

**2025 BUDGET ADDRESS BY HONOURABLE DR. SITUMBEKO
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PLANNING, DELIVERED TO THE NATIONAL ASSEMBLY ON FRIDAY,
27TH SEPTEMBER, 2024**

1. Madam Speaker, I have the honour to present the Estimates of Revenue and Expenditure for the period 1st January, 2025 to 31st December, 2025. This is pursuant to Article 202 of the Constitution of Zambia (Amendment) Act, 2016.

2. Madam, this is the fourth budget that the UPND Government is presenting to our nation. It is special in two respects. Firstly, the 2025 Budget marks the start of a new way of processing the budget here in Parliament. The new process will give the Honorable Members of Parliament and the public at large more time to scrutinise our budget proposals. In this sense, this is yet another important step in delivering better governance.

3. Madam Speaker, the second reason why the 2025 Budget is special is because it comes after the extraordinary year of 2024. This is the year when the most severe drought in our living memory unleashed unprecedented socio-economic challenges. Millions of our citizens face food insecurity. They are facing extended hours of load shedding. They have inadequate access to safe and clean water. Understandably, life has been tough. As a Government, we have had to respond to these challenges.

4. Madam, to address the effects of the drought, His Excellency, Mr. Hakainde

Hichilema, President of the Republic of Zambia, on 29th February, 2024, declared the drought a National Disaster and Emergency. Following the declaration, this august House revised the 2024 Budget in order to channel more resources towards humanitarian relief. The top priority of the Government, in this regard, is to ensure no one dies from hunger and thirst. I will cover these initiatives in depth later in my Address.

5. Madam Speaker, amidst the challenges the country is facing, there is some good news. Let me at this stage just give four examples:

- (i) The effort to transform our economy is now in high gear after we resolved challenges at Konkola Copper Mines and Mopani Copper Mines and then re-opened them. Further, new companies in mining and non-mining sectors are coming in strongly, with the prospects of increasing jobs and foreign exchange earnings in the next few years;
- (ii) Social and economic infrastructure is being constructed like at no other time in the history of this country where even the remotest place is having its share. Madam, CDF is

truly a game changer. And, on this subject of CDF, I have further good news for this august house later this afternoon;

- (iii) Road infrastructure is expanding, with the flagship road being the Lusaka-Ndola dual carriageway; and
- (iv) Government has continued with the provision of free education and embarked on major social infrastructure projects. Madam, these are but few examples of the progress that our country is making even as we face challenges caused by the drought.

6. Madam, the 2025 Budget which I am presenting today, is premised on economic recovery and promoting growth to improve the livelihoods of our people. The Budget is well-placed to enhance our capacity to withstand shocks. It is for this reason that the theme for the 2025 Budget is ***“Building resilience for inclusive growth and improved livelihoods”***. The Budget, therefore, provides policy measures that will build the resilience of our economy and promote inclusive growth.

7. Madam Speaker, my Address this afternoon is in four Parts. In Part one, I discuss macroeconomic developments in 2024. In Part two, I present the macroeconomic goals and strategies for 2025, while in Part three, I provide Estimates of Revenue and Expenditure as

well as the Annual Borrowing Plan for 2025. In Part four, I conclude my Address.

Part I

MACROECONOMIC DEVELOPMENTS IN 2024

Global Economic Developments

8. Madam Speaker, global growth is projected to slow down to 3.2 percent in 2024 from 3.3 percent in 2023. This is on account of lower growth in advanced economies despite higher growth in emerging and developing economies. Over the medium-term, global growth prospects remain sluggish mainly due to geopolitical tensions, climate change events, and relatively tight financial conditions.

Domestic Economic Developments

Economic Growth

9. Madam Speaker, our economy is projected to grow by 2.3 percent in 2024 compared to 5.4 percent recorded in 2023. The slowdown is mainly attributed to the impact of the drought which has significantly reduced agriculture production and electricity generation.

10. Madam, the economy is expected to rebound in 2025. This is premised on the recovery of agriculture and a pickup in mining. It is also premised on the continued growth of the information and communication technology, accommodation and food services, and construction sectors.

Inflation

11. On inflation, Madam Speaker, the country has experienced pressure over the past year, registering 15.6 percent in September this year from 13.1 percent in December 2023. The main drivers are linked to the drought, which resulted in increased food prices. The Kwacha-US dollar exchange rate, which saw a depreciation of 2.8 percent on a year-to-date basis, has also been a factor in raising inflation. To moderate inflationary pressures, the Bank of Zambia tightened monetary policy, raising the Policy Rate to 13.5 percent from 11.0 percent and the statutory reserve ratio to 26.0 percent from 17.0 percent.

Budget Performance

12. Madam Speaker, I will now summarise the performance of the 2024 Budget. Total expenditure for the year is now projected at K198.6 billion, which is 11.6 percent above the approved 2024 Budget. Notable expenses include debt service, Farmer Input Support Programme, CDF, scaled up Social Cash Transfer, and Cash for Work.

13. Madam, with respect to revenues and grants, these are projected to close at K148.1 billion, which is 2.5 percent above the target of K144.5 billion. The favorable revenue performance underscores Government's efforts to enhance domestic resource mobilisation and grant financing, to support Government expenditure.

14. Madam Speaker, following the realignment of the Budget, the deficit is now expected to be 6.4 percent of GDP compared to the initial estimate of 4.8 percent of GDP. This projected fiscal outturn is actually very commendable given all the pressures emanating from the drought. It is a reflection of this Government's commitment to prudent management of public funds.

15. Madam, early indications are that both the Social Cash Transfer and the Cash for Work are being implemented and communities in the areas affected by the drought have received them well. As we speak now, young men and women engaged in the Cash for Work Programs in Lusaka, for example, are clearing drainages and cleaning streets. No doubt, this will assist in reducing water borne diseases in the coming rainy season. In Mbabala Constituency, young men and women are clearing culverts. In Luola and Ngúnyama Wards of Liuwa Constituency, canals are being cleared.

16. Madam Speaker, this Government has turned the drought tragedy into a positive force by empowering communities with funds with which to buy food. In other words, communities are being given the opportunity to earn money as they perform works that are important for their areas.

Debt Position

17. Next, I will make remarks on debt. Madam Speaker, as at end-June 2024, the central Government external debt stock,

excluding publicly guaranteed external debt, increased by 4.1 percent to US \$15.17 billion from US \$14.57 billion at end-December 2023. The increase was largely on account of new disbursements from multilateral creditors and continued accumulation of arrears.

18. Madam, as at end-June 2024, publicly guaranteed external debt declined by 1.3 percent to US \$1.39 billion from US \$1.41 billion at end-December 2023. This was on account of debt service payments by some guaranteed entities.

19. Madam Speaker, the stock of Treasury bills and Government bonds reduced by 3.1 percent to K225.5 billion at end-June 2024 from K232.6 billion at end-December 2023. The reduction was mostly due to tight money market liquidity conditions, which constrained commercial banks' lending to Government.

20. Madam, as at end-June 2024, the stock of outstanding Government bills to various suppliers reduced by 18.3 percent to K79.8 billion from K97.7 billion as at end-December 2023. With the commitment to dismantle fuel arrears, we expect the stock to reduce significantly by the end of the year.

Financial Sector Performance

21. Madam Speaker, commercial banks' average nominal lending rates rose to 28.7 percent in August 2024 from 26.6 percent in December 2023. This was broadly in line with the upward adjustment

in the policy rate. Notwithstanding the increase in lending rates, credit to the private sector has been expanding, growing by 36.9 percent in July this year compared to 34.2 percent in July 2023. The bulk of the credit went to wholesale and retail trade, manufacturing, and agriculture sectors.

22. Madam, overall, the banking sector continues to be resilient, supported by adequate capital, liquidity buffers, and good asset quality. Similarly, the performance of the deposit-taking non-bank financial institutions sector has remained satisfactory as the capital position, earnings performance, liquidity management and sensitivity to market risk remain satisfactory while asset quality is rated fair.

23. Madam Speaker, in April this year, the Bank of Zambia took possession of Investrust Bank as it was no longer financially sound. In accordance with the law, the Bank of Zambia executed a purchase and assumption transaction with Zambia Industrial Commercial Bank Limited. All deposit balances, with matching assets, were transferred to the Zambia Industrial Commercial Bank Limited and all customers have access to their money.

External Sector Performance

24. Madam Speaker, preliminary data indicate that imports amounted to US \$4.5 billion during the first half of this year, 2.7 percent lower than the corresponding period in 2023. This largely reflects subdued economic activity mainly occasioned by the

drought. Exports were broadly unchanged at US \$5.3 billion during the same period. Most of the export earnings were from copper, driven by higher prices, while non-traditional export earnings from commodities such as cane sugar declined.

25. Madam, as at end-July 2024, gross international reserves increased to US \$3.9 billion, equivalent to 4.3 months of import cover from US \$3.3 billion at end-December 2023, which was equivalent to 3.7 months. The increase was mainly on account of the US \$570 million disbursement by the International Monetary Fund under the Extended Credit Facility Arrangement.

Part II

MACROECONOMIC OBJECTIVES

26. Madam Speaker, the devastation caused by the drought demands a response, not just to recover, but also to build resilience in our people and the economy. An important element of realising this is to build a stronger economy. It is a well-known fact that the stronger an entity is, the better its ability to respond to shocks and challenges such as drought.

27. Madam, to build economic resilience and improve the livelihoods of our people, Government has set the following macroeconomic objectives for 2025:

a) Attain a real GDP growth rate of **6.6** percent;

- b) Reduce inflation to the **6-8** percent target band in the medium-term;
- c) Maintain international reserves above **3.0** months of import cover;
- d) Increase domestic revenue to at least **21.3** percent of GDP;
- e) Reduce the fiscal deficit to **3.1** percent of GDP; and
- f) Limit net domestic borrowing to **1.9** percent of GDP.

POLICIES FOR 2025

28. Madam, I now present specific policies for 2025.

A. ECONOMIC TRANSFORMATION AND JOB CREATION

29. Madam Speaker, the economic transformation and job creation pillar is key in transforming the livelihoods of the Zambian people, especially with regard to increasing income and reducing inequality. It is also a pillar where measures to enhance resilience to shocks are of utmost importance. I now present interventions in the various sectors under this pillar.

Mining

30. Madam Speaker, mining remains very important for Zambia. It sets the tempo of other activities. When the industry does well, other sectors do well too. Of course, the opposite is also true. This largely explains the difficult conditions our economy has gone through in the past few

years because two of the biggest players in the sector, namely, Konkola Copper Mines and Mopani Copper Mines were on their death beds.

31. Madam, noting the importance of the mining sector to Zambia, this Government prioritised reviving the industry when we came into office, in 2021. The strategy involved three steps. The first step was to re-open mining companies that were locked up in legal disputes. Through this step, Konkola Copper Mines and Mopani Copper Mines have been revived.

32. Madam Speaker, the second step was to improve the mining investment climate in our country. This has been achieved and today, mining companies that had planned to leave Zambia, have stayed on and FQM and Lumwana are already implementing huge production expansion projects. The improved investment climate has also resulted in the revival of Shaft 28 in Luanshya, a mine that had been abandoned for nearly two decades, and will create 3,000 jobs. Lubambe Mine has also been saved from closing and is expanding with an initial investment of US \$300 million. Kalengwa Mine, in Mufumbwe, will soon come onboard with an initial investment of about US \$200 million.

33. Madam, still on the improved investment climate, the interest that the country is attracting in new mines is profound. For the first time in our country, a copper mine is being opened at Kitumba in Mumbwa District and will create 2,500 jobs. In addition, a total of US \$2 billion will

be invested at the recently commissioned Mingomba Mine Project in Chililabombwe. This will create over 1,000 jobs.

34. Madam Speaker, riding on an improved investment climate, the third and final step was to encourage mineral exploration. Mining exploration is an important economic activity by itself as it creates jobs. Following on the announcement by the President last year, Zambia has already launched a country-wide high-resolution aerial geophysical survey and this is going on right now. The survey will generate reliable and updated geological information which will support investment in greenfield projects and expansion of brownfield projects.

35. Madam, copper production in the first half of 2024, increased by 6.2 percent to 346,747 metric tonnes from 326,408 metric tonnes produced in 2023 during the same period under review. I am very hopeful that this rebound marks the start of our consistent journey towards the target of three million tonnes of copper production. With the profound interest that we see in the expansion of existing mining assets, the development of new mines and the expansion in mineral explorations, I have no doubt that we shall reach the target. And, this will help to establish a strong economy never seen in this country before.

36. Madam Speaker, Government will also continue to encourage explorations of hydrocarbons such as oil and gas to help unleash areas of new investments for the country. In this regard, we shall emulate the

approaches taken by neighboring and other countries that have succeeded in attracting capital in the industry on a win-win basis.

37. Madam, before I move away from the mining sector, the House needs to know that Government will this year formalise trading in gold. Government is establishing gold marketing centres with pilot projects in Mumbwa and Rufunsa districts. The Ministry of Mines will provide the details in due course.

Agriculture, Livestock and Fisheries

38. Madam Speaker, building resilience in the agriculture sector is imperative for the growth of our economy. During the 2023/2024 farming season crop production was severely affected by the El Niño phenomenon in seven out of the ten provinces. This resulted in reduced production of soya beans by 77.7 percent, rice by 60.8 percent and maize by 53.6 percent. A similar pattern was observed in other crops such as cassava, millet, sorghum, wheat, and groundnuts. The consequence was a deficit in the national food balance sheet of 2.1 million metric tonnes of maize grain equivalent.

39. Madam, in July this year, Government launched the Comprehensive Agriculture Transformation Support Programme. The Programme has seven main components, namely, irrigation, mechanisation financing, farm blocks, extension services, input support, agro-processing, and infrastructure development. The objective is to increase food security,

improve nutrition, create jobs, and increase agricultural exports.

40. Madam Speaker, to reduce over reliance on rainfed agriculture, we will continue to promote irrigation development. To this end, we will continue with ongoing irrigation schemes, and embark on the construction of five new dams, namely, Chinkhombe in Katete, Kashambana in Nkeyema, Mulemba in Kalomo, Namakala in Mulobezi, and Pemba in Pemba districts.

41. Madam, let me assure the nation through this august House that the New Dawn Government has no intention of abandoning the Farmer Input Support Programme. The intention of Government is to improve the performance of the Programme and ensure that only eligible farmers benefit. Government will, therefore, in 2025, fully migrate the Farmer Input Support Programme from Direct Input Support to e-voucher modality, which is more flexible and effective. Under the e-voucher, we are leveraging on technology to eliminate ghost farmers, as well as promote efficiency and real time settlement of agro-dealer payments.

42. Madam Speaker, to increase the area under agricultural production, Government has continued with farm block development at Luena, Nansanga and Shikabeta. At Luena, 275 hectares is under avocado production and the first harvest is expected next month. In addition, an anchor farm has commenced maize production. A total of 50 kilometres of road network at Nansanga and 30 kilometres at Luena farm

blocks have been completed. Further, Government has demarcated 350 farms and approved 36 co-ventures at Kalumwange, Kalungwishi, Luena, Luswishi, Manshya, Musokotwane, Shikabeta, and Solwezi farm blocks.

43. Madam, in the livestock sub-sector, Government will continue to prioritise disease control and prevention. Government has this year procured 620,000 doses of CBPP vaccine for 380,783 cattle in Muchinga, Northern, Northwestern and Western provinces. Further, 437,051 cattle were vaccinated against foot and mouth disease in Itezhi tezhi, Kalomo, Mkushi, and Namwala.

44. Madam Speaker, Government will continue to undertake animal disease and prevention measures through the construction of biosecurity checkpoints, quarantine stations and operationalisation of regional and district laboratories. In this regard, Chipata and Choma laboratories have been operationalised while Isoka and Mongu are partially operational. Works at Kasama, Ndola and Solwezi laboratories are expected to be completed by the end of this year. Equipment for all the seven laboratories has been procured and distributed. Further, the construction of the vaccine plant at Central Veterinary Institute has commenced.

45. Madam, to increase livestock production to seven million by 2027 and increase the number of households engaged in livestock farming, Government will enhance stocking and restocking

programmes, and has targeted to distribute 6,000 heifers, as well as 300 superior bulls for both artificial insemination and natural mating amongst the community herds.

46. Madam Speaker, the interventions we have been putting in place in the fisheries sub-sector are paying dividends. The national fish deficit has reduced to 51,000 metric tonnes from 74,000 metric tonnes in 2023. To ensure all year round production of fingerlings at Government fish farms, greenhouses are being constructed at Chadiza, Kaoma, Mwenda, Mwinilunga, and Sinda fish farms. To further increase fingerling production, three hatcheries are being established in Kasempa, Mushindamo and Samfya aqua parks, bringing the total to 84 in 2025. This will increase fingerling production to 460 million in 2025 from the current 433.4 million.

Energy

47. Madam Speaker, our dependence on hydropower generation, at 84 percent, has exposed our vulnerability to climate change events. Due to the drought, the current generation capacity has significantly reduced to around 1,225 megawatts against the installed capacity of 3,811 megawatts. This under generation is responsible for the shortage of electricity.

48. Madam, in a bid to urgently address the power deficit, we have taken a multi-pronged approach. First, we are importing power from other countries, notably Mozambique, Namibia, South

Africa and Zimbabwe. Second, we are promoting use of off-grid solutions such as industrial generators and solar systems. These are being installed in markets, public hospitals and schools. Third, Government has encouraged the construction of an additional thermal power plant in Maamba to double capacity to 600 megawatts by next year. Fourth, Zesco and private investors are investing in a number of solar power stations at several strategic locations. These include Chisamba 100 megawatts, Choma 50 megawatts, Kasama 100 megawatts, and Kariba 100 megawatts.

49. Madam Speaker, Government is also implementing the net-metering initiative to encourage consumers to generate power and supply excess to the national grid. Further, in June this year, Government launched the Energy Single Licensing System to streamline the licensing process. This will reduce the period applicants take to obtain licenses and permits for energy projects.

50. Madam, the severe power shortage that the country is going through now is partly a result of our nation's opposition to what energy experts have been advising us for decades. In warning against over dependence on hydro electrical power the experts have, over decades, advised us to have an energy mix that included non-hydro power sources in order to avoid the risk of the very problem that we are going through now. As a nation, we have not taken heed of this advice because it would result in the cost of electricity being higher since non-

hydro power tends to be more expensive. But clearly this opposition has been short sighted because now the loss of power is proving to be more expensive compared to a situation where power was available even at a higher cost than hydro power tariffs. People are struggling in business because either they have no power at all or they are forced to run expensive gen sets.

51. Madam Speaker, this experience is a clear lesson that the country would have been better off to attract investment in alternative energy sources by implementing cost-reflective tariffs. Even though power would be more expensive than it is now, at least, it would be available and there would be no requirement to run expensive generators. However, this should be done together with a framework that guarantees affordable electricity for households on power consumption within an agreed limit per month.

52. Madam, to increase access to electricity in rural areas, Government will continue implementing the Rural Electrification Programme. So far, 131 Grid Development and 38 Off-Grid Renewable Energy Projects have been completed. The Rural Electrification Authority is currently operating 12 mini grids resulting in 2,095 connections. By the end of the year, 15 new solar projects will be completed and will result in 3,421 connections.

Transport and Logistics

53. Madam Speaker, the passion with which Members of this House debate roads

and other transport modes is a clear indication of the importance they attach to this sector. Government will, therefore, continue to invest and encourage investment in the construction, rehabilitation and maintenance of road, rail, aviation and maritime infrastructure. Let me now update the nation on recent developments in the sector, starting with roads.

54. Madam, the construction of the 210 kilometres Chinsali-Nakonde Road which started in 2018, is at 98 percent, and will be completed by the end of this year. In addition, Government has secured funding from Cooperating Partners for the rehabilitation of 162 kilometres of the Chinsali-Mpika Road. Further, Government through the Transport Corridor for Economic Resilience Project will rehabilitate 238 kilometres of road network from Serenje to Mpika. The design review process has been completed and works will commence in 2025.

55. Madam Speaker, Government is rehabilitating and upgrading the 71 kilometre Monze-Niko Road. Works commenced in 2023 and are scheduled to be completed in 2025. Rehabilitation of the Lusaka-Mongu Road from Tateyoyo Gate to Katunda/Lukulu Junction, covering a distance of 87 kilometres commenced in August this year and works are scheduled to be completed in 2026. In addition, rehabilitation of the 88 kilometre Batoka-Maamba Road commenced in March this

year and is scheduled to be completed in 2026.

56. Madam, in July this year, Government concluded negotiations with Millennium Challenge Corporation, an agency of the United States Government, for a grant financing of US \$458 million. The Millennium Challenge Corporation Board has since approved the project and signing is scheduled to take place next month, here in Lusaka. The funds will, among others, be used to rehabilitate and maintain 222 kilometre Chipata-Lundazi-Old Magodi Road and 116 kilometre Landless-Mumbwa Road. Detailed designs will be undertaken in 2025 and works will commence thereafter.

57. Madam Speaker, Government is upgrading and rehabilitating 22 kilometres of urban roads in Lusaka and Sinazongwe this year. In 2025, Government will upgrade and rehabilitate more urban roads in Choma, Kitwe, Luanshya, Lusaka, Mazabuka, Ndola, Sinazongwe and Solwezi.

58. Madam, let me now turn to our flagship instrument in the road sub-sector, namely, the Public- Private Partnerships. This Government found empty coffers and yet the key infrastructure like the Lusaka-Ndola Road was in desperate need of repairs. While the need was recognised, sadly there was no public money to repair the roads. This is how we turned to PPPs to find a solution and, indeed, other countries have successfully used the same method.

59. Madam Speaker, the New Dawn Administration has demonstrated that Public-Private Partnerships can deliver results in infrastructure development. We are being cited all over Africa as an example of success. Through the PPPs mode, Government has signed seven Projects with a total coverage of 838 kilometres. So far, the Chingola-Kasumbalesa Road is completed and is operational while works on the Lusaka-Ndola Dual Carriageway, including the rehabilitation of the Masangano-Fisenge-Luanshya Road, are progressing very well and are earmarked to be completed in 2026 ahead of schedule. Works on the Katete-Chanida Road, Mufulira-Mokambo Road and the Ndola-Mufulira Road and access road to Sakania are on course. Further, mobilisation and early works on the 85 kilometres of the Lumwana-Kambimba Road in Northwestern Province will commence in the last quarter of 2024.

60. Madam, I will now turn to feeder roads because they play a critical role to farming and rural communities. I am happy to report that 4,806 kilometres of feeder roads have been graded, rehabilitated or maintained across the country. Of these, 2,980 kilometres were graded and maintained under the Constituency Development Fund, while the rest have been rehabilitated and are being maintained under the Improved Rural Connectivity Project. I will have some good news for you, Madam Speaker, on feeder roads when I discuss the estimates of revenue and expenditure for 2025.

61. Madam, in the rail sub-sector, Government has signed a Memorandum of Understanding with the Governments of China and Tanzania to rehabilitate and modernise TAZARA Railway infrastructure and equipment. Once rehabilitated, tonnage on the railway line will increase to 2.5 million metric tonnes from the current half a million metric tonnes per annum.

62. Madam Speaker, with support of Cooperating Partners, the New Dawn Government is actively working to revitalise Zambia Railways System in a methodical and cost-effective manner. The ultimate goal is to improve track speed, signaling and secure funding for long-term investments.

63. Madam, in the second phase, the Government aims to accelerate the acquisition of an additional grant financing for the long-term rehabilitation of the railway system from Chingola to Livingstone. In addition, the Government is in discussion with Cooperating Partners for possible support with rail wagons and locomotives.

Tourism

64. Madam Speaker, two years ago, Government took some bold measures to assist this sector to quickly recover from the effects of the COVID-19 Pandemic. The measures included robust marketing, hosting of conferences and favourable policies such as waiver of visa fees. The outcome of the measures has been very

good. During the first half of 2024, for example, there has been a 21 percent increase in international arrivals to 732,732 compared to the same period in 2023. To further boost tourism, plans are underway to operate the Victoria Falls Border for 24 hours.

65. Madam, to conserve biodiversity and promote integrated transboundary management, Government will continue to collaborate with neighboring countries in the development of transfrontier conservation areas. So far, the Kavango-Zambezi Transfrontier Conservation Area has been implemented while agreements with Malawi, Mozambique and Zimbabwe have been signed. These agreements will facilitate the development of infrastructure to ease movement of tourists across the borders.

66. Madam Speaker, in the 2024 Budget Address, I informed this august House that the US \$100 million Green, Resilient and Transformational Tourism Development Project will support the development of tourism infrastructure at Kasaba Bay, Liuwa National Park, and the source of the Zambezi River. I am happy to report that the Project has commenced. Feasibility studies that will inform the planned infrastructure development in the project areas are underway. Construction works are scheduled to commence in 2025.

Manufacturing

67. Madam Speaker, the manufacturing sector has been growing.

However, this year, it has been adversely affected by the shortage of electricity due to the drought. According to preliminary data, the sector grew by 4.0 percent in the first quarter but contracted by 2.7 percent in the second quarter.

68. Madam, to support the growth of the sector, Government has continued to develop multi-facility and special economic zones. So far this year, the Lusaka South Multi-Facility Economic Zone has secured US \$110 million in investment from 15 companies bringing the cumulative investment to US \$1.6 billion. Currently, the Zone has 30 fully operational companies, which have created about 16,000 jobs for our people. Further, 21 companies are at construction stage and have created 8,450 jobs. The Jiangxi Multi-Facility Economic Zone in Chibombo has attracted investment in excess of US \$40 million in the production and recycling of batteries and manufacturing of copper cables, thereby creating more than 400 jobs.

69. Madam Speaker, to support the sector further, Government is in the process of establishing special economic zones for beef in the Kafue Flats and crop production in Kafulafuta, Lufwanyama, Masaiti, Mpongwe, and Ngabwe districts. Our goal is to become an export hub for beef and crops.

70. Madam, let me also shed some light on specific achievements that this Government has realised in this sector. The Zambia-China Mulungushi Textiles was finally reopened in August this year with a

planned investment of US \$170 million! The company, was abandoned 17 years ago, and in the past years, there were false promises after promises to reopen it. It had to take Bally to fix it! The UPND Government has truly re-opened it and the company is expected to create more than 500 jobs.

71. Madam Speaker, the development of Zambia-China Mulungushi Textiles will be done in four phases. Phase I is the printing of fabrics and garments, Phase II is solar panel assembly, and Phase III is installation of a spinning facility and a 20-megawatts solar power plant. Phase IV will be the development of the cotton value chain and will include engaging small-scale farmers through an out-grower scheme. The company has since started receiving machines and equipment which will enable completion of the first three phases this year.

72. Madam, I wish to elaborate further on the specific progress under the manufacturing sector by giving the example of production of fertilisers. From being a net importer, I am happy to report that the country is now a net exporter of Compound-D fertiliser. In 2023, the country exported over 19,000 metric tonnes of fertiliser to neighbouring countries. This year, more than 91,000 metric tonnes will be exported. Further, construction of a urea plant with a production capacity of 300,000 metric tonnes per annum is expected to be commissioned by early 2025. This will make Zambia self-sufficient in fertiliser

production and will create about 2,000 additional jobs.

Small and Medium Enterprise Development

73. Madam Speaker, Government will continue to support SMEs as they play a critical role in national development. Our interventions will focus on facilitating access to affordable financing and provision of infrastructure. In this regard, Government will continue implementing empowerment programmes such as the Citizens Economic Empowerment Fund, as well as Women and Youth Empowerment Fund under the Constituency Development Fund.

74. Madam, under the Citizens Economic Empowerment Fund, Government has over the last three years disbursed more than K950 million to over 83,000 beneficiaries. Further, under the Constituency Development Fund, Government has, this year, disbursed more than K485 million to the youth, women, persons living with disabilities, and cooperatives.

75. Madam Speaker, to provide appropriate infrastructure for SME operations, Government has completed the construction of industrial yards in Chipata, Kasama, Kitwe, Lusaka, Mansa, Mongu, Ndola, and Solwezi. So far, 108 SMEs and 38 cooperatives have been onboarded and are operating in the yards. The construction of the second phase of yards is earmarked to commence in 2025 and will focus on

constructing industrial yards in the remaining three provinces which are Central, Muchinga and Southern.

76. Madam, to further address challenges faced by SMEs in accessing affordable finance, Government increased the allocation to the Zambia Credit Guarantee Scheme Limited to K386 million in 2024 from K150 million in 2023. The allocation to the Scheme will be increased further in 2025.

77. Madam Speaker, to mitigate the impact of the drought on the agriculture and energy sectors, the Bank of Zambia will soon roll-out a support facility. Funds will be provided to eligible financial institutions to on-lend to non-financial businesses and households operating in these sectors at concessional interest rates. In addition, the Bank of Zambia has been collaborating with the private sector to establish a credit guarantee scheme to enable affordable credit to micro, small and medium enterprises.

Information and Communication Technology

78. Madam Speaker, in the first half of this year, the number of active mobile cellular subscriptions increased to 21.9 million from 20.1 million in the corresponding period of 2023. This represents an increase in the mobile penetration rate to 109.2 per 100 inhabitants from 102.4 over the same period. To accelerate digital transformation, Government will continue to invest in

communication and technology infrastructure across the country. A total of 202 towers are being constructed and will be completed by the end of this year. Of these, 171 are being constructed by Government through ZICTA at a cost of K409 million while 31 are being constructed by the private sector.

79. Madam, I am happy to report that a fourth mobile network operator, Zed Mobile, commenced operations in August this year. The operator has committed to investing over US \$400 million and is expected to create more than 450 jobs.

80. Madam Speaker, following the granting of a low-earth-orbit satellite license to Starlink, unserved and underserved areas are now being connected. So far, Government has procured 525 Starlink kits, out of which 288 will be installed in 109 post offices, 23 youth resource centres, and all the 156 constituency offices. This will all happen by end of this year. The balance of the 237 kits will be installed in agriculture camps, selected local authorities, and border facilities, among others. These installations will improve public service delivery.

81. Madam, Government realises the significance of establishing Digital Transformation Centres. These centers offer access to digital tools, internet services, and training programs. To this end, Government has embarked on the rehabilitation of post offices which will be established as Digital Transformation Centres. This year, 48 Digital Transformation Centres have been

established, out of which 23 are located in youth resource centres and 25 in rural post offices. Further, 75 post offices will be repurposed into Digital Transformation Centres with full internet connectivity by the end of this year. In 2025, an additional 50 post offices will be repurposed into Digital Transformation Centres.

Science, Technology and Innovation

82. Madam Speaker, science, technology and innovation remain pivotal to the success of key sectors in our economy. To sustain progress and ensure long-term growth, Government will continue to prioritise investment in research and development to enhance the country's innovation capacity. These investments are essential to driving economic growth, industrialisation, and diversification across key sectors such as agriculture, manufacturing, mining, tourism, energy, and health.

83. Madam, notable progress has been made in the establishment of innovation hubs and incubators. To date, 53 innovation hubs and 21 incubators have been established to nurture start-ups, promote entrepreneurship, and accelerate the growth of tech-based businesses.

B. HUMAN AND SOCIAL DEVELOPMENT

Education and Skills Development

84. Madam Speaker, Government will continue to improve access to quality

education through infrastructure development, teacher recruitment, curriculum development and provision of teaching requisites.

85. Madam, the provision of free education is meant to ensure that no child is left behind. Since its introduction in 2022, we have seen a massive increase in enrolment of about two million learners. Invariably, the increase led to a deterioration in the teacher-pupil ratio to 1:60 in 2022 from 1:43 in 2021. It also led to congestion in classrooms and shortage of desks in some areas. To address these challenges, Government concurrently embarked on recruitment of teachers, construction of schools and classrooms as well as procurement and rehabilitation of school desks.

86. Madam Speaker, to improve the quality of education, we have recruited an unprecedented number of teachers cumulatively standing at 39,250 since 2021. This has resulted in an improvement in the teacher-pupil ratio to an average of 1:51 in 2024 from 1:60 in 2022. In 2024, we are recruiting 4,200 teachers and an additional 2,000 in 2025. Teacher recruitment is a major driver of ensuring quality education through increased teacher-pupil contact time.

87. Madam, Government is constructing a total of 317 secondary schools across the country. Of these, 151 have been completed and the balance of 166 are scheduled for completion by 2025. Government is also constructing 480 early

childhood education centres, earmarked for completion by the end of 2025.

88. Madam Speaker, to improve the learning environment for our learners, Government has continued to procure desks in public schools. So far, 812,598 desks have been procured, out of which 712,562, or 87 percent, were acquired using CDF. As I indicated in my last Address, the target is to procure locally one million desks under CDF.

89. Madam, to address the challenge of accommodation in public universities, Government is constructing 58 hostel blocks across eight public universities with a total bed capacity of 9,280. To further improve the learning environment in our public universities, Government is constructing additional university infrastructure at Chalimbana, Mukuba, Nkrumah, and Palabana universities.

90. Madam Speaker, Government has prioritised the expansion of TEVET infrastructure, particularly in rural areas. This is to ensure that technical education is accessible by our citizens. To this effect, the construction of Mporokoso and Lundazi Trades Training institutes and the student hostels at Ukwimi and Chipata Trades Training institutes have been completed. These institutions have also been equipped with state-of-the-art training equipment. Further, the Mumbwa Polytechnic and student hostels at Evelyn Hone College will be completed. Government, in partnership with Kagem Mining has also commenced

the construction of the Polytechnic in Lufwanyama.

Health

91. Madam Speaker, the health of our people remains a key priority in our development agenda. Government will, therefore, continue providing quality and affordable healthcare services by strengthening the health system, recruiting health personnel, providing drugs and medical supplies, as well as developing infrastructure, especially in rural areas.

92. Madam, the New Dawn Administration has been recruiting health personnel ever since it assumed office. During the last three years, over 14,276 frontline health workers have been recruited. This year, 4,000 more health workers will be recruited. An additional 2,000 frontline health personnel will be hired in 2025, bringing the total to 20,276. These recruitments have enabled Government to achieve the goal of ensuring that all health facilities have at least one qualified health personnel to ensure quality healthcare. Further, the increase in the number of frontline health workers has contributed to a reduction in maternal and child mortality as 82 percent of deliveries are conducted by skilled personnel due to the increased recruitments.

93. Madam Speaker, Government has completed the construction of seven Level-1 Hospitals in Chililabombwe, Kitwe, Mambwe, Mwanabombwe, Nchelenge, and Ndola districts. These state-of-the-art

hospitals are equipped with modern medical facilities.

94. Madam, Government has also completed constructing 279 health facilities across the country, out of which, 164 were constructed using CDF. These facilities include 115 mini-hospitals, 33 health centres and 131 health posts. The construction of the 800-bed space King Salman Bin Abdulaziz Specialised Hospital for women and children is 70 percent complete. The hospital is scheduled for completion in 2025.

95. Madam Speaker, to improve maternal healthcare, Government has constructed 123 maternity annexes across the country. Of these, 82 have been constructed under CDF. An additional 30 annexes will be constructed in 2025 using CDF.

96. Madam, the continued repatriation of patients abroad for specialised treatment is costly to the nation. To mitigate this, Government has been capacitating our local health facilities to perform specialised treatment. To this end, the National Heart Hospital has, this year, conducted 137 surgeries, out of which 51 were open-heart surgeries and 86 coronary angiograms. In addition, Government has commenced the construction of the Ndola Cancer Treatment Centre and is also modernising the Cancer Diseases Hospital in Lusaka. Construction of the cancer treatment centre in Livingstone will commence before the end of this year.

97. Madam Speaker, Government has continued to procure medicines and medical supplies to ensure availability at all times. Consequently, drug stock availability has increased to 85 percent at health centers and 76 percent at the hospital level, from 37 percent and 46 percent in 2021, respectively. This is above the 70 percent threshold recommended by the World Health Organization. To prevent theft of medicines, Government is implementing digital inventory management systems to track medicines from procurement to dispensing.

98. Madam, to improve patient care and enhance record management in public health facilities, Government is already implementing an electronic health record system known as Smartcare Pro System with 1,400 health facilities across the country already covered. The Smartcare Pro System will be rolled out to an additional 1,600 facilities of out the 3,543 Health facilities by 2026.

Water and Sanitation

99. Madam Speaker, water is life! It is, therefore, critical that we fully harness this resource. To this effect, Government has since 2022 constructed 16 dams, rehabilitated 12, and maintained 770 across the country. These dams are expected to harvest at least 15.7 million cubic meters of water to benefit 2 million people for domestic use, livestock, and irrigation. In 2025, Government will construct 12 dams, rehabilitate 14 and maintain 385.

100. Madam, with regard to boreholes, Government has since 2022 constructed 2,277 boreholes, and rehabilitated 3,025. In addition, 365 piped water schemes have been constructed across the country. These interventions are benefiting over 902,490 people. In 2025, the target is to construct 947 boreholes and 500 piped water schemes, as well as rehabilitate 500 boreholes.

101. Madam Speaker, under the Food Security and Drought Response Plan, a total of 1,835 water points will be constructed countrywide in 2025. Of these, 1,500 will be piped water schemes for rural communities, 110 commercial boreholes to support water utilities, 150 boreholes to support livestock, and 75 boreholes to support wildlife. These interventions will benefit over 3.5 million people and ensure sustenance of livestock and wildlife.

102. Madam, further, I wish to report that works on the Integrated Small Towns Water Supply and Sanitation Project in Luapula, Muchinga and Northern provinces have been completed and will benefit over 900,000 people. Works in Western Province are at 78 percent and will be completed in 2025.

103. Madam Speaker, to mitigate against waterborne diseases and improve sanitation, since 2022, a total of 706 waterborne sanitation facilities have been constructed while construction of an additional 155 facilities is ongoing and scheduled for completion in 2025. The facilities are being constructed in public

places such as schools, health centers, markets, and bus stations countrywide. In 2025, the target is to construct an additional 100 facilities across the country.

104. Madam, we are indeed building resilience for inclusive growth and improved livelihoods.

Social Protection

105. Madam Speaker, the New Dawn Administration is unwavering in its resolve to improve the living standards of the poor and vulnerable members of our society. In this regard, Government will continue to implement social protection programmes such as the Social Cash Transfer, Food Security Pack and Keeping Girls in School. In addition, Government introduced the Cash for Work to support our people in the current drought situation. The total number of beneficiaries under various social protection interventions, as at August-2024, stood at 2,515,671 households. These interventions will have impact on 13.9 million people in the communities especially those severely affected by the effects of drought.

106. Madam, under the regular social cash transfer, the number of beneficiary households increased to 1.3 million at end-August 2024 from 1.1 million in 2023. To further cushion beneficiary households from the effects of the drought, the regular Social Cash Transfer beneficiary households are now receiving an additional K200 per month for a period of 12 months starting June this year.

107. Madam Speaker, Government is further providing the Drought Emergency Social Cash Transfer of K400 per month to 952,570 households that have become vulnerable as a result of crop failure and are not on the regular Social Cash Transfer Programme. I wish to emphasise that the Drought Emergency Social Cash Transfer is only for a period of 12 months and will end in June 2025.

108. Madam, Government is implementing the Cash for Work programme in response to the drought experienced in the 2023/2024 farming season. The programme is being implemented in 123 constituencies in 87 districts targeting vulnerable households not covered by the Social Cash Transfer and Emergency Social Cash Transfer programmes. Through the Cash for Work, Government is not only improving the quality of lives of the people, but also providing public services through the works being undertaken which include clearing of solid waste in drainages, cleaning of public places, garbage collection, and road maintenance.

109. Madam Speaker, Government will continue to keep girls in school and empower women under the Girls Education and Women's Empowerment and Livelihoods Project. The keeping girls in school component will be expanded to support 262,444 girls in response to increased demand following the implementation of the Free Education Policy. The women's empowerment and

livelihoods component will be scaled up to all the 116 districts, covering 200,000 beneficiaries.

110. Madam, with regard to the pension system, Government's goal is to be current with payments and reduce the waiting time for pensioners under Public Service Pension Fund and Local Authorities Superannuation Fund. Government will, therefore, continue to dismantle pension areas. Further, Government through the National Pension Scheme Authority will continue implementing partial withdraw of pension benefits to help improve people's livelihood and empower individuals for their immediate investment needs.

C. ENVIRONMENTAL SUSTAINABILITY

111. Madam Speaker, the devastating effects of climate change events have demonstrated the importance of environmental sustainability. In this regard, Government, this year, launched the National Green Growth Strategy aimed at creating green jobs, enhancing resilience to shocks and creating business opportunities.

112. Madam, to build resilience against climate change events, Government will continue to expand, modernise and maintain metrological equipment such as the automatic weather stations that have been installed in all the 116 districts. Further, to increase access to weather-related information, climate data records have been digitised. We have also scaled-up provision of meteorological information for use in the

aviation, agriculture, water, and energy sectors as well as in disaster risk management.

D. GOOD GOVERNANCE ENVIRONMENT

113. Madam Speaker, Government is committed to providing a conducive environment through which political, social and economic affairs can be conducted in a transparent and efficient manner. Government remains resolute to enforcing the rule of law, upholding human rights and enhancing transparency and accountability in the management of public resources. To this end, Government will undertake legislative, structural and policy reforms in a number of areas such as fiscal policy, domestic resource mobilisation, debt management and decentralisation.

Fiscal Policy

114. Madam, to ensure that Government has resources to meet disasters given the frequency and intensity of climate change induced shocks, Government will establish a stabilisation fund. To this end, revenues derived from mineral royalty in excess of the projection will be channeled to the stabilisation fund. To further increase resources available to financing disasters, Government is working with the Development Finance Institutions to access contingent financing immediately a natural disaster occurs.

Domestic Resource Mobilisation

115. Madam Speaker, domestic resource mobilisation remains critical for the smooth implementation of Government programmes. Government will, therefore, continue to implement policy and administrative interventions to broaden the tax base and curb revenue leakages. In this regard, Zambia Revenue Authority has restructured its operating model to make it more efficient and effective in tax administration. This includes the use of enhanced data analytics and compliance risk management. To further strengthen tax and non-tax administration, Government will continue to automate processes, including the integration of the Zambia Revenue Authority systems to the Government Service Bus and other third parties.

116. Madam, in December 2023, Government rolled out the Smart Invoice System to optimise revenue collection and seal leakages. So far, 19,262 taxpayers are registered on the System out of which 10,019 are VAT taxpayers. The remaining eligible VAT taxpayers are required to register on the System by 30th September of this year as ZRA will not recognise any invoices issued outside the system.

117. Madam Speaker, as I indicated in my last Budget Address, the Coordinated Border Management has been implemented at Kazungula and Chirundu One Stop Border Posts and will be rolled out to other border posts. This has limited the number of regulatory agencies at border posts to six

and improved processing efficiency. Further, I wish to report that the Governments of Zambia and Namibia entered into a bilateral agreement in April this year to establish a One-Stop-Border-Post at Katima Mulilo.

118. Madam, Government in collaboration with Local Authorities will implement measures to enhance revenue collection, particularly property taxes. The collaboration will be strengthened by integrating systems, building capacities, reviewing and amending existing laws, and reassigning responsibilities for the collection of revenues.

Debt Management

119. Madam Speaker, I am pleased to inform you that Government has made significant progress in restructuring our external debt. In June this year, Government successfully restructured its Eurobonds. The restructured bonds were issued on 12th June this year and are currently trading on the international market. I also wish to report that we have since commenced debt servicing on these bonds, with the first payment having been made in June.

120. Madam, with regard to the debt owed to the official creditors, the House may recall that Government had reached a debt restructuring agreement with its official creditors in June 2023, which was followed by the signing of an MoU in October 2023. The MoU provides the framework for bilateral agreements to be entered into with individual official

creditors. We have now reached agreement with France on the terms of the bilateral agreement to implement the MoU and are now in the process of going through the necessary formalities required for execution. We expect this agreement to serve as a model for negotiations with our other official creditors.

121. Madam Speaker, with regard to the status of debt restructuring negotiations with other commercial creditors, I wish to report that these are at different stages as follows:

- (a) We have concluded negotiations with Paramount and Huawei Technologies and have since executed the agreements;
- (b) We recently reached Agreement in Principle with Industrial and Commercial Bank of China, and China Development Bank. The Agreements in Principle have been subjected to the IMF to check for compatibility with programme parameters and to the Official Creditor Committee for the Comparability of Treatment. I wish to inform this august House that these two Agreements, accounting for a total of US \$1.5 billion, have passed both tests. The next step is to finalise the agreements for execution;
- (c) We have also reached Agreement in Principle with Nedbank and ZTE Technologies and are making

progress in finalising the agreements for execution; and

- (d) For the remaining commercial creditors, we are in active engagement and are at different stages of negotiation.

122. Madam Speaker, implementation of the debt restructuring exercise is having notable benefits for Zambia. It has created the much-needed fiscal space for implementation of developmental programmes to the benefit of the Zambian people as demonstrated in the 2025 Budget. To illustrate this, accumulated arrears on external debt up to December 2023 were US \$5.34 billion, debt service due in 2024 would have been US \$2.15 billion and the assessed debt service in 2025 would have been US \$1.38 billion. If the debt was not restructured, total debt service payable in 2025 would have been US \$8 billion, equivalent to K246.4 billion. As a responsible Government, we have managed to restructure the debt. In this regard, we will only pay US \$599 million, equivalent to about K16.7 billion, in 2025.

123. Madam, I wish to reaffirm Government's commitment to reaching comparable debt agreements with all of our other external creditors and to remain in arrears towards those with whom we have not yet reached agreement.

Decentralisation

124. Madam Speaker, in ensuring that services are taken closer to the people

without leaving anyone behind, Government has continued to devolve functions to local authorities. Following the devolution of eight functions to the local authorities this year, Government will, in 2025, devolve four more functions. These are livestock and fisheries, agriculture, community development, and social welfare services. All these functions are being devolved with matching resources.

125. Madam, CDF is working! Since 2022, a total of 9,992 community projects have been under implementation in sectors such as health, education, water and sanitation, and agriculture. We have witnessed the provision of running water to communities. Desks have been provided in schools so that children no longer have to sit on the floor. Youths have been given opportunities to improve their livelihoods through skills development bursary. In addition, over 57, 000 groups of micro and small entrepreneurs across the country have been given an opportunity to grow their businesses through grants and loans. Through community projects, local contractors and suppliers have been empowered to supply goods and services within their localities.

126. Madam Speaker, to make the implementation of CDF more effective and efficient, Government enacted the Constituency Development Fund Act, 2024. The new Act has streamlined the approval processes and expanded the participation of marginalised groups such as the women, youths and persons living with disabilities.

Government is aligning the CDF Guidelines to the new Act to accelerate the uptake of the CDF. Further, Government is enhancing the management and monitoring of the CDF implementation through a robust information, communication and technology system being developed with support from the Cooperating Partners.

State Owned Enterprise Management

127. Madam Speaker, Government has developed a Supervisory and Performance Monitoring Framework for State-Owned Enterprises. The Framework provides guidelines on financial reporting, borrowing, capitalisation, board appointments, and dividend declaration, among others. In addition, Government will revise the State-Owned Enterprise Policy to strengthen the regulatory framework, reduce fiscal risks and costs by establishing fiscal discipline rules.

Monetary Policy

128. Madam Speaker, the Government will continue to implement policies aimed at achieving and maintaining price stability to promote robust growth and enhance the living standards of our citizens. In this regard, monetary policy will best support these efforts by guiding inflation back to the 6-8 percent target range and anchoring inflation expectations over the medium-term. To this end, the forward-looking monetary policy framework, centered on the Policy Rate, will remain the main indicator of the monetary policy stance.

129. Madam, to reinforce the role of the Kwacha as legal tender in domestic transactions in line with the provisions of the Bank of Zambia Act, 2022, currency regulations will be issued once consultations with stakeholders are concluded.

Financial Sector Policy

130. Madam Speaker, I wish to inform this august House that the Financial Stability Committee was operationalised in April this year in line with the Bank of Zambia Act, 2022 to enhance financial system surveillance. In 2025, the Bank of Zambia will establish a deposit protection fund to safeguard depositors in the event of insolvency.

Financial Inclusion

131. Madam Speaker, the National Financial Inclusion Strategy II for the period 2024-2028 was launched in March this year. The Strategy reaffirms our commitment to address challenges such as low utilisation of financial services in rural areas as well as limited financial inclusion for women and micro, small and medium enterprises. The target is to achieve 85 percent financial inclusion by 2028 from 69.4 percent recorded in 2020. Government will undertake a FinScope Survey next year to ascertain progress made in the attainment of financial inclusion targets.

132. Madam, to enhance financial inclusion, the Government is moving

towards a cashless economy riding on digital financial platforms. In this regard, Government will repeal and replace the National Payment Systems Act, 2007 to align with the current payment systems landscape which has undergone significant transformation. Further, the Bank of Zambia will extend the operating hours for the RTGS with a 6-month pilot set to commence on 1st October 2024. On weekdays, the RTGS will operate from 07:00 hours to 19:30 hours and on Saturdays from 10:00 hours to 14:30 hours. This move is aimed at supporting a 24-hour digital economy.

External Sector Policy

133. Madam Speaker, Government will continue to maintain a flexible exchange rate regime. In this regard, we will continue to accumulate reserves, including the domestic purchase of gold, and provide necessary market support to avoid excess volatility in the exchange rate. To enhance foreign exchange earnings, Government will foster diversification of exports, sustain foreign investment flows and facilitate private sector entry into new markets.

134. Madam, to enhance the quality of balance of payments statistics, the Export Proceeds Tracking Framework was launched in January this year. The Framework requires all exporters to route export earnings through a bank account domiciled in Zambia. Since the introduction of the Framework, there has been an improvement in data capture and a significant reduction in net outflows. In

2025, the Framework will be enhanced to include services and imports.

Risk Management

135. Madam Speaker, the impact of the drought we are experiencing underscores the importance of risk management in building resilience and capacity against future threats such as climate change and pandemics. Government has, therefore, enhanced integration of risk management in all public programmes to minimise disruptions to our lives.

136. Madam, to actualise our commitment of enhancing fiscal transparency and budget credibility, Government has developed a Fiscal Risk Statement to address factors that may affect the performance of the National Budget. To operationalise this Statement, a Fiscal Risk Management Framework will be developed by the end of this year to outline the roles and responsibilities of ministries, provinces and agencies in the fiscal risk management cycle.

Monitoring and Evaluation

137. Madam Speaker, Government will continue to strengthen monitoring and evaluation systems at all governance levels to facilitate and enhance the tracking of annual budget outputs. Particularly, Government has rolled out an electronic Management Monitoring System to support evidence-based decision-making and real time planning, monitoring, evaluation and reporting.

Part III

THE 2025 BUDGET

138. Madam Speaker, in 2025, Government proposes to spend K217.1 billion or 26.6 percent of GDP. Out of this amount, K174.2 billion or 80.2 percent of the Budget will be financed by domestic revenues while K8.2 billion or 3.8 percent will be grants from our Cooperating Partners. The balance of K34.7 billion or 16.0 percent will be financed through

borrowing. Domestic borrowing will be K15.4 billion or 7.1 percent while K19.4 billion or 8.9 percent will come from external sources. As a share of GDP, domestic borrowing is projected at 1.9 percent while external borrowing is 2.4 percent. Details of the borrowing are in the Annual Borrowing Plan.

139. Madam, I will now highlight some of the expenditure proposals in the 2025 Budget. As usual, the full details are contained in the Yellow Book.

2025 EXPENDITURE BY FUNCTIONS OF GOVERNMENT

2025 BUDGET ALLOCATIONS BY FUNCTIONS OF GOVERNMENT		
FUNCTION	2025 BUDGET (ZMW)	SHARE OF BUDGET
General Public Services	73,815,232,616	34.0%
O/w Domestic Debt	37,334,576,117	
External Debt (Interest and Principal)	16,664,307,558	
Dismantling of Arrears	5,674,875,908	
Mobile Voter Registration & Elections	317,246,458	
Local Government Equalization Fund	1,449,071,480	
Compensation Fund	772,926,700	
Defence	10,321,443,219	4.7%
Public Order and Safety	8,406,134,559	3.9%
O/w Integrated National Registration Information System (INRIS)	217,800,000	
Economic Affairs	48,713,513,734	22.4%
O/w Agriculture, Fisheries & Livestock Interventions	15,404,760,005	
O/w Farmer Input Support	9,270,982,106	
Strategic Food Reserve	2,366,000,000	
Road Infrastructure	11,984,360,459	
O/w Rural Roads	271,171,220	
Constituency Development Fund	5,625,071,493	
O/w Feeder Roads Maintenance (Fuel)	511,370,136	
Tourism Sub-Sector	1,289,935,340	
Provincial Aerodromes Infrastructure	700,721,345	
Credit Guarantee Scheme	851,699,959	
Aerial Geological & Geophysical Mapping	364,000,000	
Environmental Protection	1,480,370,709	0.7%
Housing and Community Amenities	2,988,713,846	1.4%
O/w Water Supply & Sanitation Infrastructure	2,311,809,831	
Health	23,167,325,387	10.7%
O/w Drugs and Medical Supplies	4,951,092,793	
Medical Equipment	718,205,518	
Health Infrastructure	1,918,899,375	
Recreation, Culture and Religion	558,704,668	0.3%
Education	31,493,302,845	14.5%
O/w School Grants	2,252,489,105	
School & University Infrastructure	2,581,243,469	
Social Protection	16,160,637,078	7.4%
O/w Social Cash Transfer	8,270,004,255	
Public Service Pension Fund	4,172,921,174	
Cash for Work Programme	2,000,000,000	
Food Security Pack	1,206,855,784	
Local Authorities Superannuation Fund	400,000,000	
TOTAL	217,105,378,661	100.0%
<i>Note: The Table only highlights some of the notable expenditure items under each of the function categories.</i>		

General Public Services

140. Madam Speaker, under the General Public Services function, I propose to spend K73.8 billion or 34.0 percent of the Budget. Of this amount, K37.3 billion is for domestic debt servicing, K16.7 billion for external debt payment, and K317.2 million for continuous voter registration. Further, I propose to spend K5.7 billion on outstanding Government bills to increase liquidity in the economy.

Economic Affairs

141. Madam Speaker, I propose to spend K48.7 billion or 22.4 percent of the Budget on the Economic Affairs function to stimulate economic activity and improve livelihoods. Of this amount, K12.0 billion is for construction, upgrade and rehabilitation of roads.

142. Madam, I have allocated K15.4 billion to support interventions in the agriculture, fisheries and livestock sub-sectors. Of this amount, K9.3 billion is for the Farmer Input Support Programme to benefit over 1 million farmers. To ensure food security, I propose to increase the allocation for strategic food reserves to K2.4 billion from K1.7 billion in 2024.

143. Madam Speaker, I have increased the allocation to the Zambia Credit Guarantee Scheme to K851.7 million in 2025 from K386.0 million in 2024. This increase will enable more of our small and medium enterprises to access affordable

financing. The allocation will also support implementation of the Sustainable Agriculture Financing Facility programme. People wishing to benefit under this scheme, whether farmers or otherwise, can approach any of the participating banks for a loan. The bank will undertake the usual assessment and if satisfied will provide a loan, which will be partially guaranteed by Government.

144. Madam, earlier this afternoon, I said the Government has embarked upon aerial survey for minerals under Aerial Geological and Geophysical Mapping. I have increased the allocation for this exercise to K364.0 million from K160.0 million in 2024. The mapping exercise will help define the nation's mineral resource endowment and attract investment.

145. Madam Speaker, the enhanced CDF has proved to be a game changer. It is improving infrastructure, providing employment and income opportunities for many of our citizens especially in rural areas. I, therefore, propose to increase the allocation for CDF to K5.6 billion in 2025 from K4.8 billion in 2024. This will increase the allocation to each constituency to K36.1 million from K30.6 million in 2024. Earlier in my Address, I did indicate that I had some good news regarding feeder roads. The good news is that CDF has increased by K5.5 million per constituency. Of this increased amount, K3.3 million is earmarked for treating feeder roads. This is in view of Government's realisation that while constituencies have bought road making

equipment, they are struggling to raise funds to buy fuel. It is imperative, therefore, that these funds are specifically reserved for this purpose. Constituencies who have not yet bought their equipment are encouraged to collaborate with neighbouring constituencies who have the machinery.

146. Madam, a stern warning is appropriate at this stage to officials involved in the administration of CDF, especially those managing councils. In spite of the efforts already made to eliminate red tape and other legal sources of delays, the implementation of CDF projects remains painfully slow. In addition, audit reports have in many cases cited abuse of CDF funds. The vices are totally unacceptable and, therefore, it will not take long before Government takes strong measures against erring officers to bring things in line.

147. Madam, I propose to spend K700.7 million on construction, upgrade and rehabilitation of provincial aerodromes. This will improve airport infrastructure and boost the tourism sector. I have further allocated K1.3 billion for the development of tourism infrastructure, wildlife conservation and tourism marketing.

Education

148. Madam Speaker, I propose to spend K31.5 billion or 14.5 percent of the Budget on the Education function. Of this amount, K2.3 billion is for grants to early childhood education, primary and secondary schools to continue providing free education to our children.

149. Madam, I have allocated K2.6 billion to education infrastructure of which K1.6 billion is for construction of 120 secondary schools while K300.5 million is for completion of the stalled hostel projects at the Copperbelt University, the University of Zambia, and other public universities.

150. Madam Speaker, to improve the teacher-pupil ratio, Government has allocated K80.3 million for the recruitment of 2,000 teachers. Further, I propose to increase the allocation to the School Feeding Programme to K534.4 million in 2025 to keep learners in school and improve learning outcomes.

151. Madam, I propose to spend K150.0 million on the implementation of the new national education curriculum, which will promote life-long learning, entrepreneurship, and practical skills required by industry.

Health

152. Madam Speaker, to support health service delivery, I propose to spend K23.2 billion or 10.7 percent of the Budget. Of this amount, K5.0 billion is for the procurement of medicines and medical supplies while K718.2 million is for the procurement of medical equipment. I have further allocated K1.9 billion for various health infrastructure.

153. Madam, to improve quality of healthcare, I propose to allocate K156.9 million for the recruitment of 2,000 frontline health personnel. I have further

allocated K120.0 million for continued improvement of the healthcare management information system.

Housing and Community Amenities

154. Madam Speaker, I propose to spend K3.0 billion on housing and community amenities. Of this amount, K2.3 billion is for water supply and sanitation projects, which includes construction of 947 boreholes and rehabilitation of 500 as well as construction of 12 dams and rehabilitation of 14. In addition to promoting decent housing and access to clean and safe water supply, and sanitation services, these allocations will contribute to building resilience among our citizens.

Social Protection

155. Madam Speaker, to improve the living standards of the poor and vulnerable, I propose to spend K16.2 billion on social protection. Of this amount, K8.3 billion is for the Social Cash Transfer programme which includes the Drought Emergency Social Cash Transfer programme and K2.0 billion for the Cash for Work programme. This is a clear demonstration of the commitment of the New Dawn Government of alleviating poverty and building resilience for inclusive growth and improved livelihoods.

156. Madam, to ensure that our pensioners have a dignified life, I propose to increase the allocation to the Public Service Pension Fund to K4.2 billion from K3.9 billion in 2024. I have also allocated K400.0

million to the Local Authorities Superannuation Fund.

Public Order and Safety

157. Madam Speaker, I have allocated K8.4 billion or 3.9 percent of the Budget towards Public Order and Safety function. Of this amount, K217.8 million is for the implementation of the Integrated National Registration Information System. Other interventions will include construction of prison infrastructure and modernisation of law enforcement agencies.

Other Functions

158. Madam Speaker, I propose to allocate a total of K12.4 billion to the functions of Defence; Environmental Protection; and Recreation, Culture and Religion.

REVENUE ESTIMATES AND MEASURES

Resource Envelope for the 2025 Budget

RESOURCE ENVELOPE			
	2025 BUDGET (ZMW)	SHARE OF BUDGET	SHARE OF GDP
DOMESTIC REVENUE, GRANTS AND FINANCING	217,105,378,661	100.0%	26.6%
1. DOMESTIC REVENUE & GRANTS	182,357,589,316	84.0%	22.3%
a.) Domestic Revenue	174,188,394,916	80.2%	21.3%
Tax Revenue	137,414,105,940	63.3%	16.8%
Income Tax	65,810,241,138	30.3%	
<i>o/w Company Tax</i>	22,950,472,316		
<i>Pay as You Earn (PAYE)</i>	26,984,991,728		
<i>Withholding Tax and Other</i>	15,874,777,094		
Value Added Tax (VAT)	48,341,425,549	22.3%	
Customs and Excise Duties	22,854,125,671	10.5%	
<i>o/w Customs Duties</i>	10,557,958,194		
<i>Excise Duties</i>	12,296,167,476		
Export Duties	408,313,582	0.2%	
Non-Tax Revenue	36,774,288,976	16.9%	4.5%
<i>o/w Total User Fees, Fines and Charges</i>	18,474,164,188		
<i>Mineral Royalty</i>	17,354,619,167		
<i>Motor Vehicle Fees</i>	193,098,948		
<i>Tourism Levy</i>	74,361,544		
<i>Skills Development Levy</i>	307,895,205		
<i>Insurance Premium Levy</i>	370,149,924		
b.) Grants	8,169,194,400	3.8%	1.0%
<i>o/w Project Grants</i>	4,110,259,400		
<i>Programme Grants</i>	4,058,935,000		
2. GROSS FINANCING	34,747,789,345	16.0%	4.3%
Domestic Financing	15,359,224,678	7.1%	1.9%
Foreign Financing	19,388,564,667	8.9%	2.4%
<i>o/w Programme Loans</i>	8,057,291,035		
<i>Project Loans</i>	11,331,273,632		

159. Madam Speaker, following the successful restructuring of our external debt, we need to strengthen domestic resource mobilisation to enable us service

the debt and sustain public service delivery. This will be achieved through tax and non-tax policy rationalisation as well as enhanced administration and compliance. In

this regard, I will not propose any tax concessions in this Budget. Instead, I propose revenue generating measures.

160. Madam, to address the challenge of undeclared income and illicit financial flows, I propose to introduce an Advance Income Tax at 15 percent on remittances exceeding US \$2,000 or its equivalent. This will be for transactions made without a valid Tax Clearance Certificate. The Advance Income Tax will also apply on non-compliant exporters.

161. Madam Speaker, in line with our commitment to harmonise the corporate income tax rate, I propose to revise upwards to 20 percent from 15 percent the corporate income tax rate applicable to profits realised from export of non-traditional products and value addition to copper cathodes. The harmonisation is aimed at unifying the income tax regime over the medium-term.

162. Madam, to support local industries and encourage further investments, I propose to introduce and revise upwards Selected Goods Surtax applicable on imports of specified products which are locally manufactured.

163. Madam Speaker, to preserve the value of the respective specific excise duty on tobacco and tobacco products, fuel and used motor vehicles, I propose an automatic annual adjustment indexed to the average inflation rate for the preceding year, which shall be capped at 20 percent.

164. Madam, I propose to introduce excise duty at the rate of 10 percent on the betting amount.

165. Madam Speaker, I also propose to increase excise duty on non-alcoholic beverages to K1 per litre from the current 60 Ngwee.

166. Madam, I propose to revise upwards by 20 percent the bands for presumptive tax on operators of motor vehicles for transportation of persons.

Non-Tax Revenue Measures

167. Madam Speaker, I propose to introduce a fee of K1,500 on occupational safety and health training offered by the Ministry of Labour and Social Security. I also propose to introduce fees for mine safety and examination, and revise geological survey fees upwards.

168. Madam, I propose to increase fees for foreign artists to K5,000 and K15,000 from K1,778 for SADC and non-SADC based artists, respectively. I also propose to categorise the art promoter licence into international, local, and venue and exhibition licences as follows:

Category	Proposed Licence Fees (K)
International Artist Promoters	20,000
Local Artist Promoters	5,000
Venue and Exhibition Promoters	1,500

169. Madam Speaker, to provide improved technologies and advisory services to farmers and other stakeholders by the Zambia Agriculture Research Institute, I propose to introduce licensing fees for crop variety, basic and certified seed sales, and parental lines sales as follows:

	Category	Proposed unity cost
1	Crop variety licensing (Royalties)	3% of net sales of certified seed for crop hybrids
		2.5% of net sales of certified seed for open-pollinated varieties
2	Basic and certified seed sales	Cereals K35 per kg
		Legumes K45 per kg
		Cassava cuttings K110 per bundle
		Sweet potato vines K35 per bundle
3	Parental lines sales	K150 per kg

170. Madam, I propose the introduction of a fee of K2,500 for resident permit holders who stay outside Zambia for more than six months in line with international practice.

171. Madam Speaker, the revenue gain from the measures I have proposed is K3.1 billion. The measures will take effect on 1st January, 2025.

House Keeping Measures

172. Madam Speaker, to update, strengthen and remove ambiguities in certain provisions of the tax laws and make tax administration more effective, I propose to amend the Income Tax Act, the Customs

and Excise Act and the Value Added Tax Act, among others.

PART IV

CONCLUSION

173. Madam Speaker, as I indicated earlier in my Address, this year is special because of the unprecedented drought we have faced. The drought is the worst in our living memory. It has challenged us, as a people, to be compassionate, to look after each other, and more importantly, to lift each other up. We have been challenged to stand together as One Zambia One Nation and build a more resilient and prosperous country.

174. Madam, as is clearly evident in my Address today, the New Dawn Government has risen to this challenge with ingenuity, determination and an unshakeable resolve! We acknowledge the difficult times, but we remain comforted by the refrain that “it is always darkest before the dawn of a bright new day”. We are convinced that in the light of this new day, the fruits of our collective work will clearly be seen. Let us, therefore, remain resolute and not lose faith.

175. Madam Speaker, we have addressed the immediate needs of our citizens by enhancing and extending the provision of social welfare support through programmes such as the scaled-up Social Cash Transfer, the recently introduced Cash for Work, the free education, and the school feeding programmes.

176. Madam, we are also laying a foundation for resilience by investing in the health and education of our people. Further, by significantly enhancing resources under CDF and devolving decision-making and responsibility, we are truly putting power in the hands of our people.

177. Madam Speaker, despite the many challenges we have faced, we have not lost focus on the long-term goal of enhancing growth by promoting investment across critical sectors of the economy such as mining, manufacturing, agriculture and energy. In addition, we are improving supportive infrastructure such as roads and rail. Further, by utilising innovative approaches such as PPPs, we are not only providing economic opportunities for our businesses and households, but are also ensuring that we do not burden our children and grandchildren with the shameful yoke of unsustainable debt.

178. Madam, finally by achieving significant milestones in resolving the crushing external debt burden that we inherited from our predecessors, we have re-established credibility with the rest of the world. In doing so, we are laying a firm foundation for a prosperous and sustainable future.

179. Madam Speaker, it is therefore no empty boast to say that, as the New Dawn Government, we are truly ***“Building resilience for inclusive growth and improved livelihoods”*** in a manner that no one is left behind!

180. Madam Speaker, I thank you.

