



REPUBLIC OF ZAMBIA

MINISTRY OF LOCAL GOVERNMENT AND HOUSING

**MINISTERIAL STATEMENT ON THE ON THE DISBURSEMENT OF THE
2016 CONSTITUENCY DEVELOPMENT FUND (CDF) BY HON. STEPHEN
KAMPYONGO, MP MINISTER OF LOCAL GOVERNMENT AND HOUSING**

MAY, 2016

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STEPHEN KAMPYONGO MP MINISTER OF LOCAL
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MR. SPEAKER

The Ministry of Local Government and Housing wishes to update the house regarding the disbursement of the 2016 CDF.

MR. SPEAKER

The Constituency Development Fund (CDF) are budgeted for by the Ministry of Local Government and Housing annually in the National Budget appropriated by Parliament. The annual CDF allocation is budgeted in compliance with the ceiling which the Treasury provides in the core circular issued at the time of the preparation of the Annual National Budget.

Notwithstanding the foregoing, CDF was previously released to the Ministry from the Treasury. The Ministry in turn disbursed the CDF to the constituencies which had complied with the requirements among others submission of Expenditure returns indicating the accountability of the previous allocation and clearance of audit queries emanating from the Auditor General's Audit Report. The Ministry disbursed the CDF in full each to a Constituency. The CDF is disbursed to the Councils because CDF Bank Accounts for 150 constituencies are maintained by Councils.

MR. SPEAKER

To enhance fiscal decentralisation in the CDF cycle, the fund is now directly disbursed to the Constituency Accounts. The role of the Ministry in the current dispensation is to engage the Treasury to disburse the CDF when it is alerted on the availability of the fund and to monitor the implementation of the CDF.

MR. SPEAKER

In 2015, Parliament approved the 2016 National budget and among the appropriations was an allocation of a total of K210,000,000.00 being CDF to be disbursed to all the 150 constituencies in amounts of K1,400,000.00 each. In addition following the approval of the allocation, the Ministry, profiled for the disbursement of the 2016 CDF during the first quarter and ending with the third quarter of 2016. This information was shared with the Treasury for consideration.

MR. SPEAKER

The house may recall that, the 2015 CDF was not disbursed. This was because of the many economic challenges the country faced among others, low revenue inflow resulting from low copper prices. The country has not fully diversified, it's still a monoculture economy largely dependant upon the tax revenues from copper. The economic challenges have not improved much during the first quarter of 2016. This in a nutshell has affected the implementation of the 2016 National Budget.

However, that is not without saying that the release of the CDF is not a major priority for the Government.

The unfortunate turn of events of the previous financial year still have a ripple effect on the economy which has also resulted non-

funding of the 2016 CDF allocation during the first quarter. The Government is committed to commence the release of the 2016 CDF during the second quarter.

MR. SPEAKER

The country is still in power deficit and the importation of supplementary power remains a huge drain on the Treasury. Furthermore, the priorities as they were re-aligned in 2015 in view of the fiscal challenges are still being pursued as it was then that includes debt servicing, personal emoluments, importation of emergency power, social delivery (health and education among others), and running infrastructure contracts. The priorities cannot be changed as they remain the life line of the country.

MR. SPEAKER

Meanwhile, the Government had not overlooked the importance of releasing the 2016 CDF allocation to the constituencies. The Government is aware that CDF is a life line for our citizens at community level because it is more localised and easily accessible. The release of the 2016 CDF allocation to constituencies remains a national priority to government in-spite of the challenges that the nation faced in particular the fiscal space.

MR. SPEAKER

Allow me to mention that there is no constituency which has been funded the 2016 CDF allocation. That is not to say Government is running away from its responsibility of making available the 2015 CDF allocation.

MR. SPEAKER

Therefore, in conclusion, in view of the inadequacy of the fiscal space in the 2016 budget specifically that the country will be conducting the tripartite elections in August 2016 and will still have to import supplementary power, the Government's position remains unequivocally that the 2016 CDF allocation will be considered for disbursement in a phased manner beginning during the second quarter.

That being the case the Government is still resolved to mobilise resources to ensure that the 2016 CDF allocation commences.

I thank you