 2,553 cholera cases and thirty two deaths were reported countrywide. This could be attributed to the neglected or non-existent drainage system, poor solid waste management and low toilet coverage in some of the unplanned/informal settlements in Lusaka. A case in point was Chawama Compound, which was reported to have 4,000 toilets for its 17,000 households, an average of twenty six people per toilet. It was also pointed out that safe water was important for both HIV/AIDS patients as well as people that looked after them as hygiene was an important aspect in treating opportunistic diseases.

It was notable that the total programme cost of the NRWSSP had been estimated at K924 billion for a ten year period and K92 billion per annum but in contrast, the FNDP had only allocated a total of K292.74 billion for the plan period or an average of K58.8 billion per year. It was, further, very worrying that 9% of this cost was to be funded by the Government while 91% was to be funded by cooperating partners. The water supply and sanitation sector received a smaller budgetary allocation when compared to other social sectors. This was despite its clear potential to contribute to economic development. According to the World Health Organisation, for every $1 spent improving sanitation, $9 was saved in health, education, social development and other areas. In other words, investing in safe water supply and adequate sanitation could reduce infections and diseases such as cholera, hook worms, pneumonia and malaria. For example, in early 2009, K200 million was spent on supply of water and K240 million for fifty five mobile toilets in Kanyama Compound. This amount could have served 200 households, translating into an average of 1,200 people, if invested in the construction of permanent and sustainable innovative toilets. It was also estimated that 5.5 billion productive days were lost per year due to diarrhoea alone. This time could be spent engaging in various productive activities.

Further, although the Government had allocated K214 billion in the 2009 budget, this was only a small percentage of the amount required to reach the water and sanitation MDG by 2015. The 2006 MDG report showed that Zambia was off course to reach both water and sanitation MDGs by 360% for rural water and 274% for urban water and 192% for rural sanitation and 318% for urban sanitation. The implications of not reaching the water and sanitation MDG targets would have a spiral effect on all the other MDG targets and consequently continue to affect the country's ability not just to reduce poverty but also to attain the Vision 2030.

Although it was gratifying to note that an amount of K10 billion had been earmarked for the improvement of drainage systems in Lusaka, stakeholders were concerned about the manner of implementation of the programme, which could determine whether the intended objectives were achieved or not. The Stakeholder's view was that this amount was only good enough if the implementation of this activity was going to be participatory.

Some stakeholders noted that the Government had contracted a loan of US$ 57 million to improve water supply and sanitation facilities in Kitwe, Kalulushi and Chambeshi over a five year period expected to benefit about 90,000 people. They emphasised that monitoring of these activities was very important.

Social Protection

Many stakeholders observed that social protection was one of the clearest ways in which the Government could fight and reduce Zambia's poverty levels but the Government had reduced the allocation to this sector in the 2009 budget when compared to the 2008 budget. The sector had been allocated K 374.2 billion (2%) from K577.7 billion (4.2%). It was further observed that the bulk of this year's allocation to social protection would go to dismantling pension arrears as opposed to other neglected social groups like the aged, people with disabilities and street children who were expected to be catered for under social safety net programmes such as the Food Security Pack (K10 billion), Public Welfare Assistance (K6.7 billion) and street children (K 4 billion). Considering that these programmes were pivotal in cushioning the harsh experiences of poverty, the budget allocations were insignificant. These groups constituted the poorest of the poor in Zambia and the Government ought to take their plight very seriously.

Gender

It was noted with concern that the proposed budget failed, once again, to include provisions for the protection of groups that the Government was obliged to protect. In this regard, a number of stakeholders observed that neither the proposed 2009 Budget, nor the 2009 – 2011 MTEF, made special provision for programmes related to women's unique health, education, and livelihood concerns.

Judiciary and the Human Rights Commission

Stakeholders were concerned that neither the proposed 2009 budget, nor the 2009 - 2011 MTEF, made explicit allocation for the development of Zambia's Judiciary. Zambia's court system was the cornerstone of the rule of law; however, a glance into the courts' sparse and outdated libraries demonstrated that the Judiciary had not been given due regard in the budgetary process. Moreover, the proposed Budget and MTEF ignored the funding needs for the country's Human Rights Commission. Under the Human Rights Commission Act, funding for the Human Rights Commission was at the discretion of Parliament. The provision of contingency funds was not conducive to the robust functioning of the only autonomous institution in Zambia charged with protecting and promoting the human rights of all Zambian citizens.

Trade and Competition

Concern was expressed that Zambia had not sufficiently diversified its trade structures or widened its export markets and import sources. Therefore, her participation in the growing global linkages and interdependence of enterprises was very limited and sometimes to her detriment.

Multi-Facility Economic Zones (MFEZs)

Concern was expressed that the Multi-Facility Economic Zones (MFEZs) were not spread throughout the country. It, therefore, appeared to be unfair that the Government only gave investment incentives to these zones. Furthermore, the question had to be asked why it was necessary to build new MFEZs when there were so many existing already built-up but economically depressed towns which could be revived and provide a faster avenue to implementing MFEZs. Some of these towns included Kabwe, Kafue, Luanshya, Kalulushi, Kapiri Mposhi and Ndola. It also did not appear logical for a Government which sought to accelerate the pace of development to locate the MFEZs in urban areas when rural areas not only had natural resources readily available but also were in greater need of such facilities as they could spur economic activity in those areas. Some stakeholders stated that according to their evaluation of MFEZs, Zambia would in truth get only a few job opportunities and industrial complexes with the potential for becoming ghost towns after the expiry of the tax holiday.

The stakeholders were also worried that these Zones would send existing local producers out of business as their products would become uncompetitive since they would not benefit from the same incentives as those who would be operating in the MFEZs. They wondered what measures the Government was taking to encourage local participation in the MFEZs in accordance with the provisions of the CEE Act of 2006.

Tourism

A number of stakeholders identified the tourism sector as an important growth sector. Some of the constraints identified as inhibiting the growth of the sector included inadequate infrastructure, poor service delivery and limited marketing activities. Major investment in tourism could create anchor enterprises which would encourage small scale operators to dovetail with the large tourism operators and set the country firmly on the path to diversification. Accordingly, it was gratifying to note that some resources had been set aside by the Government to help jump start the sector. These included K24 billion for the development of the Northern Circuit, K14.7 billion for the electrification of Kasaba Bay and K11 billion for a terminal building at Mbala Airport and Kasaba Bay Airstrip. In addition, there was K7.5 billion for the Livingstone tourism zone, and K59.1 billion for the rehabilitation of roads in national parks. All this investment was hinged upon the assumption that foreign investors would take up the challenge and come to invest. There were also fears that foreign tour operators banked their earnings abroad, where tour packages were made and paid for and therefore Zambia was losing out in terms of earnings from these packages. While it was important to note that the tour operators were businesses which were captured by ZRA for tax purposes for as long as there was full disclosure, stakeholders were of the view that if the moneys were banked in Zambia, the local economy would benefit in terms of increased availability of credit for on-lending to the country's nascent private sector. Further, this retention of earnings abroad meant that such earnings did not appear as capital inflows to Zambia for balance of payment purposes.

Energy

It was noted that the role played by energy in economic growth was important as energy was the engine of all economic activities in the country. In the 2009 budget, Government had earmarked a GDP growth rate of 5% and energy would play a pivotal role in realising this goal. It was, therefore, important that the Power Rehabilitation Project (PRP) was completed without further delay in order not to derail economic growth as well as avert people's inconvenience and suffering through perpetual load shedding. The disbursement of K98.5 billion in 2008 had helped to bring PRP on track and K16.8 billion projected in 2009 towards PRP should assist in the timely completion of the project.

It was also encouraging that Government was promoting private sector investment in hydro power generation in order to increase Zambia's generation capacity. In this vein, investors in the energy sector would be allowed to carry forward tax losses for ten years instead of the five years limit given to other companies. This would encourage investment in the energy sector which required huge capital investments with long yield periods. Further, the stakeholders were pleased to note the following measures proposed by the Government and which would contribute significantly to making the energy sector more vibrant:

- Electricity tariffs should reach cost reflective levels by 2010 instead of the planned 2011.
- Increase the energy sector investors to carry forward losses for up to ten years (from five years previously).
- Allocation of K88.8 billion to the Rural Electrification Authority (REA) to extend the national grid to rural areas.
- The zero rating of VAT on agricultural implements and tractors of up to 60 horse power.
- The removal of customs duty on capital equipment that was largely propelled by diesel.
- The revision of excise duty on heavy fuel oil (HFO) from 30% to 15%.
- The reduction of customs duty on mechanical horses to 0% from 15% and 5%.

Mining

A number of issues were raised by stakeholders relating to the mining sector. Some stakeholders found it worrying that the Government had made no mention of the Extractive Industry Transparency Initiative (EITI), which in principle it had signed on to. This was a very important avenue for making the mining sector transparent and accountable.

In 2008, the Government stated that all mining revenue in excess of what would have been collected under the old regime would be saved in a separate government Mining Resource Account (MRA) at the Bank of Zambia (BOZ). The MRA would be used as a stabilisation fund to smoothen expenditures over time, taking into account macroeconomic conditions and absorptive capacity. In 2009 and subsequent years, the net inflow to the MRA would be based on the MTEF. Stakeholders observed that the Government had since not given an account of progress on this matter and how much money was in the MRA.

Further, in 2009, the Government allocated K300 million in 2009 for mining development agreement re-negotiations. Stakeholders hoped that the Government would be transparent in its negotiations and involve other stakeholders.

It was also noted that the Government's estimates of Revenue, Grants and Financing made no revenue projections under mining revenues, specifically on company tax and mineral royalty tax. It was of serious concern that while it was not clear whether the mining companies had been exempted from paying these taxes, apart from the windfall tax, the Government remained vigilant in taxing the small portion of the Zambian population which was in the formal sector. Stakeholders were also seriously worried that the Government proposed to remove the windfall tax, ostensibly because the copper prices had fallen in the recent past. As the windfall tax was self regulating, that is to say, it was only applicable when the prices reached certain prescribed thresholds, most stakeholders could not understand why the Government considered the tax a threat to the viability of the mining companies.

Revenue Measures

Pay –As –You –Earn

In a country like Zambia with a low level of savings, the planned fiscal policies should not strain the citizenry. The fiscal stance should be a careful balance between increasing spending on services and infrastructure, providing moderate tax relief to raise household income and savings, lower business costs, while increasing government savings. Furthermore, the fiscal position should help keep a check on emerging imbalances in the economy, especially considering the poverty levels prevailing in Zambia. Stakeholders were, therefore, concerned that despite the current economic hardships and dampened domestic demand, the Government had not seen fit to increase the tax exempt threshold to at least K1,000,000 from the K600,000 of 2008. It was also noted that there was an urgent need to revise the tax bands in an effort to stimulate and harness domestic demand.

Excise Duty on Mobile Handsets

Concern was expressed that the proposed increase in excise duty on mobile handsets would make communication even more expensive. Telecommunication needed to be made more accessible, if development was to be achieved

Debt Management Strategy

Stakeholders observed that with the global economic recession, it was likely that Government may increase its external borrowing to bridge up the budget deficit, should donor inflows not be forthcoming. There were well founded fears that should this be the case, Zambia may find herself trapped in another unsustainable debt crisis as had been the case in the not so distant past.

Budget Execution and Budget Cycle

Stakeholders called for enhanced transparency and accountability on the part of the government through the publication of information relating to resource disbursements and location of the projects financed in order to facilitate effective monitoring by stakeholders. Further, concern was also expressed over the continued presentation of the budget to the National Assembly more than a month into the new financial year to which the budget relates, leaving inadequate time for the legislature to thoughtfully assess and give input on the proposed budget. It was noted that this also contributed to inability on the part of civil society to influence the budget process.

COMMITTEE’S OBSERVATIONS AND RECOMMENDATIONS

Macroeconomic Indicators

7. On the macroeconomic front, your Committee note that in a difficult year where the global economy is expected to be in recession, the Government’s conservative targets should be realistic. While your Committee implore the Government to adhere to its targets, they believe that it is important for the Government to include targets which can directly address employment creation and poverty reduction. Further, your Committee implore the Government to reduce domestic borrowing in line with the FNDP objectives. This would contribute to lower interest rates and leave space for the private sector to access affordable credit in order to expand their operations. In its turn, a vibrant private sector would contribute significantly to job creation and poverty reduction.

Foreign Missions
Your Committee agree that there is need to reduce the size of the Foreign Service so as to bring it in line with the level of economic activity in the country. Zambia needs to be strategic in its Foreign Missions and to prioritise the location of such missions so that the country can get maximum economic benefit from their operations.

Staff Sensitisation
Your Committee find the provision on sensitisation of staff about use of Government transport baffling. They wonder whether this cannot be done through a circular to all Permanent Secretaries or Heads of Department. They reiterate that such provisions tend to show lack of appreciation and concern for the very difficult situation that the country is faced with.

***Independent Broadcasting Authority* (IBA)**
Your Committee call for an urgent review of the provision for this activity. Once again, they find the provision rather wasteful and stress that a provision for this activity be reinstated only after a satisfactory explanation of what the money provided in 2008 was used for. Additionally, your Committee note that the IBA Board has, in fact, not been appointed despite funds having been allocated. They strongly suggest that these funds be redirected to support the older (existing) farm blocks which require infrastructure such as electricity. They also suggest that necessary inquiries be undertaken to determine what happened to the funds allocated for the appointment of the IBA Board in 2008.

Continuous Voter Registration
Your Committee call upon the Government to ensure that adequate resources are allocated for this activity in the 2010 budget so that the Commission is able to prepare itself for the forthcoming 2011 General Elections.

Kasaba Bay Integrated Development Plan
Your Committee agree that there is need to carefully allocate scarce resources without repeating some activities under different heads. The provisions for the Kasaba Bay Integrated Development Plan should, in this light, be reviewed and streamlined. Further, there should be an explanation as to why such huge amounts of money are needed for preparation of a mere plan. They wonder what will be unique about this plan for it to cost so much. In this vein, your Committee recommend that these provisions be withdrawn and replaced by more reasonable estimates.

Rural Road Rehabilitation
Your Committee strongly feel that the situation where the allocation to rural road rehabilitation is reduced is unacceptable, especially, in a year when the Government claims that they will focus on infrastructure development. Your Committee cannot understand how the Government hopes to open up the rural areas to investment and facilitate the marketing of rural produce if the road network in those areas is not attended to. They further note that, if these roads are not attended to, the Zambians who live in those areas will be forever condemned to poverty. They, therefore, call for the immediate withdrawal of the allocation to “Remembrance Day” under the Office of the President, which has an allocation of K349 million, so that these funds can be moved to rural road rehabilitation.

Ministry of Finance, Review of Ministerial Strategic Plan
In the absence of a suitable explanation, your Committee also find the allocation of K197 million to this activity unacceptable as it smacks of lack of seriousness on the part of the Government at a time when the country is faced with an economic crisis of such magnitude. They call for withdrawal of this allocation and that the funds should be redirected towards rural road rehabilitation.

Decentralisation

Your Committee are disappointed at the manner in which the Decentralisation programme has been handled and, in particular, the apparent lack of commitment exhibited by the Government in this matter. They wish to earnestly implore the Government to make adequate financial provisions for the implementation of the Decentralisation Policy so that the programme can take off. Short of this, your Committee fail to see how the Government will achieve its professed development goals.

Agriculture

Your Committee do not agree that there was a 37% increase in the allocation to the agriculture sector. In fact, considering the total allocation to the sector in 2008 (K800.5 billion and K567 billion supplementary budget) compared to the proposed allocation of K1,096 billion in 2009, they contend that there has been a decrease of over 20%. In this regard, they call upon the Government to practically implement the diversification policy by allocating adequate funds to the promotion of the sector. In steering the Zambian economy on the path of diversification away from copper and into agriculture, your Committee stress that the Government should heed calls to diversify into other crops apart from maize.

Your Committee, further, appreciate the challenges created by the appointment of the Minister for Livestock and Fisheries as opposed to the creation of a Ministry for Livestock and Fisheries. They note that in fact there are no budgetary resources provided to support the activities of the Minister. They, therefore call upon the relevant authorities to revisit the issue with a view to resolving it so that the problems besetting the livestock and fisheries sub-sectors can be effectively addressed. They also urge the Government to consider the proposal to zero-rate various inputs in food production so that local food production can be encouraged.

Your Committee also note that the Fertilizer Support Programme (FSP) continues to consume a huge share of the resources allocated to the agriculture sector. In this regard, your Committee recommend that a time frame be set for the comprehensive review of the FSP as stated in the 2009 national budget.

Your Committee are also concerned that despite funds having been allocated to the Nansanga farm block for the past three years, the results are yet to be seen. They reiterate that Zambia needs to see tangible results in terms of production from the Nansanga Farm Block out of the K42.4 billion allocated to the Block for roads and bridge construction in 2009. This notwithstanding, your Committee are also unhappy that a new farming block is being proposed when existing blocks are not being provided for in terms of infrastructure and other support.

Government must dedicate some funds in the budget to ensuring that vulnerable Zambians such as individuals struggling with HIV/AIDS and female-headed households are specifically provided for in the country's food policy.

Health

Your Committee note with concern that funding of critical programmes, such as retention of health workers has been left to donor institutions. They reiterate that issues of national interest which are critical for the lives and development of Zambians must be funded using domestic resources as these are the core obligations of the state. Your Committee further note that in the wake of the global economic crisis, donor funds may not be forthcoming, and that would throw the whole programme into disarray, resulting into untold suffering for the poorest Zambians.

Further, as very few ordinary Zambians have access to international specialised health care services, your Committee are concerned that Government proposes to substantially increase the allocation for international specialised treatment from K6.2 billion in 2008 to K8.4 billion in

2009. On the other hand, the provision for local specialised treatment which stood at only K1.2 billion in 2008, was earmarked for a negligible increased to K1. 26 billion. Your Committee strongly feel that the Government must move towards reducing the allocation to international specialised treatment while redirecting the resources to improving health services for the benefit of the majority of Zambians, especially, the poor. In line with this line of thought, your Committee implore the Government to reduce the provision for international specialised health care services by K4.4 billion. This amount must be redirected to the purchase of specialised equipment for the use in Zambian hospitals. They further, strongly recommend that the reduction on the allocation to international specialised treatment and increased allocations to local specialised treatment should be the trend henceforth.

Education

The education and skills development sector plays an important role in the formation and accumulation of human capital. The sector provides skills that drive economic and social development as well as equality of opportunities for individuals to participate in local and national development. In cognizance of this fact, it is pleasing to note that the allocation to the Ministry has been steadily rising from 15% in 2007 to 15.4% in 2008 and now 17.2% in 2009. However, your Committee further observe that these allocations have been falling short of the FNDP targets of 17.1% for 2007, 17.8% for 2008 and 19.5% for the year 2009. In addition, the Zambian government is signatory to the Cairo Protocol where it undertook that it would allocate 20% of its annual resources to the education sector, but has not lived up to this undertaking. Specifically, the 2009 budget, like the 2008 budget before it, had set aside resources to recruit 5,000 teachers for both basic and high schools countrywide. However, the reduction in funding for settling in and rural retention allowances from K1, 401 billion in 2008 to K 840 million in 2009 for the same number of teachers is worrying, especially, in light of the indication in the 2007 annual FNDP progress report that the pupil/teacher ratio for grades 1 to 4 stood at 75, a reduction from 76.6 in 2006.

The reduction in allocations for settling in and rural retention is clearly a recipe for the mass exodus of the teachers who would be recruited, on account of demotivation and a desire to seek greener pastures. Your Committee reiterate that the retention of these teachers is as important as their recruitment. Another factor directly linked to motivation for both teachers and pupils is the availability of learning and teaching aids. It is worrisome to your Committee that the 2009 budget has considerably reduced allocations for the purchase of educational materials. Therefore, Government must seriously and urgently consider increasing the allocations for retention and procurement of educational materials in order to prevent the exodus of teachers who would have been trained, recruited and deployed at high cost to the taxpayer. The revelation that the retention programme budget is to be financed from donor funds is another worrying aspect. Your Committee wish to make it clear that the Government has an obligation to prioritise such developmental programmes by financing them from the core budget in order to assure their sustainability.

In addition, some effort must be made to invest in secondary and tertiary education infrastructure as existing structures are dilapidated and inadequate, resulting in low progression rates countrywide. As a result, skills acquisition is inadequate, resulting in a dearth of necessary skills for industrial application. Your Committee, in this regard, call for an urgent review of the allocations for purchase of educational materials for colleges, which have been reduced from K 10. 8 billion in 2008 to K 2.79 billion in 2009, and for high schools from K48.1 billion in 2008 to K 12.7 billion in 2009. The situation for basic schools is similar, with the provision reducing from K249.4 million in 2008 to K193.9 million in 2009. It is important to note that quality education without educational materials will remain an unattainable dream.

Your Committee also implore the Government to take steps to ensure that all children, regardless of their sex, geographic location, physical disability or any other status have access to primary education, as required by the anti-discrimination principle which is the cornerstone of all human rights. In particular, the Government must take into consideration the special needs of children living with HIV/AIDS and those who are disabled, and dedicate an independent budget line to ensure that these vulnerable children are not unintentionally excluded from Zambia's classrooms.
Your Committee urge the Government to disburse funding to the TEVET programme urgently, and to widely publicise the fund in rural and urban districts throughout the country. Further, the Ministry responsible for TEVET's administration must ensure that ample opportunities are given to young people, women, persons with disabilities, people living with or affected by HIV/AIDS, and other disadvantaged groups to benefit from the funds by specifically and deliberately recruiting these groups to take advantage of training opportunities. Your Committee also hopes that the disbursement of TEVET funds will be transparent and efficiently managed.

Water and Sanitation

Your Committee strongly recommend that the Government's contribution to the water supply and sanitation sector must be reviewed as a matter of urgency as this is another sector over which the Government has a primary responsibility. It is unacceptable that 97% of the Ministry of Local Government and Housing budget is donor funded. The Government needs to move away from reliance on donors as their money usually comes with conditionalities and has sometimes proved to be erratic depending on the country's relations with donors. Taking into account the unstable global economic situation and lack of Government commitment exhibited through lack of adequate provision of counterpart resources, the availability of donor financing to the sector is thrown into even further doubt. In addition, more resources must be channeled to the sector, in light of the fact that despite the low budget allocations, the sector is still expected to use its meagre resources to finance activities in the education and health sectors. For example, no plans have been made to construct and/or rehabilitate water and sanitation facilities at schools despite the planned infrastructure development in that sector in order to increase the enrollment levels. The situation was similar at rural health centres. To support these developmental programmes in the health and education sectors, the water and sanitation sector must be availed adequate resources. The sector also, unquestionably, plays a critical supportive role to economic activity in the country since people who are in poor health are not able to engage in productive activities. Therefore, at this time of global economic challenges when the possibility of foreign investment is slim, Zambia should be seen to be investing in her own people's health and well being so that they can take up the mantle and fill the gap left by the absence of foreign investors.

Social protection

Zambia's commitment to poverty reduction could only be seen through its budgetary commitment to social protection. Therefore, your Committee strongly recommend that the Government must not reduce these allocations as this would be retrogressive unless they can provide firm justification for the reduction. Your Committee wish to stress that the Government should not consider spending on social protection as a luxury, but must instead consider increase its spending to this sector substantially, considering the numbers of people that are vulnerable and also realising that more than 47% of the population are living in abject poverty. Allocation to social protection should be responsive to these prevalence rates of vulnerability. Additionally, support to these sectors should be predictable and sustainable in order to holistically reduce poverty levels in the medium and long term.

Gender

Your Committee recommend that the special needs of women be made visible in the budget by, explicitly, allocating money for women's health, education, and livelihood programmes, in line with the Government's obligations.

Judiciary and Human Rights Commission

Your Committee, cognisant of the fact that a well-functioning Judiciary is a prerequisite for the enjoyment of fundamental liberties and human rights, urge the Government to make explicit allocations to support the expansion, modernisation, and daily operations of the Judiciary. Further, the Ministry of Finance and National Planning should facilitate the generous allocation of funds to the Human Rights Commission by dedicating a separate budget line for its support. Such a dedicated allocation is in line with the Government's obligation to progressively realise the enjoyment of human rights by all Zambians.

Trade and Competition

Your Committee wish to encourage the Government to fire up the Ministry of Commerce, Trade and Industry and its supporting agencies to take advantage of the regional and sub-regional cooperation more effectively, to expand intra-regional trade and to promote regional and sub-regional approaches to sectoral development. On the external front, there is need to arrest Zambia's declining share in world trade, diversify her trade structures, widen export markets and import sources, participate in the growing global linkages and interdependence of enterprises, expand trade in services and explore the opportunities provided by various international agreements, while minimising their adverse consequences.

Multi Facility Economic Zones (MFEZs)

Your Committee note that in order to encourage local production and support the manufacturing sector, there is need to not just raise taxes or tax rates, but to provide similar incentives to all producers. The manufacturing sector needs to be boosted by reducing the taxes and business hurdles. While the mining sector has received considerable reprieve, the same cannot be said for the manufacturing sector. In this light, your Committee recommend that investment incentives should be applied in a non-discriminatory manner on a sectoral or geographical basis, without favouring particular companies or investors. The Government must also urgently and seriously evaluate what impact the operations of the MFEZs would have on the fragile local manufacturing industry and devise ways of encouraging local involvement in the MFEZs, say, through equity participation by local investors. Further, the location of the zones must be revisited with a view to locating them in rural areas to stimulate rural development and take advantage of the abundant natural resources, instead of concentrating them in the Lusaka and Copperbelt provinces.

Tourism

Your Committee are pleased to note the efforts being made by the Government to support infrastructure development in the tourism sector. However, they are of the view that what has been done so far is inadequate and more needs to be done, if Zambia is to be truly competitive in this sector. Your Committee also wish to emphasise that the Government need not be apologetic for advocating for the development of a cadre of local entrepreneurs in the tourism industry. This would go a long way in ensuring that moneys earned from Zambian resources are kept within the country for the benefit of Zambia. In this regard, the Citizens Economic Empowerment Fund must be efficiently used to support this objective. This notwithstanding, the Government must seriously review its policy on externalisation of earnings.

Energy

Your committee acknowledged that electricity, petroleum and other forms of energy drove industries, households and other sectors of the economy. In this regard, they commended the Government for its efforts at smoothening the operations of ZESCO and for its contributions to the completion of the Power Rehabilitation Project. They, however, called for stringent monitoring to ensure that the increases in electricity tariffs were matched by appropriate improvements in the efficiency of ZESCO's operations, so that the funds earned from the increase in tariffs did not end up being consumed by administrative costs.

Your Committee also note the budgetary provision for rural electrification, but call for an improved allocation in the 2010 budget so that the programme can be accelerated. They also call for strict monitoring of the activities of the Rural Electrification Authority so that the funds so provided should be used for their intended purpose.

In addition, your Committee urge the Government to work conscientiously towards the achievement of diversification of energy sources as the alternative sources of energy for example, solar and wind energy may be more appropriate and affordable for the vast majority of the poor.

Mining

- *Special Account*

Your Committee wish to echo the concern raised by various stakeholders regarding the accountability of the funds held in the special account at Bank of Zambia. In the spirit of accountability and transparency, your Committee emphasise the need for the Government to inform the people of Zambia on the status of this account. In the same vein, your Committee also call upon the Government to ensure that the re-negotiations with mining companies are not shrouded in mystery longer than necessary in order to avert unnecessary acrimony and accusations from concerned citizens.

- *Windfall Tax*

As regards the windfall tax, your Committee are in agreement with the stakeholders who see no need to repeal the provisions for this tax as it is self regulating and will not take effect unless the copper prices reach certain thresholds. Your Committee note that the introduction of windfall tax was arrived at after extensive consultations, both locally and internationally, by a high level technical committee constituted by the Government who concluded, based on their inquiries, that it was the internationally accepted mode of taxing the sector. Your Committee are also concerned, in this regard, over the insistence by the mining companies that they should only be subjected to the Variable Profits Tax, and the sudden claims by the mining companies that their unit costs of production have escalated within the last one year since introduction of the windfall tax. One wonders how this could have come about, and what factors have caused the sharp rise in production costs, in view of the state of the art equipment that the mining companies have installed since taking over the mines. Your Committee, while realising the need for the industry to be allowed to grow, are concerned that the mining industry is not contributing its fair share to the revenues of the nation and the players in the industry would wish to keep it that way by any means. In view of these arguments, your Committee strongly appeal to the Government to allow the windfall tax to remain on the statute books, albeit in a redundant state until the prices pick up to the applicable levels. They also call upon the Government to ensure that all revenues due from the mining industry as windfall tax are collected without undue delay.

- *Hedging Income*

Your Committee are uncomfortable with the proposal by the Minister to allow hedging income to be part of mining income for tax purposes. They feel that hedging income may pose serious risks with regard to disclosure of operational information, more so in the light of the limited capacity of Government agencies to fully monitor the activities of the mining companies. They, therefore, strongly recommend that this measure be shelved until appropriate capacity has been developed.

- *Capital Allowances*

Your Committee find it difficult to understand that, at a time when most mining companies have almost concluded their capital formation activities, the Government is proposing an increase in the capital allowance. They feel that this measure is not necessary at the moment and must be considered for deferment.

Constituency Development Fund (CDF)
Your Committee wish to add their voice to calls by most Members of Parliament that the amount allocated to the CDF must be increased without further delay. They are happy to note the Minister of Finance and National Planning, during his deliberations with your Committee, indicated that this will be done in the near future.

REVENUE MEASURES

- ***Pay As You Earn***

Your Committee agree with stakeholders that the budget failed to relate the cost of living to the tax exemption that had been provided. As the cost of living based on the cost of essential food items and non-food items for a family of six in Zambia was currently close to K2,000,000 per month. The tax exempt threshold of K700,000 per month was therefore, totally inadequate, especially in view of the high cost of living in Zambia today. In fact, your Committee noted that for an individual earning K1,500,000 per month, this translated into tax relief of K30,000 as illustrated in the computation below. If the figure was corrected for inflation, the relief may actually be much lower than this in real terms. Your Committee implore the Government to use indexation in the computation of PAYE to protect the purchasing power of the public. Your Committee also wish to express their displeasure at the fact that Corporate Tax still contributes such a minimal proportion of total tax revenue to the detriment of individual taxpayers who contribute a very significant proportion.

CURRENT SYSTEM	
Income Bands	**Tax Rates**
0-K600,000 per month	0%
K600001-K1235000	25%
K1235001-K4,000,000	30%
Above K4000,000	35%

PROPOSED SYSTEM	
Income Bands	**Tax Rates**
0-K700,000 per month	0%
K700,001-K1,335,000	25%
K1335,001-K4,100,000	30%
Above K4,100,000	35%

A

	Income	Rate%	Tax(K)
	1,500,000.00		
1st Band	**600,000.00**	**0%**	**0**
	900,000.00		
	1,235,000.00		
	600,000.00		
2nd Band	**635,000.00**	**25%**	**158,750**
	900,000.00		
	635,000.00		
3rd Band	**265,000.00**	**30%**	**79,500**
	Total Tax Burden		**238,250**

B

Income	Rates %	Tax (K)
1,500,000.00		
700,000.00	**0%**	**0**
800,000.00		
1,335,000.00		
700,000.00		
635,000.00	**25%**	**158,750**
800,000.00		
635,000.00		
165,000.00	**30%**	**49,500**
Total Tax Burden		**208,250**

The difference between the two scenarios, which is only K30, 000, gives the relief that the worker who is getting K1, 500,000 would get. This is a very small amount and might not provide the intended benefit. They, therefore, call for a further review of the tax exempt threshold in order to give meaningful relief to the Zambian worker.

- ***Excise Duty on Mobile Handsets***

Your Committee find it difficult to comprehend the rationale behind the proposal to introduce excise duty on imported mobile handsets. They, therefore, find the tax too punitive and unnecessary, as people need to communicate. They strongly recommend that the duty on mobile handsets should be removed.

Debt Management Strategy

Government should ensure that a debt management strategy is established. There is need to ensure that loan contraction and debt management systems are revised to foster accountability and transparency.

Budget Execution and Budget Cycle
Your Committee reiterate that the budget implementation process is more important than mere allocations. Without an appropriate implementation strategy, the Government's good intentions and pronouncements by the Minister of Finance and National Planning will amount to naught. Your Committee will await with keen interest the progress reports on budget implementation alluded to by the Minister in his speech, although they noted that in the 2008 budget speech, the Minister assured that ministries were going to be preparing quarterly updates on activities to improve accountability to taxpayers, but this had not come to fruition. Your Committee also agree that the Government must, as a matter of obligation, facilitate regular reviews of its budgetary performance. If necessary, legal measures must be put in place to facilitate such reviews.

Further, your Committee note that widely accepted best practice in the area of budgeting requires that governments release proposed budgets at least three months before the beginning, of the new financial year to give legislators and the citizen's adequate time to effectively participate in the budget process.

Related to the issue of budget execution, your Committee insist that the Government must work out a strategy aimed at ensuring that the bulk of the resources in the budget are channeled to activities directly liked to delivery rather than current situation where the bulk of resources are consumed by administrative costs.

CONCLUSION
8. Sir, your Committee concluded their deliberations within their terms of reference. To do this, your Committee invited a number of stakeholders from whom they sought comments and reactions to the Estimates of Revenue and Expenditure for 2009. Although the time given to your Committee to conclude these consultations was limited, your Committee are grateful that the stakeholders made an effort to make both oral and written submissions to your Committee. For this show of support and understanding and for the submissions received from these stakeholders, Sir, your Committee wish to record their profound gratitude. They also wish to thank you, Mr Speaker, for affording them an opportunity to consider the Estimates of Revenue and Expenditure for 2009 and to convey their appreciation for your guidance throughout their deliberations. They, further, thank the Office of the Clerk of the National Assembly for their unfailing assistance and advice throughout their deliberations.

We have the honour to be, Sir, your Expanded Committee on Estimates appointed to consider the 2009 Estimates of Revenue and Expenditure.

Mr B Imenda, MP
(Chairperson);
Mr J P L Mulenga, MP
(Member);
Rev G Z Nyirongo, MP
(Member);
Mr E M Hachipuka, MP
(Member);
Mr H H Hamududu, MP
(Member);
Ms J Kapata, MP
(Member);

Mr S Chisanga, MP
(Member);
Mr E M Sing'ombe, MP
(Member);
Mr A M Nyirenda, MP
(Member);
Mr C L Milupi, MP
(Member);
Mr M Habeenzu, MP
(Member);
Mr R Muntanga, MP
(Member);
Mr E C Mwansa, MP
(Member);
Mr M Muteteka, MP
(Member);
Ms E K Chitika, MP
(Member);
Mrs F B Sinyangwe, MP
(Member);
Mr J J Mwiimbu, MP
(Member);
Mr S Sikota, MP
(Member);
Mr L J Ngoma, MP
(Member);
Mr R Muyanda, MP
(Member);
Mr G G Nkombo, MP
(Member); and
Mr C W Kakoma, MP
(Member).

APPENDIX I
WITNESSES

1. ENERGY REGULATION BOARD
Dr M Nyamazana, Director- ER/AED
Ms N Sharleh, Senior Economic Analyst

2. ZAMBIA ELECTRICITY SUPPLY CORPORATION (ZESCO)

Mr T Mwale, Director- Customer Service
Mr M E Zulu, Director- Finance
Mr B Phiri, Chief Accountant-Budget
Ms C M Kunda, Principal Economist

3. BANKERS ASSOCIATION OF ZAMBIA

Ms M Melu, Managing Director - Standard Chartered Bank (Vice Chairperson)
Mr J McGuffog, Managing Director - African Banking Corporation-Zambia
Mr M Curessinz, Managing Director - ZANACO
Mr B Tembo, Head of Credit - Standard Chartered bank
Mr J Chikolwa, Managing Director - Stanbic Bank- Zambia Ltd
Mr L Njovu, Head - Corporate Affairs- Standard chartered bank
Ms A Kalulu, Secretariat - Bankers Association of Zambia

4. ZAMBIA BUSINESS FORUM

Ms R Mwape, Chief Executive Officer- Zambia Association of Manufacturers
Mr S Kopulande, Vice President - Zambia Association of Manufacturers
Mr G Kasumpa, Private Sector Development Specialist - Zambia Business Forum
Mr. C M'soka, Research Officer-Zambia Association of Manufacturers
Mr P Cottan, Managing Director, National Milling Ltd - Executive Member
Mr G Jere, Programme Manager - Zambia Chamber of Small and Medium Businesses

5. ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA)

Mr C Mulendema, President
Mr H Kabeta, Secretary and Chief Executive Officer

6. ZAMBIA ASSOCIATION OF CHAMBERS OF COMMERCE AND INDUSTRY

Mr J Chisulo, Chief Executive
Mr C Kanyama, Board Member
Ms E Phiri, Membership Officer

7. ZAMBIA EVANGELICAL CONFERENCE AND INDUSTRY

Mr M Mwandawande, Advocacy Programme Officer
Rev D Mweetwa, Integral Mission Coordinator

8. ZAMBIA REVENUE AUTHORITY

Mr C Mwansa, Commissioner General
Mr M Muyangwa, Commissioner - Customs
Mr S Bwalya, Director
Ms P Banda, Director
Mr M Nyanga, Executive Assistant
Ms B Lubasi, Acting Assistant Commissioner
Ms C Chilambe, Tax Inspector

9. NGO WATER SUPPLY, SANITATION AND HYGIENE (WASH) FORUM

Mrs C Kandimba-Mwanamwambwa, Member
Ms M Chongo-Shatunka, Member
Mr B Mukomba, Member
Mrs C Y Bwalya, Member
Mrs N Bwalya-Mukumbuta, Member
Mr J Phiri, Member
Mr K Muba, Member

10. CARITAS ZAMBIA AND JESUIT CENTER FOR THEOLOGICAL REFLECTION
Mr E Kangamungazu, Programme Officer
Mrs T N Moyo, Coordinator
Ms C Hilder, Intern

11. THE NON GOVERNMENTAL COORDINATING COMMITTEE (NGOCC)
Ms M Munyinda, Chairperson
Ms R Mukada, Executive Director
Ms L MItaba, Communications and Advocacy Coordinator
Mr F Simukoko, Programmes Assistant
Ms M Simfukwe, Programme Assistant

12. COUNCIL OF CHURCHES IN ZAMBIA
Rev S Matale, General Secretary
Rev Gondwe, Committee Member
Bishop S Kipaila, Lutheran Evangelical Church Representative
Rev R H Banda, Anglican Church Representative
Ms J Ilunga, Social and Economic Justice Officer
Mr G H Hamusonde, Salvation Army Representative
Ms K Nalwamba, Minister
Mr G Chibwana, Emergency Officer

13. BANK OF ZAMBIA
Dr C M Fundanga, Governor
Dr D H Kalyalya, Deputy Governor
Dr F Chipimo, Assistant Director
Mr D Dumbwizi, Executive Assistant

14. EASTERN AND SOUTHERN AFRICA SMALL-SCALE FARMERS' FORUM ZAMBIA (ESAFF)

Mr M Kasakula, Chairperson
Mr S Mwamba, Coordinator

15. TOURISM COUNCIL OF ZAMBIA
Mr J J Sikazwe, Chairperson
Mr V Inambwae, Policy Analyst

16. ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS
Mr C Y Mulendema, President
Mr H M Kabeta, Chief Executive Officer

17. CHAMBER OF MINES OF ZAMBIA
Mr N Chishimba, President
Mr F Bantubonse, General Manager
Mr R Kharkan, Member
Mr P M Hamukoma, Member
Mr M Bullock, Member
Mr R Gane, Member

Mr W Sweta, Member

18. ZAMBIA INSTITUTE FOR PUBLIC POLICY ANALYSIS
Dr J H Chileshe, Vice Chairperson

19. MEMBERS OF PARLIAMENT
Dr G L Scott, MP
Mrs S T Masebo, MP

20. ECONOMICS ASSOCIATION OF ZAMBIA
Mr M Tembo, Vice National Treasurer
Mr A Chileshe, Executive Director
Dr M Imakando, Committee Member
Mr P Nshindano, Programmme Officer

21 MINISTRY OF FINANCE AND NATIONAL PLANNING
Dr S Musokotwane, Minister
Mr L Ndalamei, Secretary to the Treasury
Mr E Ngulube, Permanent Secretary (BEA)
Mr D Chisenda, Director of Budget
Mr F Nkulukusa, Chief Budget Analyst
Ms P Chibonga, Acting Chief Budget Analyst
Mr F Chisinga, Parliamentary Liaison Officer

APPENDIX II

List of Officials
Mr S M Kateule, Principal Clerk of Committees
Mr G Lungu, Deputy Principal Clerk of Committees
Ms M K Sampa, Committee Clerk (FC)
Ms C Musonda, Assistant Committee Clerk

Mr S Mtambo, Assistant Committee Clerk
Mr S Chiwota, Assistant Committee Clerk
Mrs C K Mumba, Assistant Committee Clerk
Mrs D Mukwanka, Assistant Committee Clerk
Mr C Chishimba, Assistant Committee Clerk
Mrs J M Phiri, Personal Secretary I
Ms S Mwale, Stenographer
Ms K Chisenga, Typist
Mr R Mumba, Committee Assistant
Mr M Likunyendo , Parliamentary Messenger