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2024 Budget Bulletin

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The Cover

Our **CLEARR** values enable us to operate with collaboration in the global village as represented by the ribbon on the cover.

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- Ministry of Education
- Ministry of Energy
- Ministry of Finance & National Planning
- Ministry of Health
- Ministry of Infrastructure, Housing and Urban Development
- Ministry of Labour and Social Security
- Ministry of Livestock and Fisheries
- Ministry of Mines & Minerals Development
- Ministry of Tourism
- Ministry of Transport and Logistics
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- Securities and Exchange Commission (SEC)
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- Zambia Development Agency (ZDA)
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2024 Budget Commentary

The 2024 National Budget was presented by the Honourable Minister of Finance and National Planning to the National Assembly on 29 September 2023.

The theme of the 2024 budget is “Unlocking Economic Potential”.

The country is projected to achieve a positive 2.7% of Gross Domestic Product (GDP) growth in 2023, compared to 5.2% in 2022.

The slowdown in growth is mainly attributed to:

- Challenges arising from the Russia-Ukraine war;
- Delayed conclusion of the negotiations with the country’s creditors; and
- Weak performance that was recorded in the mining sector.

Projected GDP Growth in 2024

The strategy to achieve the growth objectives will be founded on four thematic areas as outlined in the Presidential Address delivered on the Official Opening of the Third Session of the Thirteenth National Assembly. The Address provided the policy direction as laid out in the Eighth National Development Plan and the 2024 budget. The four thematic areas are:

- Economic transformation and job creation;
- Human and Social development;
- Environmental sustainability; and
- Good governance environment.

In order to achieve the budget objectives and targets for 2024, Government has proposed to spend K177.9 billion (2023:K167.3 billion).

	2023 Budgeted outturn	2023 Projected outturn
GDP growth rate	4.0%	2.7%
Inflation rate (30 September 2023)	6 - 8%	12.0%
Overall fiscal deficit to GDP	7.7%	5.8%
Gross International reserves of import cover (31 August 2023)	3 months	3.2 months
Domestic debt (K billion – 30 June 2023)	-	213.9
Central Government external debt (US\$ billion – 30 June 2023)	14.07	
Government guaranteed debt (US\$ billion – 30 June 2023)	-	1.43
Domestic arrears, including fuel and electricity (K billion – 30 June 2023)	-	77.8



In order to achieve the budget objectives and targets for 2024, the Government has proposed to spend K177.9 billion (2023:K167.3 billion) .



K141.11 billion
Total Domestic Revenue (22.0% of GDP)



K16.33 billion
Domestic Financing



K114.58 billion
Tax Revenue (17.9% of GDP)



K3.4 billion
Foreign Grants (0.6% of GDP)



K17.01 billion
Foreign Financing

The allocation of the budgeted expenditure in percentage terms is as follows:

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	%	%	%	%	%	%	0%	%	%	%	%	%
General Public Service	26.2	25.1	25.8	36.1	27.9	36.1	36.0	41.5	48.3	49.9	39.5	33.1
Economic Affairs	27.6	28.0	27.3	24.9	31.1	24.1	23.8	20.6	18.0	19.5	20.9	22.3
Education	17.5	20.2	20.2	17.2	16.5	16.2	15.4	12.4	11.5	10.4	13.9	15.4
Health	11.3	9.9	9.6	8.3	8.9	9.5	9.3	8.8	8.1	8.0	10.4	11.8
Defence	6.3	6.4	6.9	5.9	5.0	4.9	5.8	6.2	4.7	4.5	4.9	5.6
Public Order and Safety	4.2	5.0	4.7	3.5	3.6	3.0	3.3	3.8	2.6	2.0	3.1	3.8
Environmental Protection	0.2	0.4	0.4	0.3	1.0	1.3	1.0	0.6	0.8	0.6	0.6	0.8
Housing and Community Amenities	3.1	1.5	1.7	0.9	1.3	1.1	2.6	3.3	1.9	1.4	1.5	1.5
Recreation, Culture and Religion	0.8	0.7	0.7	0.5	0.5	0.6	0.3	0.4	0.1	0.1	0.3	0.3
Social Protection	2.8	2.8	2.7	2.4	4.2	3.2	2.5	2.4	4.0	3.6	4.9	5.4
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Overall Comments

- Social Sector spending in health, education and social security has seen an increase in proposed spending.
- The New Dawn Administration has produced a budget that aims to continue to empower people at the constituency level by increasing the Constituency Development Fund (CDF) from K28.3 million in 2023 to K30.6 million per constituency in 2024.
- Furthermore, people at the local level will continue to make decisions on how to spend the CDF based on guidelines to be improved upon and the CDF Act that will be revised.
- The need for efficient and effective procurement of goods and services so as to achieve the right price, right quality and delivery on time has been emphasised.
- Completion of the restructuring of the external debt remains an urgent objective so as to deal with the principal and interest arrears as well as have an agreed way forward with the lenders.
- Job creation for the youth continues to be a priority with the intended recruitment of 5,400 teachers and 4,000 health workers.
- Furthermore, measures have been suggested to create a conducive environment for both local and foreign investors to invest in Multi Facility Economic Zones (MFEZ) and Industrial Parks as well as partnering with government in various capital projects through Public Private Partnerships (PPPs).
- Mining is to receive particular attention through revised tax framework so as to increase production from 800,000 tonnes currently to 3,000,000 tonnes in 8 years.

Challenges

- The implementation of the Budget is dependent on Government continuing to meet its revenue targets.
- The Budget faces the following risks:
 - Increased infrastructure development costs arising from suspended works and related consequential contract penalties, interest and potential legal costs;
 - Any slowness in mindset change by the implementors of projects at the local level under CDF;
 - Continuation of the Russia/Ukraine conflict and the consequential impact on oil and gas prices, higher interest rates and food prices;
 - Any low uptake by investors who are expected to partner with Government in the Public Private Partnership (PPP) as a model of infrastructure development;
 - Weaker copper revenues on account of lower ore grades and delayed investments in the sector; as well as weakening of copper prices;
 - Exchange rate fluctuations on account of high demand for importation of commodities and foreign debt service;
 - Climate change effects that pose a risk in terms of both food security and hydropower generation;
 - Inflationary pressures due to exchange rate passthrough effects and climate induced events such as food shortages; and
 - Subdued global growth due to contraction of China's economy, a main market for Zambia's copper exports.



Presidential Comment on opening of Parliament

During the official opening of the Third Session of the Thirteenth National Assembly, His Excellency Mr Hakainde Hichilema, the Seventh President of the Republic of Zambia, outlined the policy direction that the New Dawn Government will take.

The theme of his address was “Building On The Socio-Economic Gains for Improved Livelihoods And A Better Zambia”.

The President emphasised the need to:-

- Unite and build upon individual and collective achievements.
- Improve production, productivity, value addition, investment and trade.
- Continue implementing the policy of positive discrimination in the procurement process by buying from local manufacturers and other value adding businesses.
- Support science and technology innovations.
- Build on gains made in education, health, water and sanitation sectors.
- Address vulnerability and inequality among people.
- Achieve economic growth that is environmentally sustainable.
- Take services and decision making closer to the people following the national decentralisation policy.

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2024 Sectoral Impact

Agriculture, Livestock and Fisheries

- Agriculture remains the bedrock of the Zambian economic transformation and job creation agenda to address unemployment levels.
- Government is making steady progress in transforming the sector to make it more efficient and productive for the benefit of citizens.
- Low crop and livestock production over the years has been due to a number of factors such as;
 - Climate change;
 - High cost of inputs;
 - Unaffordable finance;
 - Inadequate irrigation and other agriculture support infrastructure;
 - Poor livestock and crop management practices; and
 - Inadequate mechanization.
- Increased demand for maize from the region has led to higher maize grain prices and consequently escalation in mealie meal prices. Better prices for maize induced by higher regional demand presents an opportunity for the farmers to expand production, increase household income, reduce poverty and earn the country the much-needed foreign exchange.
- To mitigate the escalation in prices of mealie meal, Government is implementing the following measures to boost supply and stabilize the price:
 - Lowering the cost of producing maize. Key among the measures to lower the cost of growing maize is the cost of fertilizer.
 - Engaging millers to reduce the cost of mealie meal by buying maize from stocks held with the Food Reserve Agency.

Agriculture, Livestock and Fisheries (continued)

- Food Reserve Agency will be releasing stocks of maize for community purchases so that citizens can have a choice of milling their maize using cheap methods like hammer mills.
- Comprehensive Agriculture Transformation Support Programme to be developed to improve production. The programme will include extension services support, access to finance, irrigation development, support to value addition as well as storage and logistics.
- Government is developing farm blocks, which are in areas where high technology agriculture will be deployed to produce large stocks for domestic consumption and for processing into agro-export goods. It is from the farm blocks where technology-based farming could produce large stocks competitively and be able to export to the world at large.
- Government will in 2024 construct:
 - 300 Kilometres of roads in Nansanga, Luena and Shikabeta farm blocks.
 - 10 bridges to enhance connectivity in the farm blocks.
 - 200 Kilometres of powerlines in Luena, Luswishi and Shikabeta farm blocks to facilitate the installation of power to farms.
 - Investments will be made in irrigation infrastructure to reduce dependence on rain-fed agriculture.
- Government will continue implementing smart agriculture technologies in collaboration with Cooperating Partners. These include:
 - Conservation agriculture;
 - Water harvest;
 - Adaptive research;
 - On-farm research programmes;
 - Agriculture insurance; and
 - Early warning systems.

Agriculture, Livestock and Fisheries (continued)

- Government will unlock potential in livestock sub-sector by improving animal health, animal identification and traceability as well as livestock breeding programmes.
- The disease surveillance and response system will be enhanced, regional veterinary laboratories in Chipata, Mongu, Ndola and Solwezi to be operational.
- Central Veterinary Research Institute will be rehabilitated.
- Government is implementing a community-based livestock breeding programme through a pass-on scheme to support livestock farmers with high quality breeding stock. A total of 12,000 livestock farmers will benefit under this programme.
- Government will establish three hatcheries in three aquaculture parks in Kasempa, Mushindamo and Samfya Districts. This is expected to increase fingerling production to 433.4 million in 2024 from the current 302.0 million
- Government to promote sustainable capture fisheries through enforcement of fishing ban and enhanced surveillance of the water bodies.
- The intervention is aimed at reducing the national fish deficit to 52,000 metric tonnes in 2024 from 74,000 metric tonnes in 2023.
- Government in collaboration with cooperating partners, will establish an agriculture credit window. This will support farmers to procure inputs, equipment and irrigation systems, among others.
- Government will bring to the House the Animal Identification and Traceability Bill to strengthen legal reforms on animal identification and traceability.

Constituency Development Fund (CDF)

- A total of K4.8 billion has been allocated towards Constituency Development Fund.
- CDF allocation has been increased to K30.6 million from K 28.3 million for each constituency.
- With increased CDF allocation, all Constituencies will be required to facilitate the provision of water reticulation and sanitation systems in public facilities.
- The public will continue to participate in defining their development needs.
- Government plans to review the Constituency Development Act, 2018 to further strengthen citizen participation.

Decentralisation

- Government will ensure decentralisation by devolution implementation in the medium-term.
- Financial resources for the devolved functions will be allocated to Local Authorities in 2024.
- To facilitate the devolution of additional functions in 2025 under Phase II, preparatory works will commence in 2024.
- K1.4 billion will be allocated to the Local Government Equalisation Fund which will be turned into a recurrent grant starting 2024.
- The Local Government Equalisation Fund will support the remuneration of councillors and give Local Authorities more power to make decisions.

Education

- Government will continue to increase the access to quality education through infrastructure development. Over the last decade Government commenced the construction of 115 Secondary Schools whose construction had stalled.
- In the past 2 years, 69 schools have been completed while the remaining 46 are still under construction. These will be completed in 2025. K338.3 million has been budgeted for this.
- An additional 202 secondary schools have been targeted for construction. Of these, 82 are under construction and will be completed in 2024 while the remaining 120 will commence in 2024.
- Leveraging on the extensive national coverage of fibre networks, Government will roll out the e-learning managing system aimed at ensuring easy access to online teaching and learning material across the country.
- Government in collaboration with cooperating partners intends to improve internet connectivity in rural schools.
- Government has continued to recruit teachers and provide teaching and learning materials. The process for hiring 4,500 teachers has began. In 2024 another 4,200 teachers and 1,200 non-teaching staff will be recruited. K356.1 million has been allocated for the recruitment of 5,400 personnel.
- To improve the learning environment, Government targets to procure 1 million desks. All these desks are being manufactured by local entrepreneurs in the respective communities.
- Government will continue to prioritise the provision of quality and relevant vocational skills by equipping training centers with modern equipment. This will align skills of TEVET graduates to industry requirements. K70.0 million has been allocated for equipping TEVET training centres.

Education (continued)

- K111.7 million allocated to the School Feeding Programme to increase coverage and improve the quality of meals.
- The allocation to the Higher Education Loans and Scholarships Board has been increased to K1.2 billion.

Environmental Sustainability

- About K1.5 billion has been allocated towards environmental protection.
- Allocated funds to be used to implement various programmes and projects to protect the environment and build resilience against the effects of climate change.
- Government will install an additional 50 automatic weather stations.
- In 2024, Government plans to enhance the legal and regulatory framework to support green finance and environmentally friendly practices in the financial sector.
- Review specific provisions of the law to shorten the time taken to issue the Decision Letter.
- Reduce excise duty from 30% to 25% on hybrid vehicles, designed for transportation of persons.
- Remove customs duty on electric motor vehicles for transportation of persons, electric buses, trucks and accessories of such as charging systems.

Fiscal Policy and Measures

- The overarching fiscal objectives in 2024 will be to reduce the budget deficit, on cash basis, to 4.8% of GDP from the projected outturn of 5.8% in 2023.
- Efficiency gains in domestic resource mobilization efforts to result in revenue collection of at least 22% of GDP while expenditures will be contained within sustainable levels.
- Priority will be placed on areas that will spur economic growth such as infrastructure development, CDF, and dismantling of domestic arrears.
- To enhance fiscal transparency and budget credibility, Government will produce a Fiscal Risk Statement on an annual basis which will provide an assessment of risks related to the budget and a framework for managing them in the short to medium term.
- Government is implementing the Zambia Devolution Support Programme which focuses on fiscal decentralisation and financial management, local area planning and budgeting, governance and human resource management of the Local Authorities.
- Government will ensure that tax and non tax policies remain stable and predictable.
- Efforts aimed at maximizing revenue collection while promoting investment will include streamlining various incentives and enhancing digitalized and administrative capacities for revenue collection.

Fiscal Policy and Measures (continued)

- Domestic resource mobilization measures will include:
 - Government implementing the electronic invoicing system which will provide Zambia Revenue Authority with real time access to business transactions.
 - Government putting in place a legal framework and strategies to implement taxation of the Cross Border Electronic Services.
 - Zambia joining the global forum on Tax Transparency and Exchange of Information for tax purposes to pursue efficient international taxation and combat tax evasion. This forum will facilitate the exchange of tax information among 140 jurisdictions, ensuring transparency and combating illicit financial flows.
 - Government to commence consultation to introduce a Unified Tax Amendment Act to, among others, enable the harmonization of tax across different types and tax administration.
 - Zambia Revenue Act in 2024 to be amended to introduce whistleblower reward. Whistleblowers who disclose information leading to recovery of tax will be rewarded.

Health

- Government will continue to prioritise health care services which will be achieved through the development of infrastructure, recruitment of health personnel, provision of medicines and medical supplies. K20.9 billion will be allocated to support the delivery of these services.
- K5.0 billion to be allocated for the procurement of medicines and medical supplies.

Health (continued)

- 4 mini-hospitals to be completed in Lufwanyama, Lusaka, Mpongwe and Mufumbwe Districts in 2024 and construction of 135 mini-hospitals under Phase II to commence across the country. K239.8 million will be allocated towards the completion of these infrastructures.
- Government to construct 30 maternity annexes.
- Collaboration is underway with stakeholders to establish a Local Pharmaceuticals Manufacturing Strategy.
- K344.1 million will be allocated towards the recruitment of 4,000 health personnel.
- To decongest the Cancer Diseases Hospital in Lusaka, Government will commence the construction of Cancer Treatment Centres in Livingstone and Ndola.
- Government will upgrade radiotherapy equipment and infrastructure at the Cancer Diseases Hospital to improve the quality of service.
- Implementation of the Electronic Health Record System to 3,000 health facilities in the next 3 years from the current 600 will be scaled up to facilitate quick access to health records. K120 million has been proposed to be allocated towards the Health Record System.

Mining Sector

- The Government is working to resolve all the outstanding issues at all mines including Mopani Copper Mines PLC.
- To ensure an attractive mining sector for increased investments and output, Government is undertaking regulatory and structural reforms that will contribute to the increase and diversification of mineral production in the country.

Mining Sector (continued)

- To this end, Government will establish a Mineral Regulatory Commission to superintend over the sector, promote investments and ensure the country gets maximum benefits from its mineral resources.
- To support investments and diversification in exploration, mining and processing of minerals, Government will embark on a national geological mapping exercise of the country. This will enable the country to get accurate data on the country's mineral resources endowment. K160 million has been proposed in the budget.
- Government will continue formalizing artisanal and small-scale mining to increase participation of the citizens in the mining sector and comply with relevant laws and regulations.
- Government will continue promoting both domestic and foreign direct investments in value addition such as production of car batteries and copper electric cables.
- Some existing mines are expected to invest in expansion projects in the year 2024. For example;
 - a) Konkola Coper Mine (KCM) has investment plans under its Konkola Deep Mining Project. Vedanta resumed control of operations at KCM. The Company pledged to invest more than US\$1 billion over a period of five years to increase output.
 - b) Kansanshi Mine has an expansion investment under the X3 project.
 - c) Lumwana Mines intends to increase its production by scaling up the capacity of its concentrator and has also been conducting explorations which would lead to further investments.

Mining Sector (continued)

- d) Macrolink Mine in Mwekela area of Ndola is undertaking shaft sinking to 700 meters. Once completed, copper production is expected to increase.
- e) Other investments include Kalumbila Mines (Trident) under the Enterprises Nickel Mine as well as Mimbula Mine in Chingola on the Copperbelt.
- First Quantum Minerals has since commenced commercial production of Nickel in Kalumbila District.
- Approximately 35,000 metric tonnes of Nickel is expected to be produced per annum. The mine is poised to be the largest producer of Nickel in Africa and will strategically position the country in the transition to clean energy.
- Government has declared all minerals as strategic for the country's economic prosperity.
- So far, preliminary geological surveys for Lithium in Mapatizya and Sugilite in Chembe have been concluded.

Monetary and Financial Sector Policies

- The Bank of Zambia's primary objective will remain to be that of working towards bringing inflation to within the 6 - 8% target range. The Bank will use all the tools at its disposal with the monetary policy rate as the key instrument.
- The Financial Stability Committee will become operational in 2024 following the issuance of the commencement order for the Bank of Zambia Act 2022.
- The Committee will among others formulate macro-prudential policies to achieve and maintain financial system stability.
- The Banking and Financial Services Act, 2017 will be reviewed in 2024.

Monetary and Financial Sector Policies (continued)

- With the economic reforms undertaken by Government, including the significant reduction in the budget deficit, Government expects the yield rates on Government Securities to fall and consequently commercial banks to lower interest rates to reduce the cost of borrowing.
- Government will launch the Second National Financial Inclusion Strategy to cover 2024 to 2028 with the goal of ensuring universal access to and usage of a broad range of financial services.
- Government will continue to maintain a flexible exchange rate regime.
- Government will accumulate adequate international reserves to cushion the economy against external shocks.
- Government remains committed to enhancing the quality of balance of payments statistics and strengthening the Anti-Money Laundering/Combating Financing of Terrorism regime through the full implementation of Electronic Balance of Payment Monitoring System.
- Bank of Zambia has developed an Export Proceeds Tracking Framework that will require all exporters to route export earnings through an account held at a bank domiciled in Zambia while retaining full rights and continue to use the funds as they deem fit. Implementation of the framework will commence on 1 January 2024.

Micro Small and Medium Enterprises (MSME's) and the Capital Markets

- To address access to affordable finance being a constraint to SME growth, Government is providing funds to target groups through empowerment programmes such as Citizen Economic Empowerment Commission, Women Empowerment, Constituency Development Fund and Youth Empowerment.

Micro Small and Medium Enterprises (MSME's) and the Capital Markets (continued)

- The Bank of Zambia, leveraging on private sector participation, will complement the existing guarantee scheme under the Zambia Credit Guarantee Scheme by rolling out another credit guarantee scheme in 2024.
- Government has been constructing industrial yards with 4 already commissioned in Chipata, Kasama, Mansa, and Mongu with an additional 3 earmarked for commissioning before end of the year in Kitwe, Lusaka and Ndola. In 2024, Government to construct Industrial Yards in Chinsali, Choma and Kitwe.
- The allocation to Zambia Credit Guarantee Scheme has been increased to K386.0 million from K150 million this year of which K186 million is for the establishment of a financing and credit window for small scale farmers, public workers and emergent farmers.
- K391.9 million has been allocated to the Citizens Economic Empowerment Commission in addition to other empowerment funds.

Social Protection

- Government has continued to support the poor and vulnerable through various social protection programmes. The partial withdrawal of pension benefits under the National Pension Scheme Authority (NAPSA) has been implemented.
- Government has cleared all pensioners from 2017 to 2021. This has significantly reduced the waiting period to 1 year from 5 years. By the end of 2024, the Local Authorities Superannuation Fund is expected to be current on the payment of pension benefits. K400 million has been allocated to the Fund in 2024.
- Government will, in 2024, increase the allocation under the Public Welfare Assistance Scheme to cater for 40,000 beneficiaries from the current 16,000.

Social Protection (continued)

- The Girls' Education and Women's Empowerment and Livelihoods project provides support for women and girls in extremely poor households to access secondary education. Currently, there are 116,891 beneficiaries in 76 districts. The target is to cover 129,400 beneficiaries in 81 districts by April 2024.
- K1.2 billion has been allocated to the Food Security Pack. The number of beneficiaries has increased to 242,000 households.
- Social Cash Transfer has been allocated K4.1 billion.
- K3.9 billion has been allocated towards the Public Service Pension Fund to ensure retirees are paid on time.

Tourism

- About K769.5 million has been allocated for the development of tourism infrastructure, marketing, wildlife management and development of tourism products.
- Proposed to spend K701 million on provincial aerodromes, earmarked mainly for rehabilitation and upgrade of Mansa, Mbala, Mongu and Solwezi Airports and development of Chinsali, Choma and Kasaba Bay Airports.
- About K27 million is estimated to be raised from tourism levy.
- Establish a tourism satellite account to measure the contribution of tourism to the economy.
- Undertake reforms to enhance wildlife conservation and management.
- Promote sustainability tourism development to include products such as cultural tourism, avitourism, health tourism and sports tourism.
- Continue to support the hosting of meetings, conferences, exhibitions and incentive travel.

Information and Communication Technology

- To continue improving on the universal access to internet and mobile connectivity, 169 towers will be constructed.
- Government will use a mix of technologies such as satellite and fibre connectivity to reach unserved and under served areas.
- Digital transformation centres will be established in rural areas.
- Out of the 1,500 services that Government has identified, currently 280 services are offered online. More services will be added on the Zamportal to bring the total online services to 382 by 31 December 2024.

Water and Sanitation

- Government to construct 1,374 boreholes and rehabilitate 1,270 boreholes across the country, which will benefit 92,000 households.
- K38.5 million will be allocated for the rehabilitation of 1,270 non-functional boreholes in peri-urban and rural areas.
- K126.7 million to be allocated for the construction of 1,374 boreholes.
- To complete Water Supply Systems Project that will benefit 1 million people by the end of 2023.
- Steady progress is being made on the Kazungula Water Supply and Sanitation Project, while works on the Nkana Water Supply and Sanitation Project under Phase II are to commence.
- 6,000 households will be connected to sewer networks by utility companies in Chipata, Kalulushi, Kitwe, Lusaka, Mongu and Sesheke.
- 168 waterborne sanitation facilities in public places and institutions across the country will be constructed.

Water and Sanitation (continued)

- Government to commence the construction of 38 dams across the country. 6 dams will be rehabilitated in Eastern and Southern Provinces. K443.5 million will be allocated for the construction and rehabilitation of these dams to promote irrigation development for sustainable agriculture production and enhanced productivity.
- Government will continue to maintain dams across the country and implement programs aimed at restoring and protecting water resources.
- Approximately 15.7 million cubic metres of water will be harvested, benefiting over 22,000 households and approximately 1.7 million livestock.

Youth

- The Government is urging the financial sector to provide favorable lending rates to the emerging and thriving entrepreneurs.
- Government is facilitating the establishment of an innovation hub in North-Western Province. This will ensure that digital and entrepreneurship skills among the youths are harnessed and enhance economic development.
- 4,000 health personnel budgeted to be recruited in 2024.
- Government expected to recruit 4,200 teachers and 1,200 non-teaching staff.
- The Higher Education Loans and Scholarship Board allocation is expected to increase to K1.2 billion. This will increase the number of students benefiting from the Loan Scheme.
- Government will provide funds to targeted groups such as Citizen Economic Empowerment Commission, Women Empowerment, Constituency Development Fund and the Youth Empowerment.

Youth (continued)

- Government will increase the allocation to the Zambia Credit Guarantee Scheme to K386 million.
- 3 industrial yards are earmarked for commissioning in Kitwe, Lusaka and Ndola respectively.
- Government is expected to construct industrial yards in Chinsali, Choma and Kabwe.
- The setting up of industrial yards will also create employment opportunities especially for the Women and Youths.

Energy

- Government now has development regulations to enable players in the sector to have third-party access to the TAZAMA Pipeline. This will enhance competition among the suppliers, which will ultimately benefit consumers in 2024.
- Government through the Rural Electrification Authority (REA) is planned to continue works on the 62 Grid – Tied electrification projects and 19 Solar Mini-Grid projects in 2024.
- Government will implement measures to increase electricity generation capacity. This will be done through the provision of incentives to attract investment in power generation such as:
 - i) Increase the period in which a business can claim a refund on VAT incurred on eligible goods before the commencement of commercial operations to 7 years from the current 4 years for hydroelectricity generation.
 - ii) Remove customs duty on machinery, equipment and other goods designed for geothermal energy activities.
- To promote the usage of clean energy, Government will:

Energy (continued)

- i) Remove customs duty on electric motor cycles, electric vehicles, electric buses, electric trucks and attendant accessories such as charging systems; and
- ii) Reduce excise duty to 25% from 30% on hybrid vehicles designed for transportation of persons.
- Remove customs duty on machinery, equipment and other goods designed for petroleum exploration.

Construction

- In order to increase accessibility within farm blocks, at least 300 km of roads and 10 bridges will be constructed. K598.4 million has been allocated to the Nansanga, Luena, Luswishi and Shikabeta farm blocks. The funds will also go towards electrification and irrigation development. 200 km of powerlines will be constructed in these farm blocks.
- To improve connectivity, K700.7 million has been allocated for the rehabilitation and upgrade of Mansa, Mbala, Mongu and Solwezi Airports and development of Chinsali, Choma and Kasaba Bay Airports.
- In 2024, Government will construct industrial yards in Chinsali, Choma and Kabwe.
- Works on 62 Grid-Tied Electrification Projects and 19 Solar Mini-Grid Projects by Government through the Rural Electrification Authority will continue.
- In 2024, Government will implement at least 5 PPPs in the Road Sector. These include Lumwana – Kambimba road, Katete – Chanida road, Ndola – Sakania – Mufulira road and Mufulira – Mokambo road.
- 500 km of feeder roads will be constructed by the Zambia National Service and the Ministry of Local Government and Rural Development in 2024.

Construction (continued)

- An additional 1,000 km of feeder roads will be rehabilitated using road construction equipment acquired by some constituencies using their Constituency Development Funds.
- Government will rehabilitate and upgrade trunk and district roads including Chipata – Lundazi, Mansa – Nchelenge, Monze – Niko, Mpika - Chinsali and Tateyoyo – Katunda roads.
- K8.3 billion has been allocated for the construction, rehabilitation and maintenance of roads.
- As part of its commitment to providing universal access to internet and mobile connectivity, Government will construct an additional 169 communication towers.
- To create an enabling environment, infrastructure will be constructed and rehabilitated at the National Institute for Scientific and Industrial Research.
- Centres of excellence will be constructed at the University of Zambia and Copperbelt University. In addition 5 innovation hubs will be constructed.
- Government will continue works on the remaining 46 of the planned 115 Secondary schools under construction which are targeted for completion in 2025. K338.3 million has been allocated in the budget.
- An additional 202 secondary schools are targeted to be constructed. Of these 82 are under construction and will be completed in 2024. Construction of the remaining 120 secondary schools will commence in 2024.

Construction (continued)

- Under Phase I of the construction of mini-hospitals, the remaining 4 mini-hospitals in Lufwanyama, Lusaka, Mpongwe and Mufumbwe Districts will be completed in 2024. K239.8 million has been allocated towards this in the budget.
- In 2024, Government will construct 30 maternity annexes. Further, the construction of 135 mini-hospitals under Phase II will commence across the country.
- Government will commence the construction of cancer treatment centres in Livingstone and Ndola in 2024.
- Government will also upgrade the infrastructure of the Cancer Diseases Hospital in order to improve the quality of services.
- A total of K1.4 billion has been allocated towards health infrastructure development across the country.
- In 2024, 6 dams will be rehabilitated in Eastern and Southern provinces.
- K443.5 million has been allocated for the construction of 28 dams and rehabilitation of 6 dams.
- K126.7 million has been allocated for the construction of 1,374 boreholes and a further K38.5 million for the rehabilitation of 1,270 non-functional boreholes in peri-urban and rural areas.
- Part of the allocation to the Public Order and Safety Function will be used to rehabilitate prison infrastructure and complete the construction and rehabilitation of police stations and posts.

Manufacturing and Industrialisation

- Following the recent visit by the President to China, further interest has been generated from potential investors. Areas of interest include the assembly of mobile phones, assembly of electric motorcycles, manufacture of pharmaceutical products and copper cables.
- Delegations of Chinese investors have already started arriving in the country to advance these projects.
- Multi-Facility Economic Zones (MFEZ) will have the following measures introduced by end of the first quarter of 2024 to improve their attractiveness.
 - Land rates levied by Local Authorities will be harmonized and reduced.
 - The Employment Code Act, 2019 will be reviewed especially relating to the MFEZ where the aim is to drastically reduce the burden imposed on employers. A pay policy to workers based on agreed principles of more pay for higher productivity will be allowed;
 - An enterprise in the MFEZ will automatically be granted a quota for expatriate employees at whatever level, whose ratio will be based on the total number of jobs created. Security clearance on proposed individual expatriates will continue to apply.
- To promote local investment in the manufacturing sector, Government will implement the following measures:
 - Extend the 2% local allowance on income earned from value addition to sorghum and millet;

Manufacturing and Industrialisation (continued)

- Increase company income tax relief to 20% from 14.2% of the taxable profits for the first five years of operations for businesses in rural areas;
- Provide for the allowance of losses of up to 1% on cut-rug (shredded tobacco) in the production of cigarettes;
- Increased customs duty rate to 25% from 15% on electrical panels;
- Reduce exercise duty rate by 50% on locally produced clear beer for small and medium manufacturers that produce less than 500,000 litres per annum;
- Introduce, remove and increase Selected Goods Surtax on some products.
- Remove customs duty on importation of motorcycles and tricycles imported in complete knock down form for companies that assemble and source at least 5% inputs locally.
- Government will provide incentives to revitalize industry value chains. The following incentives will be implemented for the cotton value chain.
 - Provide a 5 year tax holiday on profit for local producers of cotton seed.
 - Provide a 5 year tax holiday on profit from ginning cotton.
 - Provide a 10 year tax holiday on profit made from spinning of cotton and weaving of thread.

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Review of 2023 Economic Performance

Overview

- In the domestic economy, real GDP growth is projected at 2.7% in 2023, down by 2.5 percentage points compared to 2022. The global economies are expected to grow by 3.0% in 2023, compared to 3.5% in 2022. Three notable events that dragged global growth down were the Russia - Ukraine conflict, adverse effects of climate change and tighter financial conditions in advanced economies.
- The agriculture, livestock, forestry and fishing sectors were generally below potential. This was mainly due to adverse effects of climate change, high cost of inputs, unaffordable finance, inadequate irrigation and other agricultural support infrastructure, poor livestock and crop management practices, as well as inadequate mechanisation.
- The Kwacha exchange rate depreciated from around K18.08 per United States Dollar as at December 2022 to about K21.00 by 30 September 2023. This was attributed to strong demand for foreign exchange while inflows, especially from the mining sector, reduced.
- The stock of Government securities increased to K213.9 billion as at 30 June 2023 from K210.0 billion as at 31 December 2022. The increase of 2% was on account of the need to finance the budget.
- The 2023 budget deficit is expected to reduce to 5.8% of GDP from the target of 7.7% of GDP. This is due to high fiscal discipline.
- The goal of the monetary policy in 2023 was anchored on bringing back inflation to the target range of 6-8% in the Medium Term. As at 30 September 2023, the inflation rate increased to 12% from 9.9% as at 31 December 2022.

Key Performance Indicator	31 Dec 2023 Projected	31 Dec 2022 Actual
Gross Domestic Product (GDP)	2.7%	5.2%
Inflation (30 September 2023)	12.0%	9.9%
Commercial bank average lending rate (30 September 2023)	26.0%	25.5%
US\$ Exchange rate (30 September 2023)	21.00	18.08
Non performing loans-Banking sector (31 August 2023)	4.4%	6.4%
Non-performing loans – non-bank financial institutions (30 August 2023)	12.1%	13.0%
Foreign debt stock (US\$bn) – (30 June 2023)	14.07	13.96
Government guaranteed debt (US\$ billion -30 June 2023)	1.43	1.45
Domestic Government debt stock (Kbn) (31 August 2023)	213.9	210.0
Monetary Policy Rate (31 August 2023)	10.0	9.0
Statutory reserve ratio (30 June 2023)	11.5	9.0

- The total exports in the period 1 January 2023 to 30 June 2023 were US\$5.3 billion whilst the imports for the same period were US\$5.2 billion. Overall the trade balance remained in surplus at US\$0.1 billion.

Overview (continued)

- The amount of money lent by the banking system grew by 6.4% in the first seven months of 2023 against a growth of 11.9% in the seven months to 31 July 2022. The slowdown was due to reduced borrowing by Government. Growth in lending to the Private Sector remained steady at 15%.

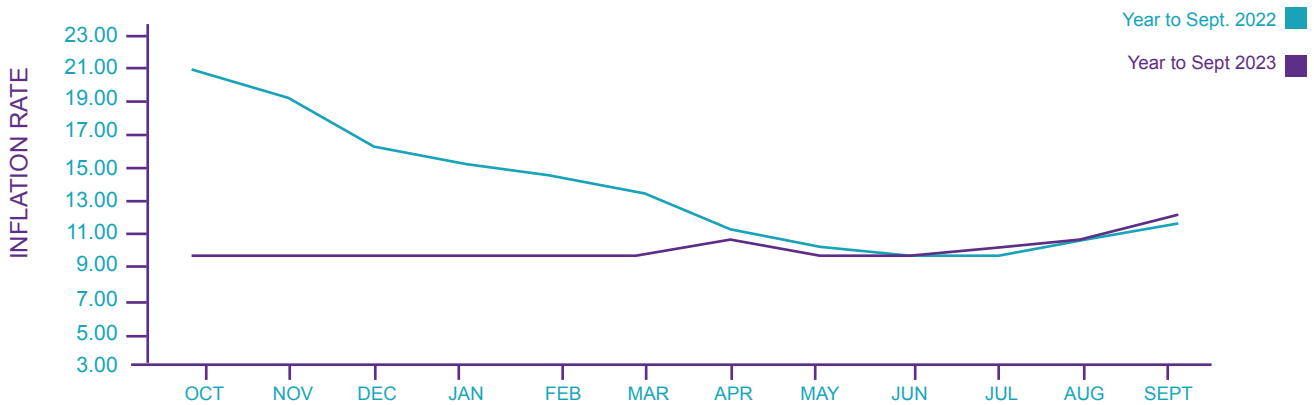
Agriculture, Fisheries and Livestock

- The first half of 2023 was characterized by high cost of production attributed mainly to the rise in the prices of livestock and fish feed which are major inputs of livestock and fisheries production.
- The 2023 mid-year performance for overall fish production from both natural water bodies and aquaculture slightly declined by 1.51% from 72,489 metric tonnes in June 2022 to 71,391 metric tonnes in the first half of 2023. The reduction was mainly attributed to the decline in fish production under capture fisheries.
- Cattle increased by 2.62% from 4,698,972 to 4,822,085 in the first half of 2023. Goats and sheep population increased by 6.57% from 4,455,860 to 4,748,610 in the first half of 2023.
- Chevon increased by 26.17% from 2,335 Mt to 2,946 Mt. Mutton increased by 21.82% from 55 Mt to 67 Mt. Beef increased by 3.75 % from 49,389 Mt to 51,243 Mt and milk recorded an increase of 2.40% from 46,099,227 litres to 47,205,658 litres.
- Chicken reduced by 3.91% from 91,952 Mt to 88,356 Mt. Pork reduced by 3.40% from 6,241 Mt to 6,029 Mt and eggs reduced by 1.19% from 758 billion to 749 billion.
- The pieces of hides recorded an increase of 1.31% from 269,596 to 273,128 and pieces of skin increased by 0.85% from 688,882 to 694,712.

Agriculture, Fisheries and Livestock (continued)

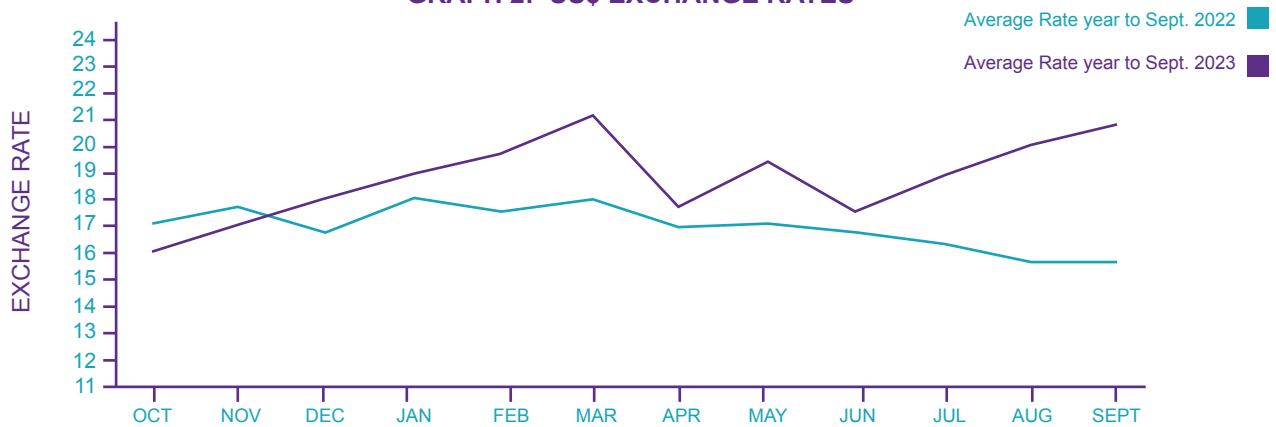
- A total of 42,847 herds of cattle were vaccinated in Northwestern Province, 17,859 in Northern Province, and 5,606 in Muchinga Province. A total of 63,243 calves were immunized against the target of 72,800 in Southern, Eastern, Central, Lusaka and Copperbelt Provinces against East Coast Fever. This represented 86.9% achievement.
- The Ministry vaccinated a total number of 2,555,512 animals against Foot and Mouth Disease (FMD) in all Provinces except Luapula Province because the surveillance exercise undertaken indicated an absence of the disease in that province.
- During the same period, there was an outbreak of African Swine Fever (ASF) in Kafue, Chilanga and Lusaka districts of Lusaka Province. The Ministry restricted the movement of pigs, products and by-products in and out of the province. The Ministry also restricted slaughtering of pigs within the province. A total of 3,321 infected pigs were depopulated from the 38,028 pigs tested on 181 farms surveyed. In addition, 39 abattoirs and 3 livestock market centres were disinfected and closely monitored. These interventions resulted in curbing of the spread of the disease to other farms and this led to the quick lifting of the stock movement ban that had been placed on the affected areas.
- A total of 2,732 aquapreneurs along the fish value chain were supported with funds and inputs against the annual target of 2,924 representing 93.4% of beneficiaries.
- The construction of aquaculture progressed well for the five sites namely: Kasempa, Mungwi, Kafue and Samfya (two sites) Aquaculture parks. The physical progress at Kasempa Aquaculture park stood at 94%, Mungwi site was at 90%, Kafue site recorded 100%. Similarly, Samfya site B progressed to 100% and Samfya site A recorded 65% progress rate.

GRAPH 1: INFLATION



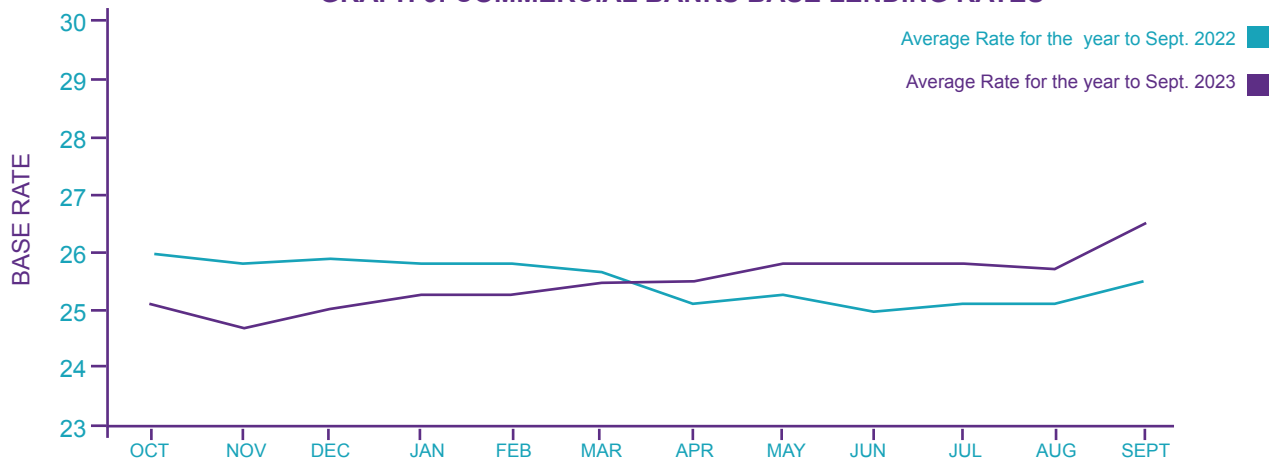
Source: Central Statistical Office

GRAPH 2: US\$ EXCHANGE RATES



Source: Bank of Zambia

GRAPH 3: COMMERCIAL BANKS BASE LENDING RATES



Source: Bank of Zambia



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Agriculture, Fisheries and Livestock (continued)

Crop production for 2021/2022 Agriculture Season and 2022/2023 Agricultural Season by Area planted, Area expected to be harvested, Area expected to be harvested, expected production and yield rate.

Crop	Area planted (ha)		Area expected to be harvested (ha)		Expected production (MT)		Yield rate (MT/ha)					
	2021/2022 Actual	2022/2023 Forecast	2021/2022 Actual	2022/2023 Forecast	2021/2022 Actual	2022/2023 Forecast	2021/2022 Actual	2022/2023 Forecast				
Maize	1,564,349	1,896,482	21.23	1,367,563	1,418,369	3.72	2,653,805	3,261,686	22.91	1.70	1.72	1.18
Sorghum	44,460	42,557	(4.28)	35,925	13,749	(61.73)	14,184	6,836	(51.80)	0.32	0.16	(50.00)
Rice	67,601	85,511	26.49	59,601	49,414	(17.09)	62,918	62,680	(0.38)	0.93	0.73	(21.51)
Millet	57,556	53,829	(6.48)	52,552	42,566	(19.00)	31,962	46,753	46.28	0.56	0.87	55.36
Sunflower	273,776	255,005	(6.86)	238,315	190,385	(20.11)	82,861	91,607	10.56	0.30	0.36	20.00
Groundnuts	348,980	367,108	5.19	322,408	603,903	87.31	180,256	235,446	30.62	0.52	0.64	23.08
Soya beans	436,277	701,227	60.73	415,831	603,903	45.23	438,679	760,067	73.26	1.01	1.08	6.93
Seed cotton	37,229	94,196	153.02	33,384	67,607	102.51	19,375	55,971	188.88	0.52	0.59	13.46
Irish potatoes	4,018	2,843	(29.24)	3,408	2,650	(22.24)	43,917	65,082	48.19	10.93	22.89	109.42
Tobacco (Virginia)	8,749	17,946	105.12	8,238	16,880	104.90	16,447	28,930	75.90	1.88	1.61	(14.36)
Tobacco (Burley)	5,303	2,997	(43.48)	5,153	2,885	(44.01)	7,893	3,519	(55.42)	1.49	1.17	(21.48)
Mixed beans	121,969	140,374	15.09	115,878	131,840	13.77	56,683	88,095	55.42	0.46	0.63	36.96
Bambara nuts	12,647	7,169	(43.31)	11,878	6,640	(44.10)	10,167	7,294	(28.26)	0.80	1.02	27.50
Cow peas	36,621	16,093	(56.06)	29,398	10,004	(65.97)	10,638	5,701	(46.41)	0.29	0.35	20.69
Sweet potatoes	76,945	106,590	38.53	72,605	96,150	32.43	162,614	234,631	44.29	2.11	2.20	4.27
Cassava	283,386	380,344	34.21	-	-	-	3,315,611	4,450,019	34.21	2.11	2.20	4.27
Wheat	29,329	36,547	24.61	29,321	36,551	24.66	278,433	277,492	(0.34)	9.49	7.59	(20.02)
Burley	2,531	2,520	(0.43)	2,521	2,520	(0.04)	19,759	19,561	(1.00)	7.81	7.76	(0.64)

Agriculture, Fisheries and Livestock (continued)

National (CEREALS and TUBERS) Food Balance Sheet for Zambia for the 2023/2024 Agricultural Marketing Season based on the 2022/2023 MoA/ZAMSTAT Crop Forecasting Survey and MoA/ZAMSTAT/Private Sector Utilization Estimates (metric tonnes)

	Maize	Paddy Rice	Wheat (Preliminary)	Sorghum & Millet	Sweet and Irish Potatoes	Cassava flour	Total (Maize equivalent)
A. Availability:							
(i) Opening stocks (1 st May 2023)	450,891	2,067	94,072	4,516	-	-	549,991
(ii) Total production (2022/23)	3,261,686	62,680	277,492	53,589	299,714	1,112,505	4,775,504
Total availability	3,712,577	64,747	371,564	58,105	299,714	1,112,505	5,325,495
B. Requirements:							
(i) Staple food requirements							
Human consumption	1,824,286	100,756	466,250	48,709	284,728	1,129,502	3,567,349
Strategic Reserve Stocks (net)	500,000	-	-	-	-	-	500,000
(ii) Industrial requirements:							
Stockfeed	313,493	-	-	-	-	39,000	349,667
Breweries	137,449	-	-	4,000	-	5,000	145,971
Grain retained for other uses	119,118	7,712	-	2,717	-	-	129,245
(iii) Losses	97,851	3,134	13,875	2,679	14,986	55,625	173,541
(iv) Structural cross-border trade	250,000	-	-	-	-	-	250,000
Total requirements	3,242,197	111,602	480,125	58,105	299,714	1,229,127	5,115,773
C. Surplus /(deficit) (A-B)	470,380	(46,855)	(108,561)	-	-	(116,622)	209,722
D. Potential Commercial imports /(Export)	(470,380)	46,855	108,561	-	-	-	-
E. Food aid import requirements	-	-	-	-	-	-	-

Agriculture, Fisheries and Livestock (continued)

- Government continued to supply subsidized inputs to 1,024,434 farmers through the Farmer Input Support Programme (FISP). In the 2022/2023 agricultural season, Direct Input Supply (DIS) modality was used to distribute inputs to beneficiaries in all the provinces across the country in 116 districts.

Distribution of FISP beneficiaries by gender and province during the 2022/2023 agricultural season

Province	Female	Male	Total
Central	87,154	75,561	162,715
Copperbelt	51,532	42,158	93,690
Eastern	101,680	92,891	194,571
Luapula	31,476	30,328	61,804
Lusaka	26,560	23,628	50,188
Muchinga	32,062	33,084	65,146
Northern	47,429	50,886	98,315
North-western	34,176	33,798	67,974
Southern	92,876	90,540	183,416
Western	19,247	18,438	37,685
Total	524,192	491,312	1,015,504

- For the 2023/2024 Agricultural season, the Farmer Input Support Programme (FISP) will continue to target 1,024,434 farmers in all ten provinces and the programme will be implemented through three modalities, namely the Direct Input Supply (DIS), the hybrid platform and the E-voucher.
- In the 2023/2024 season, FISP will also distribute sunflower seed, sorghum, cow peas and rice, in addition to the distribution of maize seed, soya beans seed and groundnuts seed. These commodities will be for specific Agro Ecological Zones.
- In the 2023/2024 Agricultural Season, Government has procured the entire D-Compound requirements for FISP through local manufacturers namely Nitrogen Chemicals of Zambia (NCZ) and United Capital Fertilizer Limited (UCFL). NCZ was awarded a tender to supply 43,292.70 Mt of D-compound while UCFL was awarded a tender to supply 77,087.55 Mt of D-compound fertilizer.
- Government has proposed agriculture sector policy reforms which will be implemented under the Comprehensive Agriculture Transformation Support Programme (CATSP).
- The following are the main areas that the CATSP will focus on:
 - Institutional Development and Programme Management;
 - Innovative Risk – Sharing, finance and non-financial services;
 - Agriculture Marketing, Trade and Industry;
 - Agricultural Research and Production Support;
 - Infrastructure Development; and
 - Sustainable Management of Natural Resources.

Agriculture, Fisheries and Livestock (continued)

- The enhanced CDF has resulted in the development of feeder roads and the roll-out of additional empowerment programmes (grants and loans given to Cooperatives and other farming groups) at Community level.
- Zambia Growth Opportunities Programme (ZAMGROW) is a US\$300 million programme whose objective is to promote diversification, sustainability and jobs in the agri-food sector of Zambia and its time frame is up to December, 2026.
- Programme for Integrated Development and Adaptation to Climate Change (PIDACC) Zambezi is a UA7,040,000 project with the objective of strengthening regional cooperation in building the resilience of the Zambezi River Basin communities to climatic and economic shocks through promoting inclusive, transformative investments, job creation, and ecosystem-based solutions and its time frame is up to June, 2028.
- African Emergency Food Production Facility (AEFPF) ADB is a US\$14.9 million project with the objective of building resilient farming livelihoods and increase food and nutrition security in the face of the Russia-Ukraine conflict.
- Chiansi Smallholder Out-grower Support Project (COSP) is a project that aims at developing Infield Irrigation for smallholder farmers. This project is likely to bring about 600 Ha of land under irrigation for small holder farmers.
- Irrigation Development Support Programme (IDSP) is a US\$145 million project from the World Bank and K23.5 million financed by the Zambian Government whose objective is to provide improved access to irrigation services in selected sites in the recipient's territory.

Agriculture, Fisheries and Livestock (continued)

- Expansion of Community-Based Smallholder Irrigation Project (E-COBSI) is a US\$7 million project with the objective of promoting community-based smallholder irrigation farming through the provision of smallholder irrigation infrastructure and management skills for smallholder farmers in the targeted area and its timeframe is till February, 2024.
- Coalition for African Rice Development (CARD) Initiative is a 1.590 billion Japanese Yen project that aims at strengthening the system of discriminating rice cultivation technologies and the capacity for the production of quality seeds, through the construction of building facilities and procurement and installation of research equipment for training and seed production and its timeframe is till December 2027.
- Science and Technology Research Partnership for Sustainable Development (SATREPS) is a US\$2.6 million project with the objective of establishing an immediate breeding variety development and disseminating system using the citizen science approach.

Education

- The free education policy has created opportunities for all citizens to access education. To avoid compromising the quality of education, Government has continued to increase learning spaces. The construction of 69 secondary schools across the country has since been completed and all the schools are now operational. In addition, 132 early childhood and 46 secondary schools are at various levels of completion.

Education (continued)

- Government has continued to procure desks through various forms of financing such as the Constituency Development Fund (CDF). As at August 2023, over 442,000 desks had been procured, mostly through the CDF. About 747,696 pupils are now learning while seated on desks. Unlike before, all these desks are being produced locally by citizens across the country creating the much needed jobs and savings on foreign exchange.
- In order to increase the capacity of existing schools, at the end of August 2023, a total of 3,132 classrooms were built under the CDF.
- Teachers are a critical component in the development of the nation. In this regard, Government will this year recruit 4,500 teachers to further reduce the teacher deficit in schools.
- Enrolments in the skills training centres have increased due to the policy measures being implemented by Government. In 2022, 76,500 were enrolled in various fields. In TEVET Institutions and Youth Resource Centres, the number rose to 86,700 in 2023. Out of those enrolled in the Skills Development Programmes, about 47,000 have been sponsored at the local level across the country under the Constituency Development Fund.
- Government reintroduced meal allowances to improve the welfare of students in Universities. As a result, 32,000 students are benefiting from this policy decision.
- Government will continue to promote Youth and Adult Literacy Education (YALE) through audio-visual education programmes, e-learning and expansion of educational broadcasting services as well as learning facilities to accommodate learners with special needs.

Education (continued)

- During the period under review (2021-2023), the Ministry annexed a total of 500 Early Childhood Education (ECE) centres to increase access to early childhood education. These efforts culminated in a total of 284,000 children aged 3 to 6 years accessing ECE. In addition, the Government commenced the construction of 20 Hub ECE Centres in Southern, North-Western, Lusaka, Copperbelt and Central Provinces.
- Further, the Government also enhanced the quality of education in the sub-sector by recruiting a total number of 2,285 ECE teachers out of which 2,066 and 219 teachers were under net recruitment and replacement respectively. In the quest to continue improving the quality of education at this level, the Government provided transitional management implementation guidelines to three provinces namely Eastern, Southern and Copperbelt. In due course these will be implemented in the remaining seven provinces. Furthermore, the Government developed a communication strategy for advocacy and sensitization of the key stakeholders, finalized the Positive Parenting for Young mothers and parents, and reviewed the ECE curriculum in readiness for the curriculum reform.
- During the period under review, the primary education sub-sector recorded improvements in the teacher preparedness and learners' skills acquisition, especially in reading and numeracy. This was attributed to the Continuous Professional Development (CPDs) activities coupled with constant monitoring of Teachers by Education Standards officers.
- As a way of supplementing quality efforts, Government recruited a total number of 26,292 primary teachers, out of which 25,736 and 556 teachers were under net recruitment and replacement respectively in 2021 and 2022.

Education (continued)

- Enrollment of pupils grew from 4.5 million in 2021 to 6.2 million in 2023. Consequently, the primary pupil-teacher ratio remains high in 2022 and 2023 standing at over 1:58.
- In the period under review, the Government has been implementing the Zambia Education Enhancement Project (ZEEP), with focus on improving quality of teaching and learning including improved supply of teaching and learning materials. The Project is also aimed at increasing access to secondary education, targeting undeserved areas particularly rural parts with high poverty levels.
- Under the project, 82 schools are being completed with scope of 1 x 3 classroom, 1 x 2 classroom, 1 x 2 laboratory and home economics block, administration block pupils' ablution blocks, 4 staff houses and borehole. Of the 82 schools, 10 of them have weekly boarding units for girls. Out of the 82 projects, 41 schools are completed and are functional, while the remaining 41 schools are near completion with minor works currently being worked on. The project has created access to over 18,450 learners, 410 classroom spaces and 164 specialised rooms which are fully furnished with desks, chairs, stools and implements.
- During the same period under review, a total of 3,451 secondary teachers were recruited, out of which 2,694 and 757 teachers were under net recruitment and replacement respectively. However, the classroom pupil ratio remains very high in the midst of increased enrolments with the pupil-teacher ratio standing at over 1:38 on national average.
- In order to enhance quality education across all levels of education, the Ministry has embarked on procuring text books in all subjects. This move is aimed at actualizing the standard Book/Pupil ratio of 1:1. In addition, all school laboratories are earmarked for furnishing them with adequate equipment. The Government is also encouraging standard locally based production of teaching and learning materials by schools.

Education (continued)

- Despite registering positive strides in Education for All Policy, its introduction has triggered innumerable challenges which include but not limited to: high pupil-teacher ratios averaging 60:1 (despite the unprecedented recruitment of 30,496, there is a cumulative deficit of over 115,000 teachers), a shortage of over 8,000 school accounting officers among others.

Health

The Ministry of Health continued to implement the following programs and strategies as per the National Health Strategic Plan 2022 - 2026:

Malaria

- Scaled up interventions aimed at reducing malaria such as:
 - Indoor Residual Spraying (IRS) of more than 2.3 million structures, representing 75% of the targeted population.
 - Distribution of over 1.5 million insecticide treated nets.
 - 4,500 Community Health Workers (CHW) were trained in 2022 and an additional 3,000 CHWs to be trained in 2023.

HIV/AIDS

- Out of the targeted 1,300,000 patients in 2023, 1,264,820 were on Anti-Retroviral Treatment (ART).

Maternal Health

- Increased the proportion of women accessing antenatal care (ANC) services before 14 weeks from 32% in 2022 to 35% in June 2023.
- However, the proportion of skilled deliveries reduced from 72% to 63%.

Health (continued)

Non-Communicable Diseases

- Promoted healthier lifestyles, provision of effective treatment, rehabilitation and palliative care to reduce Non-Communicable Diseases.

Medicines and Medical Supplies

- Completed the construction and operationalized seven provincial medical hubs in Ndola, Mongu, Choma, Mpika, Mansa, Kabompo and Chipata to improve on logistics and storage capacity.
- 32 prefabricated storage facilities were constructed at district level to increase storage capacity and promote last mile distribution to health facilities.
- Rolled out 100% of the electronic Logistics Management Information System (eLMIS) central edition and 46% of the facility edition to lower levels.
- Adopted a hybrid supply chain system that relies on both the health kit and bulk source supply systems.
- Secured 42,000 health centre kits that are to last until mid- 2024.
- Commenced the procurement of the next batch of health centre kits to ensure stable supply.

Infrastructure Development

- Continued to invest in maintenance, rehabilitation, upgrading and construction of health facilities and provision of medical equipment as follows:
 - 567 out of 650 planned health posts are functional.
 - 1 first level hospital (Mambwe) is complete and 4 other first level hospitals are under construction, i.e Chifubu, Mwansabombwe, Nchelenge and Garnerton, with an average of 90% completion rate.
 - 36 first level hospitals are at various phases of completion, while 3 specialized health facilities are under construction (King Salman, Livingstone Radiotherapy Centre and Ndola Radiotherapy Centre).
 - 12 mini-hospitals have been completed, bringing the total constructed to 111, out of the targeted 115.
 - Constructed 62 maternity annexes, of which 19 were financed by Constituency Development Fund (CDF).
 - 26 maternity annexes will be completed before the end of 2023.

Human Resource

- Earmarked to recruit 3,000 health workers across the country through Treasury Authority provided for in 2023 to improve staffing levels.

Health Security

- Continued to safeguard the nation's public health security through surveillance and disease intelligence, emergency preparedness and response capabilities.
- More than 80% of the eligible population were vaccinated against Covid 19.
- Launched Health Hub for men on the move project at Kasumbalesa one-stop Boarder Post to provide health services to migrant workers and long-distant truckers.

Water Sector

Water Resources Development and Management

- Continued to implement interventions under water resources development and management in line with the Economic Transformation and Job Creation Pillar of the Eighth National Development Plan (8NDP) whose aim is to increase the water storage capacity of water reservoirs.

Water Resources Infrastructure Development

- Government continued to implement interventions on improving water security through the construction, rehabilitation and maintenance of water storage infrastructure such as dams and weirs in order to increase access to water resources for various economic uses.

2021-2023 Progress on Water Resources Infrastructure Development and Management

S/N	Name of Dam	Ward	Constituency	District	Province	Progress
Construction of new dams						
1	Kapekesa	Kapilisanga	Chasefu	Chasefu	Eastern	18% Complete
2	Kacholola	Mombe	Nyimba	Nyimba	Eastern	26% Complete

S/N	Name of Dam	Ward	Constituency	District	Province	Progress
Rehabilitation						
1	Nabuyani	Kalonda	Kalomo Central	Kalomo	Southern	100% complete, awaiting commissioning
2	Dimba	Mwanza West	Moomba	Monze	Southern	100% complete, awaiting commissioning
3	Singonya	Singonya	Monze Central	Monze	Southern	95 % complete
4	Siazwela	Kansiamu	Sinazongwe	Sinazongwe	Southern	95 % complete
5	Akansokoshi	Masonde	Lubansenshi	Luwingu	Northern	98% complete
6	Mitukutuku	Sandangombe	Solwezi Central	Solwezi	Northwestern	99% complete

Source: Ministry of Water Development and Sanitation

- Commenced the construction of 16 multi-purpose dams mostly in water stressed prone areas in Central, Eastern, Luapula, Northern, North-western and Southern Provinces.
- Government is rehabilitating 6 dams in Central, Eastern, Muchinga, Northern and Western Provinces.

Rural Water Supply and Sanitation

- Government through the Ministry continued to support improvement in access to safe and clean drinking water in rural areas through the construction of water points (boreholes, manually drilled boreholes and hand dug wells) and water schemes.
- A total of 634 boreholes equipped with hand pumps were constructed as at the end of June 2023.

Water Sector (continued)

- 781 Sanitation Facilities were constructed in selected rural parts of the country.
- 130 piped water schemes were constructed, benefiting more than 13,000 households.
- Government managed to reach 200,000 people with the message on the importance and benefits of good personal hygiene practices through public sensitization programmes.

Urban Water Supply and Sanitation

- Government has been implementing various infrastructure developments to improve water reticulation and sanitation with main projects being implemented with support from various Cooperating partners.

Policy and Legal Reforms

- Government embarked on the process to strengthen the policy framework which consist of the following:

National Water Policy

- Commenced the process of reviewing the 2010 National Water Policy to take into account emerging issues in the water sector. The review process is complete and the Policy is expected to be launched by the end of 2023.

Water Supply and Sanitation Services Bill

- Review of the Water Supply and Sanitation Services Act No. 28 of 1997 and developed the 2020 Layman's Water Supply and Sanitation Services Draft Bill which was submitted to the Ministry of Justice for internal review and clearance.

Water Sector (continued)

Distribution and Supply

- Access to clean and safe drinking water supply was at 72.3% of households (Urban-91.8%, Rural-58%), which indicated an improvement from 65% reported in the 2013-14 Zambia Demographic and Health Survey (ZDHS).
- Government provided the Constituency Development Fund (CDF) for communities to access clean and safe water and adequate sanitation.
- Government has been implementing the Integrated Small Towns Project in Luapula, Muchinga, Northern and Western Provinces which is expected to be completed in 2024, and will benefit 193,000 households.

Manufacturing & Industrialisation

- Preliminary data indicates that the manufacturing industry recorded a growth of 6.9% in the first quarter of 2023 from a contraction of 2.8% over the same period in 2022.
- Basic metals industries and non-metallic mineral products recorded growth of 11.0% and 7.4%, respectively. The chemicals, rubber and plastic products recorded growth of 14.6%. The textile, clothing and leather products, however, recorded a contraction of 36.5% compared to a growth of 83.3 % over the same period in 2022.
- In the first quarter of 2023, the manufacturing industry contributed 8.6% of the nation's GDP.
- Government met with representatives from Guangzhon Yondway New Energy Technology Limited in August, 2023, a Chinese firm that intends to set up an electric car, bike and three wheeler assembly plant in Zambia.

Manufacturing & Industrialisation (continued)

- In July 2023, Zambia, Angola and the Democratic Republic of Congo (DRC) handed over the concession to a consortium to operate and manage the Lobito Corridor for a period of 30 years. The Lobito Corridor is the most economical route to the sea for the mining operations.
- The United States and the European Union have thrown their weight behind the Lobito Corridor which is being developed by Zambia, Angola and the DRC to promote trade. This was confirmed on the margins of the Partnership for Global Infrastructure and Investment event at the G20 Summit held in India in September 2023.
- The European Union and the United States are teaming up to support the development of the Lobito Corridor by launching feasibility studies for a new Greenfield rail line expansion between Zambia and Angola.
- The Zambia – Lobito railway line will reduce the average transport time and lower the logistics costs and carbon footprint of exporting metals, agricultural goods and other products. This will lead to positive gains in the manufacturing and industrialisation sectors.
- The Zambia Development Agency has this year received firm indications for new investments amounting to over US\$5.0 billion.
- The Lusaka South Multi-facility Economic Zone has a total of 52 investors with total investment commitment of US\$864.5 million. Of these, 22 companies are currently operating with total investment of US\$ 541.4 million and 12,558 jobs have been created while 30 companies are in the construction phase with a total investment, so far, of US\$323.1 million and are expected to generate an additional 7,274 jobs.
- Out of the 30 companies in the construction phase at the Lusaka Multi-facility Economic Zone, 23 are local. Similarly, out of 22 companies in the operational phase, 7 are local.

Construction

- Part of the US\$300 million Zambia Growth Opportunities Project will be used to construct skills training centres and improve road networks to accelerate development of farm blocks.
- The construction of the Kafue Gorge Lower Hydro-Power Station was completed.
- Construction and rehabilitation of public roads and bridges is ongoing mainly through the Public Private Partnership (PPP) financing model.
- Government signed the Concession Agreement for upgrading to dual carriageway of 327 km of the Lusaka to Ndola road. Emergency maintenance works meant to improve some of the worst sections on the existing alignment have commenced. The project will include the rehabilitation of the Masangano –Fisenge – Luanshya roads.
- Government also signed a Concession Agreement using the PPP model of financing for construction of the Chingola-Kasumbalesa road. The concession agreement for Katete-Chanida is targeted to be signed in October 2023.
- Works on the 35 kilometre Chingola-Kasumbalesa road have commenced with 70% works completed to asphalt surfacing.
- Negotiations are underway for the construction of the Ndola-Mufulira and Mufulira-Mokambo roads. The negotiations are targeted to be completed before the end of October 2023.
- The rehabilitation and maintenance of rural roads across the country is ongoing through the Improved Rural Connectivity Project. So far over 1,700 kilometres of these roads have been worked on in Central, Northern, Luapula, Eastern, Southern and Muchinga Provinces. A further 2,900 kilometres will be worked on in the same provinces. Western, North-western and Copperbelt Provinces will be included in due course.

Construction (continued)

- Priority is being given to construction and upgrading of aviation infrastructure in provincial and strategic airports.
- The terminal building at Kasama Airport has been rehabilitated and a 3 kilometre runway has been constructed there.
- Construction of palaces for traditional leaders across the country has commenced.
- Government has continued to construct health infrastructure across the country.
- 62 maternity annexes and 12 mini-hospitals have been completed.
- Out of a target of 115 mini-hospitals, 111 have been constructed.
- An additional 26 maternity annexes are targeted to be completed before the end of the year.
- The works on the Chambeshi bridge were completed.
- Government is constructing 139 communication towers to increase the network coverage to 92%.
- Government commenced the construction of 16 multi-purpose dams mostly in water stress prone areas of Central, Eastern, Luapula, Northern, North-western and Southern Provinces.
- The Government is rehabilitating 6 dams in Central, Eastern, Muchinga, Northern and Western Provinces.

Energy

- Performance in the energy sector improved as evidenced by the increase in electricity generation as well as minimal disruptions in the fuel supply chain.
- Electricity generation increased by 3.57% to 9,486,194 MWh in the first half of 2023 compared to 9,159,575 MWh in the corresponding period in 2022. This was attributed mainly to the additional 750 MWh from the newly commissioned Kafue Gorge Lower Power Plant (KGL) which was completed in the first quarter of 2023.
- Electricity exports increased by 49% to 1,788,356 MWh in the first half of 2023 from 1,199,846 MWh recorded in the same period in 2022.
- Electricity imports rose by 440% to 51,833 MWh during the first half of 2023 from 9,591 MWh in the same period in 2022.
- Electricity consumption increased by 0.9 % to 6,754,674 MWh in the first half of 2023 compared to 6,693,341 MWh recorded over the same period in 2022.
- During 2023, ZESCO's generation portfolio had 13 projects which were at various stages of the project management cycle. Out of the 13 projects, one was completed which is the 750 MWh Kafue Gorge Lower representing 43% of the total planned 1,737.64 MWh projects.
- In ensuring contribution to Sustainable Development Goal (SDG) 7 which aims at ensuring affordable and clean energy and SDG 13 which aims to "Take urgent action to combat climate change and its impact", a Memorandum of Understanding and a landmark Joint Development Agreement between Zambia and the United Arab Emirates (UAE) to facilitate for investment in Solar energy was signed.

Energy (continued)

- National consumption of petroleum products increased by 5.2% to 760,150 Mt in the first half of 2023 from 722,499 Mt in the corresponding period of 2022.
- There was an increase in consumption of almost all products with the largest being recorded in consumption of kerosene and Heavy Fuel Oils which increased by 125.5% and 62.5% respectively. This was attributed to improved economic activity in most sectors.
- Government is restructuring Indeni Oil Refinery which is no longer economical and cannot compete with modern refineries. Instead of processing crude oil, the company will be blending locally produced biodiesel and ethanol with imported finished petroleum products.
- It is envisaged that Indeni will also manage fuel depots and mark petroleum products to guarantee product integrity and prevent tax fraud.
- Tazama is constructing the first ever fuel pipeline which connects from the main TAZAMA pipeline to the Mpika Fuel Depot owned by the Government. The three-kilometre line will be feeding into the 6.5 million litre Mpika fuel depot. The project which started in August 2023 and is expected to be completed in November 2023, has been funded by the Zambian Government at a cost of US1.5 million dollars.

Social Protection

- Government released K3.6 billion for Social benefits up to 30 June 2023. This was 8.3% below the target of K3.9 billion.
- Of the total releases, K1.9 billion was released towards the Social Cash Transfer, while K178 million went to the Public Service Pension Fund and K200 million to the Local Authorities Superannuation Fund.

Social Protection (continued)

- During the period, Pension benefits amounting to K1,338.8 million were paid compared to K873.7 million in the corresponding period of 2022. The increase was mainly attributed to early withdrawal of benefits by members leaving their respective sponsoring employers and payments of benefits for members under private occupation pension schemes which were in the process of winding up.
- As at 30 June 2023, the total number of cash transfer beneficiary households rose to 1,100,998 from 1,027,000 in 2022. This translates to about 5.3 million people benefiting from this life sustaining intervention. By end of this year, Government is working to reach the target of 1,374,500 beneficiary households.
- To improve transparency and accountability in the management of the Social Cash Transfer Programme, Government is digitizing the payment system. This is mainly to improve efficiency in the management of this programme.
- Government through the Food Security Pack Programme, has continued to provide basic farming inputs such as seeds and fertilizer to vulnerable but viable farmers. The programme is currently supporting 200,000 households under the Rain-fed Farming Component, 40,000 through the Wetland Farming component and 2,000 under the Alternative Livelihood Intervention.
- Food Security Pack Programme number of beneficiary households has increased to 242,000 from 241,000 in 2022.
- In order to address vulnerability and inequalities among women and youth, Government is implementing the National Internship, Apprenticeship, Volunteer and Graduate Programme. Over 2,000 youths are due for placement in various institutions this year.

Social Protection (continued)

- Under contributory social protection, the National Pension Scheme (NAPSA) Act No. 28 of 1996 was amended to provide for the partial withdrawal of pension benefits. As of 31 July 2023, K8.1 billion had been paid to 365,192 members.
- The penalty rate for non-remittance of pension contributions to NAPSA was reduced from 20% to 10% in order to improve compliance. Penalty waivers were introduced to assist employers struggling to fulfill statutory obligations to continue operating and prevent job losses.

Monetary and Financial Sector

- Monetary Policy continued to focus on containing inflationary pressures to bring inflation to the 6 - 8% target band by end of December 2023.
- The Monetary Policy Committee, at its 21-22 August, 2023 meeting decided to raise the Monetary Policy Rate by 50 basis points to 10.0%.
- This rate had been previously raised by 25 basis points to 9.50% at the meeting of 15-16 May 2023 and by 25 basis points to 9.25% at the meeting of 13-14 February 2023.
- Decision on the policy rate will continue to be guided by inflation outcomes, forecasts, and identified risks, including those associated with financial stability and external debt restructuring.
- To address volatility in the exchange rate as well as safeguard the stability of the foreign exchange market, the statutory reserve ratio was increased by 250 basis points to 11.5% in February 2023.
- Inflation rose to an average of 9.9% in the second quarter of 2023 from 9.6% in the first quarter. This was after the inflation rate had been declining for six consecutive quarters. In July, 2023 inflation went up to 10.3% from 9.8% in June 2023. It rose to 12.0% by 30 September 2023.

Monetary and Financial Sector (continued)

- Inflation is projected to average 10.2% in 2023 and 9.3% in both 2024 and the first half of 2025, well above the target band of 6 - 8%. The key drivers of the inflation outlook are maize grain prices and tight global financial conditions.
- The Kwacha depreciated by 10.9% to K20.05/US\$ between January 2023 and August 2023.
- The Kwacha had appreciated against the US dollar by 16.8% to K17.73 in April 2023, having depreciated by 16.8% to an average of K19.52 in the first quarter. The appreciation was driven by improved supply of foreign exchange and the positive market sentiments following the reaching of the Staff Level Agreement on the first review of the International Monetary Fund Extended Credit Facility (IMFECF).
- The Bank of Zambia continued to provide liquidity to the market to moderate exchange rate volatility and support critical imports. The Bank provided US\$300 million in the second quarter, largely from mining sector tax receipts (US\$242 million).
- International reserves declined to US\$2.7 billion (equivalent to 2.9 months of import cover) at end of June 2023 from US\$2.9 billion (equivalent to 3.3 months of import cover) at end March 2023.
- Interest rates in the second quarter rose broadly in line with the upward adjustment in the monetary policy rate in May 2023. The overnight interbank rate marginally increased to 9.39% at end of June 2023 from 9.26% at end of March 2023 whilst commercial bank average lending rate edged upwards towards 25.7% from 25.5% over the same period.
- The weighted average composite yield rate for treasury bills rose to 14.0% from 13.1% in June 2022. Similarly the weighted average composite bond rate increased to 26.4% from 22.1%.

Monetary and Financial Sector (continued)

- Growth in domestic credit and money supply slowed down to 9.1% and 17.5%, year on year, in June 2023 from 12.1% and 30.0% in March 2023 respectively.
- The current account deficit widened to US\$198.1 million in the second quarter from US\$188.7 million in the first quarter mainly due to the rise in imports as exports declined. For 2023 the current account is projected to record a deficit of US\$0.9 billion.
- To mitigate the increasing threat of Cyber Security, the Bank of Zambia issued the Cyber and Information Risk Management Guidelines to the financial service and payment systems providers in May 2023.

Public debt

- In the first quarter, the stock of public debt increased, external debt increased by 0.8% to US\$14.07 billion from US\$13.96 billion at end December 2022 and domestic debt increased by 1.85 % to K213.38 billion.
- The total publicly guaranteed external debt stock stood at US\$1.43 billion at the end of June 2023 representing a decrease of 1.4% compared to US\$1.45 billion at the end of December 2022.
- The stock of domestic debt (Government Securities) increased by 1.9% to K213.9 billion as at end of June 2023 from K210 billion as at end of December 2022. Longer dated Government Securities (Bonds) decreased by 0.22% to K169.66 billion from K170.03 billion as at end of December 2022. The stock of domestic debt instruments, Treasury Bills, increased by 10.63% to K44.22 billion from K39.97 billion as at end of December 2022.

Public debt (continued)

- The stock of domestic arrears marginally increased by 0.2% to K77.8 billion as at end of June 2023 from K77.6 billion as at end of December 2022.
- Government continued to implement a standstill on debt service payments to non-multilateral creditors in the first half of 2023. External debt service payments amounted to US\$90.26 million (US\$60.51 million principal payments and US\$29.75 million interest payment).
- Cumulative external debt service arrears increased by 15.2 % to US\$4.70 billion (Principal US\$3.4 billion, interest US\$1.29 billion) at end of June 2023 from US\$4.08 billion at end of December 2022.

Debt restructuring

The Government of the Republic of Zambia reached an agreement with Official Creditors (OCC) in June 2023. IMF released the disbursement of US\$188 million as Extended Credit Facility (ECF) after successful programme review in April 2023.

Implications of OCC agreement

- Approximately US\$ 5.8 billion in debt service savings between 2023 and 2031.
- Zambia to pay US\$750 million in the next decade compared to close to US\$6.3 billion that would have been paid.
- Reduction of budget deficit by 1% of GDP.
- Paved way for IMF Execution Board approval of US\$188 million disbursement in July 2023.

Decentralisation

- A key intervention to accelerate the attainment of the development objectives in the strategic development areas will be the full implementation of decentralisation.
- In March 2023, the Government launched the decentralisation implementation plan 2023 to 2027 through Cabinet Office. The plan specifies the objectives, measures, indicators and annual targets to be attained and the related costs.
- On 30 May 2023, President Hakainde Hichilema officially launched the National Decentralisation Policy in Chongwe District.
- The National Decentralisation Policy is in line with Cabinet Circular number 2 of 2023, which provides for smooth transfer of functions from central government to Local Authorities countrywide. 34,963 civil servants have been attached to Local Authorities.
- The Policy will see a lot of transformation in service delivery with transfer of human resource across all government departments in order to strengthen structures at local level.
- As at 30 June 2023, K1.3 billion was released in relation to CDF representing 30% of the total approved fund.

Micro Small and Medium Enterprises (MSME's) and the Capital Markets

- During the 1st half of 2023, the LuSE All Shares Index (LASI) increased by 20% on an annual basis from 6,854.12 to 8,236.86 basis points at end of June 2023. The increase was attributed to share price increments notably in Copperbelt Energy Corporation, Puma, Investrust, Airtel, Zanaco, Zambef and Pamodzi Hotel.
- Market capitalization including Shoprite registered an increase of K6,040 million in the half year to June 2023, representing 9% relative to the same period in 2022. Similarly, the market capitalization excluding Shoprite increased by 17% in the half year to 2023 compared to the half year to June 2022.
- The market recorded an increase in the net outflows from foreign investors of US\$3 million in the first half to June 2023 compared to a net inflow of US\$310,000 in the first half of 2022.
- There were new bond note issuances during the 6 months to June 2023 by Zambia Home Loans and Bayport Financial Services Limited amounting to K206 million on aggregate. Total corporate debt outstanding on the capital markets increased by 1.8% from K616 million to K627 million.
- The Collective Investment Schemes have grown by 19.7% year on year to June 2023 with assets under management increasing to K1.64 billion as at 30 June 2023 from K1.37 billion as at 30 June 2022.
- The table below summarises the performance of the Lusaka Securities Exchange for the period January – June 2023:

Micro Small and Medium Enterprises (MSME's) and the Capital Markets (continued)**Equity**

	June 2023	June 2022	Percentage change
Market Cap (Inc. Shoprite (K'million))	76,794	70,754	9
Market Cap (Exc. Shoprite) K'million)	42,011	35,971	17
LASI	8,238.86	6,854.12	20
Net foreign portfolio flow (US\$)	(3,151,089)	310,905	(1,114%)
Number of listed firms	22	22	0
Turnover (K)	692,473,539	369,481,083	87
Equity Turner Ratio (%)	0.0029	0.0024	21

- Government increased budgetary allocation to the Zambia Credit Guarantee Scheme to K150 million in 2023 from K50 million in 2022. This resulted in 36 Small and Medium Enterprises accessing affordable financing from Commercial Banks under guarantees in the first half of 2023.
- Government is financing establishment of an innovation hub in North-Western Province which will ensure that digital and entrepreneurship skills among the youths are harnessed and enhanced for economic development.
- To accelerate micro, small and medium enterprise development, Government has been constructing industrial yards with 4 commissioned in Chipata, Kasama, Mansa and Mongu and an additional 3 earmarked for commissioning in Lusaka, Ndola and Kitwe before end of 2023.
- Government has increased access to finance for Small Medium Enterprises through the Citizens Economic Empowerment Commission (CEEC) and the enhanced Constituency Development Fund (CDF). For example, by end of August 2023, the Citizens Economic Empowerment Commission had disbursed K660 million to over 77,000 beneficiaries.

Fiscal policy and measures

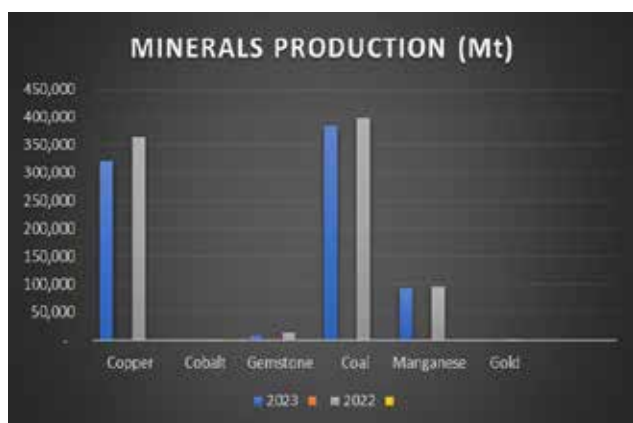
- Government continues to be committed to fiscal discipline.
- Fiscal deficit is projected at 5.8% of GDP which is below the target of 7.7%.
- Deviations on expenditure hardly exist while critical areas such as health, education and CDF are fully funded as per approved budget.
- Budget performance in 2023 has been favourable and broadly in line with the projection. Projected total expenditure for the year of K157.5 billion will be 5.8% below the K167.3 billion approved expenditure.
- Revenue is projected at K119.1 billion which is 5% above the target of K113.3 billion. Projected borrowings of K31.1 billion will be lower than the target of K40.9 billion.
- To ensure efficient utilization of CDF, Government has delegated the authority to approve projects to the Provincial Administration from the Ministry of Local Government and Rural Development. To improve operational efficiency, Government has also delegated treasury authority to Principal Officers in Local Authorities to vary committed funds within the component for community projects.

Mining

- The mining sector is significant to the Zambian economy. The Government during the year managed to resolve the dispute and negotiated certain terms with Vedanta Resources Limited regarding Konkola Copper Mines Plc (KCM) in which Vedanta Resources Limited has committed and agreed to carry out the following:
 - US\$1 billion investment in Konkola Copper Mine development;
 - US\$250 million payment to local creditors;
 - an annual US\$20 million investment into the community as part of corporate social responsibility through a special purpose vehicle called Community Trust; and
 - 20% salary increment for all employees.
- The 2023 mid-year economic report indicates that there was a reduction in production of copper, gemstone, coal, manganese and gold. However, the production for cobalt increased during the same period. The table below highlights the production performance of the mining sector during the first half of the year.

Mineral	2023		2022		%
Copper	321,779.00	mt	365,042.00	mt	(11.9%)
Cobalt	709.00	mt	517.00	mt	37.1%
Gemstone	8,106.00	kg	12,921.00	kg	(37.3%)
Coal	385,108.00	mt	398,144.00	mt	(3.3%)
Manganese	93,018.00	mt	96,464.00	mt	(3.6%)
Gold	1,054.60	kg	1,463.60	kg	(27.9%)

Mining (continued)



Source: Zambia Chamber of Mines

The monthly Copper prices in US\$ during the period were as follows;

	2023	2022
January	9,000	9,776
February	8,955	9,941
March	8,836	10,238
April	8,814	10,183
May	8,234	9,363
June	8,386	9,033
July	8,449	7,527
August	8,182	7,960

Mining (continued)

- The reduction in prices was mainly attributed to reduced demand following a slowdown in global economic activity.
- The reduction in copper production was underpinned by:
 - Lower ore grades;
 - Temporal closure of some mines for major overhauls;
 - Operational challenges at some mines; and
 - Heavy rains which caused flooding at the major open pit mines.
- The small-scale copper production decreased by 2.3% to 15,985 Mt from 16,353 Mt in the same period of 2022. This was attributed to reduced production activities at mine waste dumps.
- The drop in gold production was largely on account of reduced ore grade at major gold mines and non-resumption of operations at some mines.
- The decrease in gemstone production was on account of unpredictability of gemstone deposits.
- The increase in cobalt output was on account of improved cobalt production at one major mine.
- Coal decreased in production due to low local demand.
- Manganese production reduced due to load shedding in the first few months of 2023.

Transport and Logistics

- The development, maintenance and rehabilitation of the transport network, remain key in the Government economic transformation and job creation agenda.
- As at end of August 2023 about 1.3 million passengers were recorded in the aviation sector, a recovery of 106% from the pre-covid 19 period at end of August 2019.

Transport and Logistics (continued)

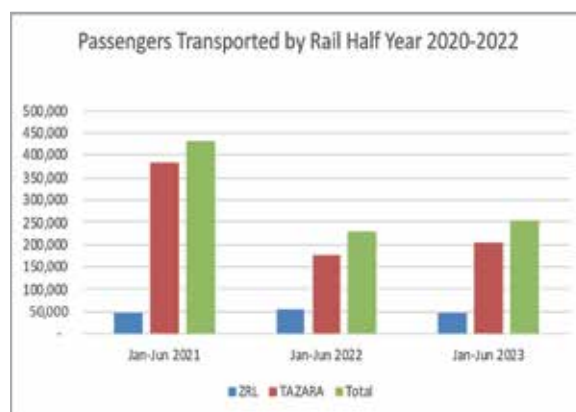
- Growth in the sector was due to the clear Government policies which included the lifting of visa requirements in key markets as well as opening of new routes such as Lusaka-Maputo and Lusaka-Cape town.
- Aircraft movements during the first half of 2023 increased by 33% to 26,764 (comprising 10,229 international aircraft and 16,535 domestic aircraft movements) from 20,107 recorded in the corresponding period in 2022.
- Passenger movements at designated airports increased by 32% to 897,588 (comprising 666,323 international and 231,265 domestic passengers) during the first half of year 2023, compared to 679,284 recorded in the same period of 2022.
- Domestic passenger movements increased by 32% to 209,277 from 158,714 passengers in the same period of 2022. The increase was mainly attributed to the competitive pricing of air tickets on domestic routes which meant that more people were able to travel by air.
- International passenger movements at the four international airports increased by 12% to 555,323 from 495,741 in the same period of 2022. The increase was mainly attributed to hosting of various international conferences and events as well as removal of China's zero Covid-19 policy.



Source: Ministry of Transport and Logistics.

Transport and Logistics (continued)

- During the period under review, the total number of passengers transported by rail increased by 11% to 252,848 from 228,362 in the corresponding period of 2022. The increase was mainly attributed to resumption of operations on TAZARA line after completion of works on the Chambeshi Bridge.



Source: Ministry of Transport and Logistics

- The volume of cargo transported by rail increased by 20.4% to 494,490 Mt from 410,649 Mt recorded in 2022. This outturn was mainly attributed to increased operations on Zambia Railways due to resumption of operations on the TAZARA line.



Source: Ministry of Transport and Logistics

Transport and Logistics (continued)

- The quantity of cargo transported through Mpulungu Harbour during the first half of 2023 increased by 18.4% to 98,925.68 Mt from 83,580.29 Mt in the corresponding period of 2022. The rise was attributed to stabilization of fuel supply in Burundi and the increase in the number of registered ships from the Democratic Republic of Congo. Zambian exports through the Harbour increased by 18.7%.
- The volume of cargo transported in the first half of 2023 increased by 14% to 15,267,942.4 Mt from 13,441,106.65 Mt recorded in the same period of 2022. This outturn was attributed to the general increase in cargo following investments in mining activities in the Democratic Republic of Congo.
- The number of motor vehicle registrations reduced by 12% to 39,600 from 45,227 recorded in the corresponding period in 2022. The decrease was mainly attributed to lower vehicle imports due to depreciation of the Kwacha against major tradable currencies.

Information and Communication Technology

- To improve internet and mobile connectivity, Government will this year construct 139 communication towers to increase network coverage to 92% from 78% in 2020.
- As at end of June 2023, the total number of mobile cellular subscriptions increased by 7.3% to 20.1 million from 18.7 million subscribers reported at end of June 2022. The performance was mainly explained by increased investments by operators in extending network coverage. The mobile cellular penetration rate increased to 102.4% from 95.4% in the previous period.

Information and Communication Technology (continued)

Operator	June 2022	June 2023	% change
Airtel Zambia	8,267,842	9,520,219	15.1
MTN Zambia	6,812,430	7,084,783	4.0
Zamtel	3,628,178	3,468,708	(4.4)
Total subscriptions	18,708,450	20,073,710	7.3
Mobile Penetration Rate	95.4	102.4	7.3

Source: Zambia Information and Communications Technology Authority

- During the period under review, the total number of active internet subscriptions increased by 4.6% to 11.4 million from 10.9 million recorded in the corresponding period of 2022. As a result, the internet penetration rate increased by 5.1 percentage points to 58.3% from 53.2%. The improvement in penetration was mainly due to extended coverage of 3G/4G networks and the introduction of 5G. Further, the increased adoption was driven by growing interest in social media platforms and improvements in affordability from low-cost devices and competitive service offers by the operators.
- The total number of communication towers increased by 2.2% to 3,532 from 3,457 reported at end of June 2022. The growth was mainly driven by the needs of the operators to extend coverage to unserved and underserved areas.
- As at June 2023, the number of telecommunication sites increased by 5.5% to 12,618 from 11,960 sites recorded as at June 2022. The growth in the deployment of technologies was mainly driven by the continued mix in technologies of 2G, 3G, 4G and 5G offered by operators to cater for the diverse consumer needs across the country.

Tourism, Arts and Culture

- The Tourism sector showed recovery as evidenced by increased room occupancy rates from 40% in 2022 to 70% in 2023.
- The country also hosted local and international meetings and enhanced tourism marketing.
- There was an increase in international tourist arrivals as well as visits to tourist sites, attributed to relaxed travel restrictions and removal of visa requirements for many countries, as well as a rise in domestic tourism.
- In the first half of 2023, Zambia recorded an increase of 22.0% in international tourist arrivals to 605,650 from 496,456, arrivals recorded in the same period of 2022.

International Tourist arrivals at international airports , January-June 2022 and January-June 2023

International Airports	Jan – Jun 2022	Jan – Jun 2023	Percentage Change
Kenneth Kaunda International Airport	70,993	103,123	45.3
Simon Mwansa Kapwepwe International Airport	10,010	14,475	44.6
Harry Mwaanga Nkumbula International Airport	9,668	13,456	39.2
Mfuwe International Airport	102	131	28.4
Total	90,773	131,185	44.5

Source: Ministry of Tourism

International Tourist arrivals at Border Posts, January – June 2022 and January-June 2023

Ports of Entry	Jan – Jun 2022	Jan – Jun 2023	Percentage Change
Chanida	5,401	7,482	38.5
Chirundu	141,742	111,928	(21.0)
Feira/Luangwa	570	530	(7.0)
Jimbe	445	571	28.3
Kariba	3,013	8,982	198.1
Kasumbalesa	41,198	44,374	7.7
Katimamulilo	12,218	9,125	(25.3)
Kazungula	29,877	43,146	44.4
Kipushi	5,836	5,761	(1.3)
Mokambo	9,772	10,893	11.5
Mpulungu	2,008	2,746	36.8
Mwami	11,532	20,068	74.0
Nakonde	106,416	128,307	20.6
Nsumbu	78	275	252.6
Sakania	7,598	13,328	75.4
Victoria falls	27,979	66,949	139.3
Total	405,683	474,465	17.0

Source: Ministry of Tourism

Tourism, Arts and Culture (continued)

- Tourist visits to national parks in the first half of 2023 increased by 13.9% to 31,723 visits from 27,841 visits recorded in the corresponding period in 2022. There was an increase in visits at eight of the fifteen national parks. Lusaka and Sioma National Parks recorded significant increases.

Tourist visits to National Parks, January – June 2022 and January-June 2023

National Park	Jan – Jun 2022	Jan – Jun 2023	Percentage Change
Mosi-O-Tunya	5,175	6,185	19.5
Lower Zambezi	3,848	2,705	(29.7)
South Luangwa	7,890	9,422	19.4
Kafue	4,621	4,285	(7.3)
Lusaka	2,293	6,388	178.6
Nsumbu	1,778	810	(54.4)
North Luangwa	83	75	(9.6)
Lochinvar	1,565	1,313	(16.1)
Sioma Ngwezi	4	97	2,325
Kasanka	210	143	(31.9)
Lukusuzi	104	105	1.0
Liuwa	214	124	(42.1)
West Lunga	56	71	26.8
Total	27,841	31,723	13.9

Source: Ministry of Tourism

- The number of tourist visits to waterfalls rose by 48.1% to 118,582 visits from 80,043 visits in the same period in 2022 largely attributed to the promotion of domestic tourism. There were notable decreases of 42.4% and 34.4% in tourism visits to Chilambwe and Lumangwe waterfalls, respectively.

Tourist visits to Waterfalls, January – June 2022 and January-June 2023

Site Name	Jan - Jun 2022	Jan - Jun 2023	Percentage Change
Chilambwe Falls	224	129	(42.4)
Chipoma Falls	534	461	(13.7)
Chishimba Falls	3,512	3,312	(5.7)
Kalambo Falls	548	991	80.8
Kundalila Waterfalls	464	726	56.5
Kundabwika Falls	85	87	2.4
Lufubu Falls	233	329	41.2
Lumangwe Falls	619	406	(34.4)
Mambilima Falls	196	380	93.9
Mumbuluma Falls	826	843	2.1
Mutanda Falls	6	62	933.3
Ntumbachushi Falls	1,503	1,726	14.8
Nyambwezu Falls	33	27	(18.2)
Victoria/Mosi-O-Tunya Falls	71,260	109,103	53.1
Total	80,043	118,582	48.1

Source: National Heritage Conservation Commission

Tourism, Arts and Culture (continued)

- In the first half of 2023, tourist visits to other heritage sites increased by 48.9% to 13,933 visits from 9,354 visits recorded in the corresponding period of 2022.

Tourist visits to other Heritage Sites – January - June 2022 and January-June 2023

Heritage Site	Jan - Jun 2022	Jan - Jun 2023	Percentage Change
Chilenje House National Monument	607	844	39.0
Chinyunyu Hot Springs	2,033	3,444	69.4
Dag Hammarskjold	532	1,088	104.5
David Livingstone Memorial National Monument	62	153	146.8
Presidential Burial Site	3,208	3,214	0.2
Kifubwa	427	1,649	286.2
Lake Kashiba	64	171	167.2
Mwela Rock Art	1,055	1,113	5.5
Nachifuku Cave	70	82	17.1
Oliver Tambo Heritage House	61	75	23.0
Railway Museum	1,116	1,807	61.9
Von Lettow Vorberck	1	11	1000.0
Zambezi Source	118	282	139.0
Total	9,354	13,933	48.9

Source: National Heritage Conservation Commission

- The number of tourists visits to museums increased by 18.0% to 49,290 visits from 41,765 visits during the same period in 2022.
- Choma and Copperbelt Museums recorded the most significant increases of 143.2% and 187.5%, respectively. However, Lusaka Museum recorded a reduction in tourist visits of 6.9%.

Tourist Visits to National Museums June 2022 and January-June 2023

National Museum	Jan - Jun 2022	Jan - Jun 2023	Percentage Change
Choma	1,015	2,468	143.2
Copperbelt	1,241	3,568	187.5
Livingstone	16,372	20,382	24.5
Lusaka	20,621	19,193	(6.9)
Moto moto	2,516	3,679	46.2
Total	41,765	49,290	18.0

Source: National Museum Board

- During the period under review, Tourism revenues increased by 8.16% to K92,465,980 from K85,489,157 recorded in the corresponding period of 2022. This was mainly attributed to Hunting and Parks fees and Tourism Enterprise revenues which increased by 28.66% and 16.8%, respectively.

Tourism, Arts and Culture (continued)

Tourism Revenue – January - June 2022 and January-June 2023

	Jan - Jun 2022	Jan - Jun 2023	Percentage Change
	K	K	
National Museum			
Tourism Levy	13,869,428	2,013,634	(85.48)
Hunting and Parks fees	67,971,302	87,450,000	28.66
Casinos	1,443,600	450,000	(68.83)
Hotel Managers registration	479,980	537,712	12.03
Tourism Enterprise	1,724,846	2,014,634	16.8
Total	85,489,156	92,465,980	8.16

Source: Ministry of Tourism

- CPI for the restaurant and hotel sectors increased by 11.1% between August 2022 and August 2023 compared to 6.8% in the period to August 2022.
- Retention fees for tourism enterprises have been abolished to reduce cost of doing business.
- Constructed a 3 kilometer runway and rehabilitated the terminal building at Kasama airport.
- 4 airfields were maintained in collaboration with conservation partners as follows:
 - Jeki in Lower Zambezi National Park;
 - Chisala in Nsumbu National Park;
 - Chunga in Kafue National Park; and
 - Ngoma in Kafue National Park.
- Grading of both access and loop roads is still ongoing.
- About 151 km of access roads were rehabilitated:
 - 75 km from Mukamba to Kangaluwi Mine in Lower Zambezi National Park; and
 - 76 km in Kafue National Park North.
- 500 km of loop roads were maintained:
 - 70 km in Lavushi Manda National Park;
 - 80 km in Lower Zambezi cleared and graded;
 - 50 km in South Luangwa graded; and
 - 300 km in North Luangwa National Park.
- US\$100 million has been secured under the Green, Resilient and Transformational Tourism Development Project, to help improve accessibility and diversity of tourism product offerings.

Constituency Development Fund (CDF)

- Government has delegated the authority to approve projects to the Provincial Administration from the Ministry of Local Government and Rural Development.
- To enhance operational efficiency, treasury authority has been delegated to Principal Officers in Local Authorities to vary committed funds within components for community projects.
- As at August 2023, over 442,000 desks had been procured mostly through CDF.
- About 47,000 youths have been enrolled and sponsored at the local level across the country in the skills development programmes.
- Over 40,200 learners have been provided with secondary boarding school bursaries.
- CDF has provided an opportunity for communities to access clean and safe water as well as adequate sanitation.
- So far, over 5,600 Youths, Women and Community groups have benefited from empowerment loans.
- About 36,700 groups for vulnerable Youths and Women have benefited from empowerment grants.
- Government has procured motor vehicles for monitoring CDF projects.

Environmental Sustainability

- Government is committed to achieving economic growth that is environmentally sustainable.
- During the period, 20,000 hectares of degraded rangelands have been restored, in a bid to reverse forest and land degradation.
- Facilitated the restoration of 110 hectares of degraded land in mining areas, resulting in 6% reduction in loss of biodiversity.
- A total of 6,722 hectares of forest was planted in the 2022/2023 tree planting season, in an effort to restore forest cover.
- The Forest Development Fund has been operationalised to enhance management of forests.
- Government has partnered with various institutions on waste management to strengthen institutional capacity in the management of chemical and other waste.
- An online automated information management system called e-ZEMA has been developed to improve service delivery in environmental licensing, assessments, compliance and emergency management.
- Government will continue to expand the coverage and enhance early warning systems.
- So far 86 automatic weather stations have been installed with an additional 34 to be installed by the end of the year.

Youth

- Enrolments in the skills training centres have increased due to the policy measures being implemented by Government. In 2022, 76,500 were enrolled in various fields, in TEVET Institutions and Youth Resource Centres. The number has risen to 86,700 in 2023.
- Out of those enrolled in the skills development programmes, about 47,000 have been sponsored at the local level across the country under the Constituency Development Fund.

Youth (continued)

- Government, this year (2023), reintroduced meal allowances to improve the welfare of students in the universities. As a result, 32,000 students are benefiting from this policy decision.
- Through the youth empowerment programmes, 4,100 youths were empowered with grants to enable them engage in economic activities in the year 2023. Similarly, 15 youth cooperatives and 105 youth enterprises were empowered with motorbikes in Eastern Province this year. Government expects the beneficiaries to pay back the loans to allow others to also benefit.
- The enhanced Constituency Development Fund has so far benefited over 5,600 youths, women and community groups with empowerment loans. In addition, 36,700 groups, for vulnerable youths and women, have benefited from empowerment grants.
- The Government is also providing secondary boarding school bursaries to over 40,200 learners.
- Sport has the potential to significantly contribute to human development for the citizens, especially the youths. During the period under review, Government increased support towards sports development.
- Over 5,000 youths in various sports disciplines were supported during the year. The support comprised air tickets, sports attire, accommodation, and allowances, among others, to enable them participate in various tournaments.
- Government through Zambia Mining and Environmental Remediation and Improvement Project (ZMERIP) released K15 million to empower 50 clubs based in the lead contaminated hotspots of Kabwe District.
- A total of four industrial yards were commissioned in 2023. These are in Chipata, Kasama, Mansa and Mongu.

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Budget Highlights

Taxation

The Honourable Minister of Finance in his Budget Speech indicated that the focus of the 2024 Budget is to promote economic growth through enhanced private sector investment, increase production and productivity and improve public service delivery. Through the budget, the Government makes a commitment to provide the policy framework, resources and incentives to unlock the economic potential of our country.



Personal Taxation

Changes have been made to the tax bands in the 2024 Budget with the exempt threshold for Pay As You Earn being increased from K4,800 to K5,100 per month. The 2024 Tax Bands therefore that will apply to the Fiscal Year to 31 December 2024 are as follows:

a) Annual basis

Year to 31 December 2024		Year to 31 December 2023	
Income Band	Rate	Income Band	Rate
	%		%
First K61,200 per annum	Nil	First K57,600 per annum	Nil
Next K23,988 per annum	20	Next K23,988 per annum	20
Next K25,188 per annum	30	Next K25,188 per annum	30
Above K110,400 per annum	37	Above K106,800 per annum	37.5

b) Monthly basis

Year to 31 December 2024		Year to 31 December 2023	
Income Band	Rate	Income Band	Rate
	%		%
K0-K5,100 per month	Nil	K0-K4,800 per month	Nil
K5,101– K7,100 per month	20	K4,801 – K6,800 per month	20
K7,101 – K9,200 per month	30	K6,801– K8,900 per month	30
Above K9,200 per month	37	Above K8,900 per month	37.5

The tax credit for people with disabilities remains at K600 month.

Budget Highlights (Continued)

Company Tax	31 December 2024 %	31 December 2023 %
Tax rates		
Farming		
- Local	10	10
- Export of cotton	30	30
Rural business except for mining for first 5 years	24	25.7
Export of non-traditional products	15	15
Other sources:		
- Manufacturing	30	30
- Others	30	30
- Fertilizers	15	15
Trusts, deceased or bankrupt estates	30	30
Banks	30	30
Companies listed on the Lusaka Securities Exchange:		
- Existing	28	28
- New (only for the first year the company gets 2% discount on the applicable tax rate).		
- New with more than 33% shares held by Zambians (the 5% discount applies to the particular rate of income tax).	26.6	26.6
Mining:		
- All other mining companies (mining industrial minerals)	30	30
- Tolling	30	30
- Income earned from processing of purchased mineral ores, concentrates and any other semi – processed minerals	30	30
- Mineral royalty: (final tax)		
- Underground mining operations	6	6
- Open cast mining operations	9	9
- Capital allowances		
Mining equipment	20	20
Rate for capital equipment	25	25
- Implements, machinery and plant used in the generation of electricity	50	50
- Implements, machinery and plant used in farming	100	100
- New implements, plant or machinery for developers in Multi-Facility Economic Zones	100	-

Company Tax (continued)

	31 December 2024 %	31 December 2023 %
- Capital expenditure on new projects to be ring-fenced and deductible when production commences		
- A reference price deemed to be at arm's length will be the basis for assessing of mineral royalties on base metals, gemstones and precious metals. The reference price shall be the price tenable at the London Metal Exchange, Metal Bulletin or any other commodity exchange market recognized by the Commissioner General.		
Telecommunications:		
- Taxable profit – up to K250,000	35	35
- Taxable profit – Over K250,000	35	35
Companies that add value to copper cathodes	15	15
Others:		
- Carry forward of losses for 10 years for the energy sector extended to businesses generating electricity using other sources of energy such as wind and solar.		
- 2% local content allowance on income earned from value addition to tomato, cassava, mango, pineapple, sorghum and millet.		
- 5 years development allowance applicable to persons growing rose flowers, tea, coffee, banana plant or citrus fruits or other similar plants or trees.		
- Advance income tax on commercial imports by non registered traders	15	15
- Lapidary and jewellery facilities	25	25
- Refund of up to 15% of expenses incurred in shooting movies locally.		
- All statutory bodies will be mandated to pay tax on rental income above K800,000 at the rate of 30%	30	30
- Insurance premium levy	5	5
- Skills Development levy	0.5	0.5
- Tourism levy	1.5	1.5

Turnover Tax

	31 December 2024 %	31 December 2023 %
Companies with annual turnover of K12,000 and below	0	0
Companies with annual turnover of K12,000 up to K800,000	4	4
Service Providers in the gig economy	4	4
Rental income above K12,000 up to K800,000 per annum	4	4
Rental income above K800,000 per annum	12.5	12.5

Withholding Tax

Individuals

- Interest (final tax)	0	0
- Dividends (final tax)	15	15
- Dividends earned by individuals from companies listed on LuSE	0	0
- Royalties, management and consultancy fees - resident	15	15
- Royalties, management and consultancy fees – non-resident	20	20
- Commissions - resident	15	15
- Commissions - non - resident	20	20
- Interest earned on village banking and cooperatives	0	0

- **Persons other than individuals**

Dividends (final tax)

- other	15	15
- mining	0	0
- non-residents	20	20
- MFEZ	0	0

Interest on green bonds listed on the Securities Exchange in Zambia

Interest (not final tax)		
- other	15	15
- mining	15	15
- MFEZ and Industrial Parks (foreign contractors)	0	0
- non-residents	20	20
- Government Securities – non-residents	15	15

Royalties, management and consultancy fees – resident

Royalties, management and consultancy fees – non-resident	20	20
- commissions, public entertainment fees and contractor – non-resident	20	20
- mining companies	15	15
- MFEZ and Industrial Parks (foreign contractors)	0	0
- Commissions	15	15
- Branch profits distribution	15	15
Reinsurance with Insurers not Licenced in Zambia	0	0
Life Insurance funds investment income	0	0

Withholding Tax (continued)	31 December 2024 %	31 December 2023 %
• Other payments		
- Non-resident contractors	20	20
- Public entertainment fees (non-resident only)	20	20
• Tax Regime on Casino, Lottery, Betting and Gaming		
- Online casino live games (gross takings)	20	20
- Online casino machine games (gross takings)	35	35
- Lottery winnings (net winnings)	35	35
- Online betting (gross stakes)	25	25
- Betting (land based-brick and mortar)	15	15
• Property transfer tax		
- On the realisable value of the property (Property means: any land and improvements thereon and any share issued by a company in Zambia)	5	5
- Exclusion from liabilities of interest on related party loans used to purchase shares, unless conducted at arm's length		
- Sale or transfer of mining right	10	10
- Transfer of intellectual property	5	5
- On the value attributable to a Zambian asset where indirect ownership or control changes outside the Republic of Zambia	5	5
- Transfer of mineral processing and other mine related licences	10	10

Customs and Excise

Effective
date

To remove customs duty on the following:

- Machinery, equipment and other goods designed for geothermal energy activities. 01/01/2024
- Importation of motor cycles and tricycles imported in complete knock down form for companies that assemble and source at least 5% inputs locally. 01/01/2024
- Importation of rolling stock, namely, wagons and locomotives. 01/01/2024
- Electric motor cycles, electric motor vehicles for transportation of persons, electric buses, electric trucks and attendant accessories such as charging systems. 01/01/2024
- Selected machinery, equipment and other goods designed for oil and gas exploration. 01/01/2024
- Selected Goods Surtax applicable to certain products which are not locally produced. 01/01/2024

Suspend customs duty on selected media, film and music equipment for a period of 3 years. 01/01/2024

Provide for the extension of the validity period for the customs duty incentives accessible by a developer of a Multi-Facility Economic Zone up to 15 years from 5 years upon fulfilment of the conditions as may be prescribed. 01/01/2024

Introduce, remove and increase Selected Goods Surtax on some products, such as tiles, mattresses, laminated panels for building and cold room insulation, glass and baby diapers. 01/01/2024

Increase customs duty rate to 25% from 15% on electrical panels. 01/01/2024

Reduce excise duty rate:

- On ethyl alcohol and other spirits denatured, of alcoholic strength of less than 80% from 125 percent to 60 percent. 01/01/2024
- To 25% from 30% on hybrid vehicles designed for the transportation of person.

Suspend the excise duty rate by 50 percent on locally produced clear beer for a period of 3 years for small and medium manufacturers that produce less than 500,000 litres per annum. 01/01/2024

Increase specific excise duty on:

- Non-alcoholic beverages to 60 ngwee per litre from 30 ngwee per litre. 01/01/2024
- Tobacco and tobacco products to K400 per mile from K361 per mile. 01/01/2024

Introduce excise duty at 5% on specific solid fuels made from coal. 01/01/2024

Change the excise duty valuation method of spirits, liqueurs and other spirituous beverages to be determined on the basis of market price and not the value of inputs at importation. 01/01/2024

Direct Taxes

Effective
date

Extend the 2% local content allowance on income earned from value addition to sorghum and millet, in addition to other products that are already benefiting from this incentive such as:

- Cassava;
- Mango;
- Pineapple; and
- Tomato.

01/01/2024

Increase company income tax relief to 20% from 14.2% of the taxable profits for the first 5 years of operation for businesses in rural areas.

01/01/2024

Provide for the allowance of losses of up to 1% on cut rug (shredded tobacco) in the production of cigarettes.

01/01/2024

Extend the accelerated depreciation up to 100% in respect of any new implement, plant or machinery to developers of Multi-Facility Economic Zones.

01/01/2024

Tax Incentives

5 years tax holiday on profit for local producers of cotton seed.

01/01/2024

5 year tax holiday on profit from ginning of cotton.

01/01/2024

10 year tax holiday on profit made from spinning of cotton and weaving of thread.

01/01/2024

Indirect Taxes

To increase the period in which a business can claim a refund on VAT incurred on eligible goods before the commencement of commercial operations to 7 years from the current 4 years for hydroelectricity generation.

01/01/2024

Cross cutting measures

Introduction of levy of between 8 ngwee and K1.80 on the transaction value for person-to-person mobile money transfers.

01/01/2024

Amount range (K)	Proposed Levy (K)
Between 1 to 150	0.08
Above 150 to 300	0.10
Above 300 to 500	0.20
Above 500 to 1,000	0.50
Above 1,000 to 3,000	0.80
Above 3,000 to 5,000	1.00
Above 5,000 to 10,000	1.50
Above 10,000	1.80

Effective
date

Non-Tax Measures

Introduce a fee of K3,750 for DNA testing under the Natural Forensic Science and Biometrics Department.	01/01/2024
Increase the licence fee for commercial kapenta operators to K4,000 from K3,333.	01/01/2024
Increase toll tariffs for heavy duty trucks with 4 axle and above by K100 and abnormal vehicles by K300.	01/01/2024

House Keeping Measures

To amend the Income Tax Act, the Customs and Excise Act and the Value Added Tax, among others to update, strengthen, and remove ambiguities in certain provisions of the tax laws and make tax administration more effective.	01/01/2024
Amend the Zambia Revenue Act to provide for the reward of whistle blowers.	01/01/2024
Amend the Income Tax Act to provide for large and specialized tax payers to submit audited financials statements.	
Introduce a provision to compel the tax payer to pay the tax liability after a fine has been imposed by the courts for the offence of tax evasion.	

YOUR GATEWAY TO POSSIBILITIES

Are you ready to explore the wonders of Zambia? Your journey begins and ends with Zambia Airports Corporation Limited (ZACL), your dependable aviation gateway. With a mission to be a leading provider of world-class airport and air navigation services, ZACL plays a vital role in connecting Zambia to the world while empowering the nation.

BRINGING THE WORLD TOGETHER

ZACL oversees the management and operation of Zambia's four international airports; namely Kenneth Kaunda International Airport (KKIA) in Lusaka, Simon Mwansa Kapwepwe International Airport (SMKIA) in Ndola, Harry Mwaanga Nkumbula International Airport (HMNIA) in Livingstone and Mfuwe International Airport (MIA) in Mfuwe. These airports serve as gateways to Zambia, connecting international travellers to urban life, rich cultural heritage sites and breath-taking landscapes.

ZACL's portfolio also includes domestic airports; seven provincial and three strategic aerodromes namely Chinsali, Chipata, Kasama, Mansa, Mongu, Solwezi, Kasaba Bay, Mbala, and South Downs. These airports play a vital role in promoting tourism while facilitating local connectivity.

EXCELLENT INFRASTRUCTURE

ZACL prides itself on maintaining state-of-the-art infrastructure and facilities that ensure smooth and seamless travel experiences for our customers. Our airports are outfitted with modern navigation technology, advanced security measures and top-notch passenger facilities. From spacious terminals to comfortable lounges, duty-free shops and a variety of dining options, ZACL is committed to providing world-class facilities that meet international standards.

ECONOMIC GROWTH THROUGH SUSTAINABLE OPERATIONS

ZACL recognises the vital role airports play in driving economic growth and development. Our commitment extends beyond managing airport operations to actively fostering partnerships and investments that contribute to Zambia's economic prosperity. By attracting international airlines, promoting tourism, and facilitating cargo transportation, ZACL serves as a catalyst for job creation, trade expansion, and increased foreign direct investment.

By providing air navigational services to private, military and commercial aircraft operating within the Zambian airspace, whether landing in Zambia or flying over, ZACL ensures safe skies for all.

ENVIRONMENTAL SUSTAINABILITY

Environmental sustainability is a key feature at ZACL as per Zambia Environmental Management Agency Regulations and Requirements. We strive to minimise the carbon footprint of our operations and promote responsible practices throughout the aviation industry. Compliance to environmental and aviation regulatory requirements demonstrates ZACL's dedication to preserving Zambia's natural resources and supporting local communities.

ZAMBIA TO THE WORLD

ZACL stands as an ideal of excellence, connecting Zambia to the world and driving economic growth within the nation. With world-class infrastructure, excellent services, and a commitment to sustainability and community development, ZACL is dedicated to enhancing the travel experience for passengers while promoting investment and tourism and contributing to Zambia's overall development.



Let's create a green and sustainable future.

#LetsMakeItHappen!

Access financing for climate
smart agriculture.



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Detailed Analysis of Budget

Revenue	Note	2024 K'million	%	2023 K'million	%
Domestic Revenue and Financing					
Mineral Royalty Tax		10,004.18	5.6	8,986.24	5.4
Income Tax	1	61,322.02	34.5	50,427.13	30.1
Value Added Tax		36,361.86	20.4	29,209.21	17.5
Customs and Excise duty	2	16,895.12	9.5	13,919.96	8.3
Domestic Financing		16,328.76	9.2	15,575.87	9.3
Non-Tax Revenue		16,530.55	9.3	9,100.78	5.4
Total Domestic Revenue and Financing		157,442.49	88.5	127,219.19	76.0
External Assistance					
External financing and grants	3	20,449.38	11.5	40,102.54	24.0
Total Foreign Grants and Loans		20,449.38	11.5	40,102.54	24.0
Total Revenue and Financing		177,891.87	100.0	167,321.73	100.0

Notes:	K'million 2024	K'million 2024
1) Income tax		
Company income tax	25,680.49	21,196.00
PAYE	23,714.78	19,319.23
Withholding and other taxes	11,926.75	9,911.90
	61,322.02	50,427.13
2) Customs and excise duty		
Customs duty	8,481.45	6,880.00
Export duty	120.85	109.50
Excise duty	8,292.82	6,930.46
	16,895.12	13,919.96
3) External Financing and grants		
Project and programme loans	17,014.29	38,397.13
Project grant	3,435.10	1,705.41
	20,449.39	40,102.54

Detailed Analysis of Budget (Continued)

Expenditure	Note	2024 K'million	%	2023 K'million	%
General Public Services	1	58,929.61	33	66,172.29	40
Defence		9,922.47	6	8,147.48	5
Public Order and Safety		6,755.88	4	5,188.57	3
Economic Affairs	2	39,755.49	22	35,013.40	21
Environmental Protection		1,450.77	1	1,059.98	1
Housing and Community Amenities	3	2,651.21	2	2,584.28	2
Health	4	20,906.44	12	17,394.80	10
Recreation, Culture and Religion		493.43	0	444.42	0
Education	5	27,354.81	15	23,188.75	14
Social Protection	6	9,671.76	5	8,127.76	4
Total expenditure		177,891.87	100	167,321.73	100

Notes:	K'million
1) The total amount includes:	
Local Government Equalisation Fund	1,449.10
External debt interest & amortisation	6,011.72
Domestic Debt	32,905.55
Compensation Fund	703.30
Dismantling of Arrears	6,864.20
2) The total amount includes:	
Road infrastructure	8,337.22
Strategic Food Reserves	1,680.00
Farmer Input Support Programme	8,561.42
Tourism sector development	769.50
Procurement of Vaccines, Animal health extension services	498.82
Geological mapping	160.00
Empowerment for SMEs	391.90
Community based Projects (under CDF)	2,880.42
Youth and Women Empowerment (under CDF)	955.83
Other Constituency Development Funding	963.75
Nansanga, Luena, Luswishi and Shikabeta Farm Blocks	598.40
Zambia Guarantee Scheme	386.00
Citizen's Economic Empowerment Commission funding	391.90
Provincial Aerodromes rehabilitation and upgrade	700.72
Public Service Microfinance company	150.00

Notes:	K'million
3) The total amount includes:	
Water supply and sanitation	1,948.87
Construction and rehabilitation of dams	443.49
Construction of boreholes	126.70
Rehabilitation of boreholes	38.50
4) The total amount includes:	
Drugs and Medical Supplies	4,951.10
Recruitment of Health personnel	344.10
Health Infrastructure	1,154.89
Construction of mini hospitals	239.84
Electronic Health Records Systems	120.00
5) The total amount includes:	
School and University Infrastructure	1,584.81
School feeding programme	111.70
Secondary Education and Skills Development Bursaries (under CDF)	942.91
Equipping TEVET training centres	70.00
Recruitment of 5,400 personnel	356.10
Higher Education Loans and Scholarships	1,234.47
6) The total amount includes:	
Public Service Pension Fund	3,872.92
Social Cash Transfer	4,118.24
Local Authorities Superannuation Fund	400.00
Food Security Pack	1,260.86



TAZAMA PIPELINES LIMITED'S ROLE IN THE ZAMBIAN ENERGY SECTOR

TAZAMA has the core business of transporting Low Sulphur Gas-Oil by pipeline from Dar es Salaam in Tanzania to Ndola Fuel Terminal in Zambia.

VISION STATEMENT

To be the leading and most preferred transporter of petroleum products in the Sub-Region.

CORE VALUES

Employees of TAZAMA Pipelines Limited value Success, Creativity, Excellence, Harmony and Integrity and will direct their efforts towards the following principles defined below:

- a) **Can do, will do attitude:** We shall strive to do our work in the best possible way to offer products that meet international standards
- b) **Creativity and Innovation:** We shall aim for continuous improvement at all levels in the company by encouraging staff to be creative, innovative and open to new ideas.
- c) **Team Spirit:** We shall endeavor to work as a team to attain TAZAMA goals and objectives cost effectively and efficiently.
- d) **Honesty:** We shall be ethical in the conduct of our business.



Single Point Mooring in Dar es Salaam



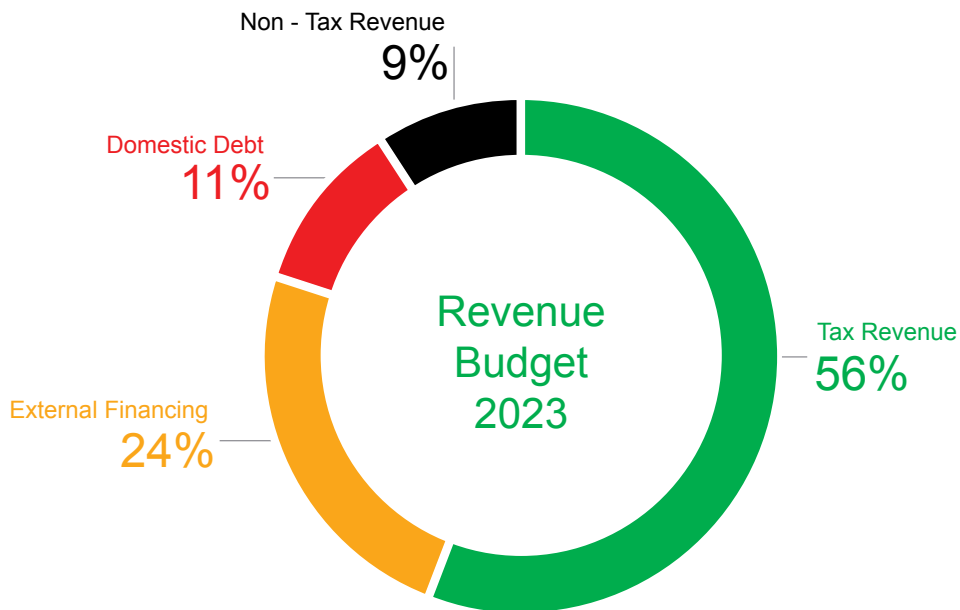
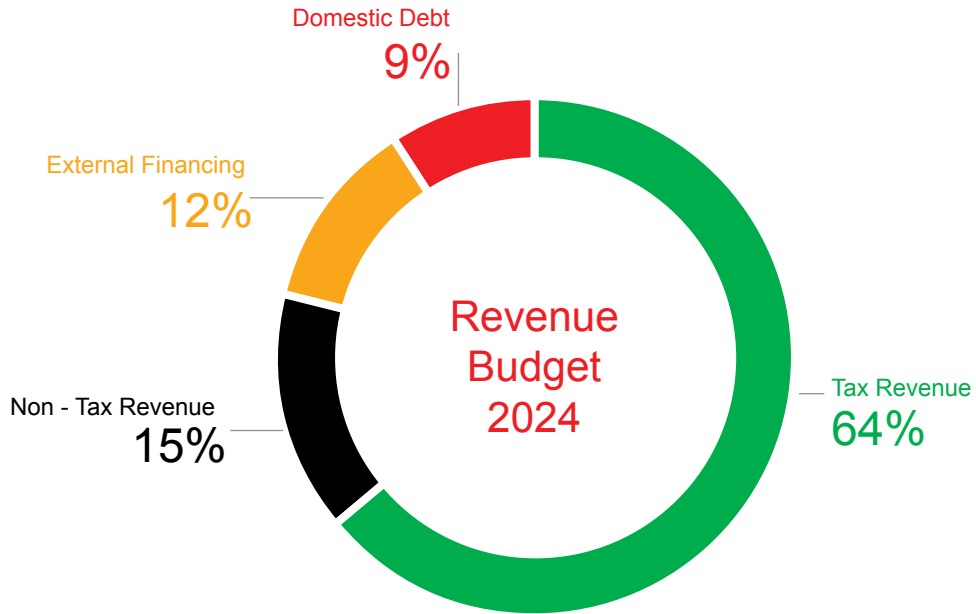
Fuel Storage Tank at the Tank Farm



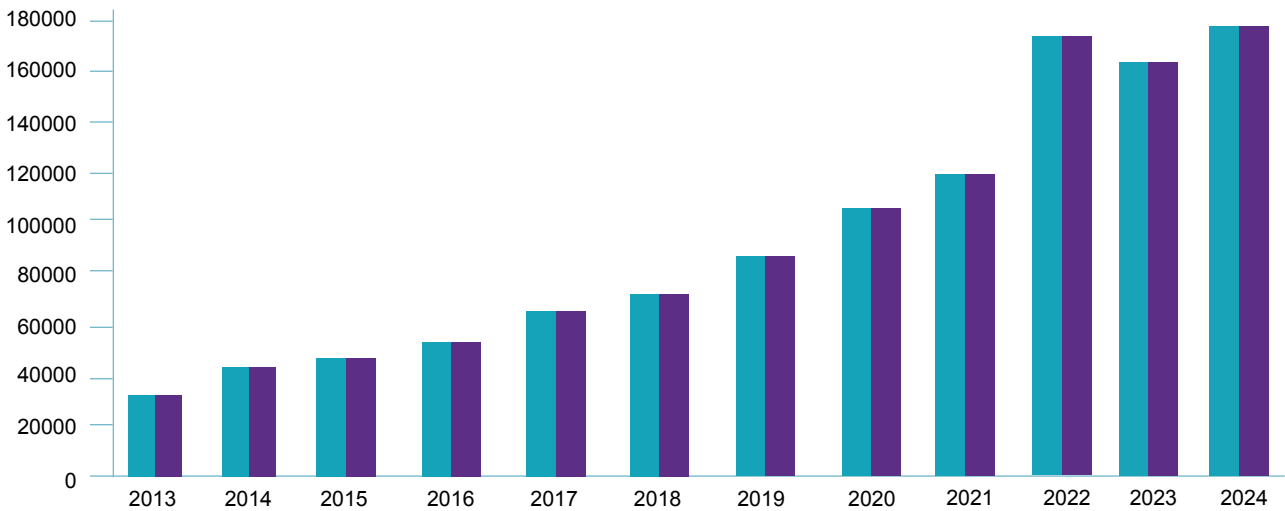
A typical Fuel Depot



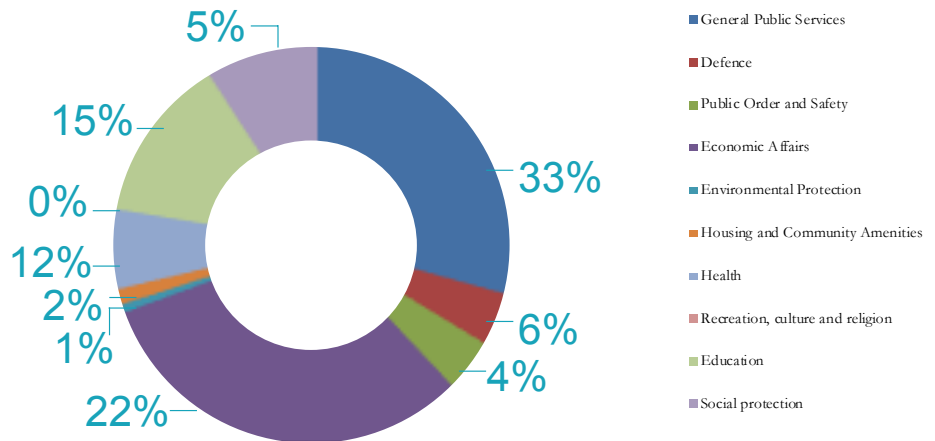
A typical Pumping Station



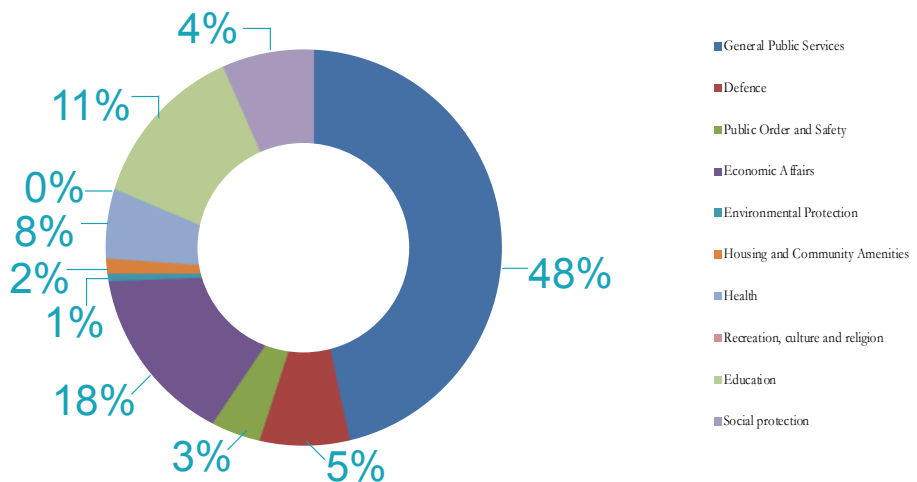
Government Revenue & expenditure Trends (In Kwacha millions)



Expenditure Budget 2024



Expenditure Budget 2023



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Digital transformation strategies often leave out telephony. However, cloud telephony helps organizations that want to future-proof their businesses and keep their business continuity plan updated to ensure long-term success.

This is where OneVoice for Operator Connect comes in, with cloud-based telephony, the future of connection.



Tax Measures Specified by Zambia Revenue Authority (ZRA)

DIRECT TAXES MEASURES

REVENUE CONCESSION MEASURES

- Increase the exempt threshold to K5,100 per month from K4,800 and reduce the top rate to 37% from 37.5%. The following is the proposed Pay As You Earn regime:

Current Regime	
Income Band (K, per month)	Tax Rate
K0 – K4,800	0%
K4,801 – K6,800	20%
K6,801 – K8,900	30%
Above K8,900	37.5%
Proposed Regime	
Income Band (K, per month)	Tax Rate
K0 – K5,100	0%
K5,101 – K7,100	20%
K7,101 – K9,200	30%
Above K9,200	37%

This measure is intended to provide relief to workers and increase their disposable income.

- **Extend the 2% local content allowance on income earned from value addition to sorghum and millet.**

This measure is intended to encourage the uptake of local raw materials and thereby promote domestic value addition by allowing businesses to deduct a percentage of the cost of acquiring sorghum and millet that is used in production. The local content allowance currently applies to tomato, cassava, mango, and pineapple.

DIRECT TAXES MEASURES (continued)

REVENUE CONCESSION MEASURES (continued)

- **Increase the tax concession for businesses in a rural area to 20% from 14.2% of the applicable Corporate Income Tax rate for the first five years in operation and extend to all sectors, except mining.**

This measure is intended to encourage investment in rural areas across various sectors of the economy. Currently, only businesses in manufacturing, hotels, motels and lodges that are operating in rural areas are entitled to a 14.2% reduction of their payable Income Tax, for the first 5 years in operation.

- **Introduce accelerated depreciation of up to 100% in respect of any new implement, plant or machinery for developers of Multi-Facility Economic Zones.**

The measure is intended to extend relief to developers of Multi-Facility Economic Zones (MFEZ) and thereby incentivise additional investment in the Zones. Currently, accelerated depreciation is only applicable to the investor and not the developer.

- **Provide tax holidays to the cotton value chain as follows:**

- 5-year tax holiday on profit for local producers of cotton seed;
- 5-year tax holiday on profit from ginning of cotton; and
- 10-year tax holiday on profit made from spinning of cotton and weaving of thread.

These measures are intended to revitalise the cotton industry value chain. This will support the growth of the manufacturing sector and promote the sector's backward and forward linkages.

DIRECT TAXES MEASURES (continued)

HOUSEKEEPING MEASURES

- **Provide for the appointment of Mineral Royalty Withholding Agents.**

The measure is intended to introduce a specific provision under the Mines and Minerals Development Act, empowering the Commissioner General to appoint agents for the collection of Mineral Royalty. This will complement the current appointments of Mineral Royalty Agents under the Income Tax Act, which relate to Agents for payment of tax. The measure is intended to improve compliance for Mineral Royalty among the artisanal and small-scale mines.

- **Replace the definition of electronic fiscal devices (EFDs) with electronic invoicing system (EIS) and provide for the use of electronic invoicing system.**

The measure seeks to widen the scope of fiscalisation to all modes and systems that will be prescribed by the Commissioner General. The current definition of EFDs restricts the scope of fiscalisation to the use of physical devices.

- **Provide for exemption from the mandatory use of electronic invoicing systems.**

The measure seeks to provide exemption to certain persons that may not be required to use the electronic invoicing system because of the nature of their business or special circumstances as may be determined by the Commissioner General.

- **Align specific penalties for offences in respect of omission or understatement of income arising from acts of negligence, wilful default or fraud in the artisanal and small-scale mining tax regime with those for Turnover Tax.**

The measure seeks to align the penalties applicable to the artisanal and small-scale mining sector with those for Turnover Tax. The current applicable penalty regime is punitive to artisanal and small-scale miners relative to similar business in other sectors.

DIRECT TAXES MEASURES (continued)

HOUSEKEEPING MEASURES (continued)

- **Revise the definition of approved pension fund to clarify that approval is to be granted by the Pensions and Insurance Authority (PIA) and not the Commissioner General.**

This measure seeks to update the definition of approved pension fund following the repeal of the Fourth Schedule pursuant to Income Tax (Amendment) Act, 2022, which required approval by the Commissioner General.

- **Remove the mandatory provision for taxpayers to write a notice to the Commissioner General within 30 days when they are in receipt of their first income.**

The measure seeks to clarify that businesses or individuals need to obtain a Taxpayer Identification Number (TPIN) and ultimately register for the appropriate tax types when the business commences and not wait until actual income is received. Currently, businesses that register with the Patents and Companies Registration Agency (PACRA) are automatically assigned a TPIN at the time of registration and, thereafter register for applicable tax types.

- **Clarify on date of assessment in Section 97A (11A) of the Income Tax Act to include that for cases under litigation, the date of determination or the final ruling shall be considered as the date of assessment.**

The measure seeks to clarify that for cases under litigation, the date of determination or the final ruling shall be considered as the date of assessment. Currently, the Act provides that a corresponding adjustment may be claimed within a period not exceeding twelve months from the date of assessment but does not provide for cases that are under litigation.

DIRECT TAXES MEASURES (continued)

HOUSEKEEPING MEASURES (continued)

- **Remove the statutory limitation of not assessing a taxpayer after the prescribed six years for transfer pricing tax audits that are delayed due to exchange of information between the taxpayer and the Authority.**

The measure seeks to safeguard tax revenue that may not be subject to assessment on account of the statutory limitation of six years following undue delay in the conclusion of a tax audit.

TRANSFER PRICING REGULATIONS

HOUSEKEEPING MEASURES

- Mandate taxpayers to seek permission from the Commissioner General for the use of a pricing method that is not among the transfer pricing methods recommended by the Organisation for Economic Co-operation and Development (OECD) for pricing transactions between related entities.

The measure intends to make it mandatory for taxpayers to obtain approval from the Commissioner General prior to using a pricing method that is not among the transfer pricing methods recommended by the OECD when pricing transactions between related entities.

Amend definitions of “Surrogate Parent Entity”, “Reporting Entity” and “Reporting Fiscal Year” to align them with the OECD Transfer Pricing guidelines.

The measure seeks to align the definitions in the Transfer Pricing Regulations to replace the word “state” with “jurisdiction” wherever it appears in line with the OECD model legislation.

VALUE ADDED TAX MEASURES

REVENUE CONCESSION MEASURES

- Increase the period in which a business can claim a refund on VAT incurred on eligible goods before the commencement of commercial operations to 7 years from the current 4 years, for hydroelectricity generation.

The measure is meant to extend the period in which businesses can be refunded VAT incurred on eligible inputs before commencement of operations to 7 years from the current 4 years. The extension to 7 years considers the average gestation period of hydro power projects.

HOUSEKEEPING MEASURES

- Introduce the definitions of the following in the VAT law:
 - a) “cross border electronic services”;
 - b) “electronic services”;
 - c) “prescribed invoicing system”;
 - d) “imported service”;
 - e) “electronic invoicing system”;
 - f) “certified invoicing system”; and
 - g) “sales data controller”.

The measure is intended to introduce definitions to support the taxation of local and international electronic services and the implementation of the electronic invoicing system. The definitions for the above terms are not currently provided in the VAT law.

- **Replace the reference to the words “electronic fiscal devices” under Sections 7 and 51(2)(h) of the VAT Act, and Sections 2 and 4(3) of the Insurance Premium Levy Act with the words “prescribed invoicing system”.**

This measure seeks to replace the words “electronic fiscal device” with the words “prescribed invoicing system” to support the implementation of the electronic invoicing system.

VALUE ADDED TAX MEASURES (continued)

HOUSEKEEPING MEASURES (continued)

- **Delete Section 8A of the VAT Act on the supply and accounting of an electronic service.**
This measure seeks to support the taxation of electronic services in Zambia by removing the requirement for non-resident taxpayers to appoint a tax agent to account for VAT on electronic services. This will support voluntary compliance amongst non-resident providers of electronic services.
- **Introduce a provision under Section 18(3) that allows taxpayers to use prescribed invoicing system to issue an invoice for the purpose of VAT input credit or deductions.**
This measure seeks to introduce tax invoices issued from a prescribed invoicing system for the deduction, credit or claiming of input tax by a registered VAT supplier. This means that in addition to the documents that have been provided for, a taxable supplier may be required to be in possession of an invoice issued from a prescribed invoicing system for purposes of claiming input tax. This is to align the Act with the implementation of the electronic invoicing system.
- **Introduce a requirement in the VAT Regulations for provision of third-party information in the format prescribed by the Commissioner General.**
This measure seeks to improve the efficiency of tax administration and promote tax compliance. The measure will also align the VAT Act with the provisions of Section 48 of the Income Tax Act.
- **Allow mining companies to keep their books of accounts in United States Dollar if their gross income is not less than 75 percent in form of foreign exchange earned outside the Republic.**

VALUE ADDED TAX MEASURES (continued)

HOUSEKEEPING MEASURES (continued)

- The measure seeks to introduce the requirement for taxable suppliers carrying on mining operations where not less than 75 percent of the gross income from mining operation is earned in United States Dollars to keep the books of accounts in United States Dollars. This measure will also align the VAT Act with Section 55 (4) of the Income Tax Act. Currently, taxpayers are only allowed to keep their books of accounts in Zambia Kwacha for VAT purposes.
- **Introduce the provision for the conversion rate of the Kwacha against the United States Dollar to be used for purposes of translating the books of accounts for VAT purposes referred to under Section 44(3) as the spot rate prevailing on the date of transaction.**
The measure will align the conversion rates for dollar tax invoices to be used for both income tax and VAT returns, thereby minimizing exchange differences.
 - **Introduce a threshold of up to K200 on outstanding liabilities/refunds for deregistration purposes of dormant taxpayers.**
This measure is intended to introduce a provision that empowers the Commissioner General to deregister dormant taxpayers with outstanding tax liabilities or refunds of up to K200 from the VAT register. Currently, there is no threshold for VAT deregistration for dormant taxpayers.
 - **Reinstate the exemption status on the supply of mains water and sewerage services.**
The measure seeks to reinstate the exemption status on mains water and sewerage services. Currently, the supply of mains water and sewerage services is standard rated in accordance with Statutory Instrument No. 87 of 2022.

TOURISM LEVY

HOUSEKEEPING MEASURES

- **Introduce a provision in the Tourism Levy Act under Regulation 4 to allow a tourism enterprise or tourism facility use a prescribed invoicing system to record all transactions relating to Tourism Levy and issue an invoice.**
This measure seeks to introduce a requirement for taxpayers in the tourism and hospitality sector who are registered for Tourism Levy to use the electronic invoicing system to issue tax invoices.

CUSTOMS AND EXCISE MEASURES

REVENUE CONCESSION MEASURES

- **Remove Customs Duty on selected machinery and equipment used in the exploration of oil and gas.**
The measure is meant to attract investment and support exploration for oil and gas in Zambia.
- **Remove Customs Duty on machinery, equipment and other goods designed for geothermal energy activities.**
The measure seeks to support exploration and investments to promote renewable energy sources.

CUSTOMS AND EXCISE MEASURES (continued)

REVENUE CONCESSION MEASURES (continued)

- **Suspend Customs Duty on selected media, film and music equipment for a period of 3 years to promote growth in the media and film industry.**
This measure is intended to promote investment and the growth of the media, film and music industry.
- **Remove Customs Duty on importation of motorcycles and tricycles imported in complete knock down form for companies that assemble and source at least 5% inputs locally.**
The measure is intended to encourage investment in the local assembly of motorcycles and tricycles, support employment creation in the sub-sector, and reduce the cost of transportation in rural areas.

CUSTOMS AND EXCISE MEASURES (continued)**REVENUE CONCESSION MEASURES (continued)**

- **Remove the 5% Selected Goods Surtax applicable on the following products which are not locally produced:**

No.	Product	HS Code	Uses
1.	<i>High Carbon Ferro Chrome</i>	<i>7202.41.00</i>	<i>Raw material used in the manufacturing of cast mill balls.</i>
2.	<i>Mild Steel (MS) Lancing Pipe</i>	<i>7306.90.00</i>	<i>Used in the Ferro Alloy industry.</i>
3.	<i>Carbon Paste</i>	<i>3801.30.00</i>	<i>Raw material used as input in the manufacture of electrodes</i>
4.	<i>Whey Powder</i>	<i>0404.10.00</i>	<i>Used in the dairy industry.</i>
5.	<i>Float Glass</i>	<i>7005.21.00</i> <i>7005.30.00</i>	<i>Used in housing and construction.</i>
6.	<i>Flanges of stainless steel</i>	<i>7307.21.00</i>	<i>Used in the steel manufacturing subsector.</i>
7.	<i>Wire of iron or non-alloy steel - plated or coated with zinc</i>	<i>7217.20.00</i>	<i>Raw material used as input in the manufacture of steel Wires.</i>
8.	<i>Bars and rods, hot-rolled, in irregularly wound coils, of iron or steel of circular cross-section measuring <14mm in diameter</i>	<i>7213.91.00</i>	<i>Used as concrete reinforcement of concrete in the manufacture of concrete street lighting poles.</i>
9.	<i>Flat-rolled products of other alloy steel of a width of grain-oriented silicon- electrical steel</i>	<i>7226.11.00</i>	<i>Used as an input in the manufacture of transformers.</i>
10	<i>(IV bags) Other articles for the packing of goods, of plastics</i>	<i>3923.90.90</i>	<i>Used to administer fluids and medications intravenously. They are typically made of plastic and have a number of features that make them suitable for this purpose, such as a port for the infusion of fluids and medications, and a valve to prevent backflow.</i>

The measure is intended to reduce the cost of these critical inputs used in industrial processes, thereby promoting the growth of the manufacturing sector in Zambia.

- **Suspend the Excise Duty rate by 50% on locally produced clear beer, for a period of 3 years for small and medium manufacturers that produce less than 500,000 litres per annum.**

This measure is meant to support growth of small-scale breweries which is expected to result in increased investment, employment creation and the promotion of backward and forward linkages with out-grower schemes for inputs such as sorghum and millet.

CUSTOMS AND EXCISE MEASURES (continued)

REVENUE CONCESSION MEASURES (continued)

- **Reduce Excise Duty on alcohol of HS code 2207.20.90 (Ethyl alcohol and other spirits, denatured, of alcoholic strength of less than 80%) from 125% to 60%.**

Currently, ethyl alcohol and other spirits, denatured, of an alcoholic strength of less than 80% of HS Code 2207.20.90 attract Excise Duty at the rate of 125%, while all other types of alcohol listed in the Excise Schedule attract the rate of 60%. The measure intends to harmonise the rate with similar alcohol to avoid misclassification.

- **Remove 10% Customs Duty on the importation of rolling stock, including wagons and locomotives.**

The measure is intended to attract investment in the railway subsector and enable Government to accomplish its goal of shifting the transportation of 30% of heavy and bulk cargo to rail from road, in line with Statutory Instrument Number 7 of 2018. Currently, rolling stock, including wagons and locomotives attract 10% Customs Duty.

CUSTOMS AND EXCISE MEASURES (continued)

REVENUE CONCESSION MEASURES (continued)

- **Remove Customs Duty on the following:**
 - *electric motor vehicles designed for the transport of persons;*

- *electric buses (HS code 8702.40.90) and electric trucks (HS code 8704.60.90); and*

- *accessories of electric motor vehicle or cycles such as charging systems.*

- This measure is intended to encourage the use of clean energy systems and reduce the use of fossil fuels.

- **Reduce Excise Duty to 25% from 30% on hybrid vehicles of HS Code 8703.40.90; 8703.50.90; 8703.60.90 and 8703.70.90 designed for the transport of persons.**

This measure is meant to encourage uptake of environmentally friendly hybrid vehicles.

- **Provide for the extension of the validity period for the Customs Duty incentives accessible by the developer of a Multi-Facility Economic Zone up to 15 years from 5 years, upon fulfilment of the conditions as may be prescribed.**

The measure intends to extend the validity period of Customs Duty incentives in cases where the developer is unable to complete the development within the initial 5-year period. The provision will empower the Commissioner General to extend the period when the developer has fulfilled prescribed conditions.

CUSTOMS AND EXCISE MEASURES (continued)**COMPENSATING MEASURES**

- **Introduce and/or increase Selected Goods Surtax (SGS) on the following products which are locally manufactured:**

No.	Item	HS Code	Current Rate	Proposed Rate
1.	Tiles	6904.90.10	5%	30%
		6907	20%	
2.	Mattresses	9404.21.00	5%	20%
3.	Laminated panels for building and cold storage insulation	9406.10.10	0%	5%
4.	Glass	7005.10.00	0%	5%
		7005.29.00		
		7003.19.00		
		7003.30.00		
		7004.90.00		
5.	Baby diapers	4818.40.10	0%	5%

This measure is aimed at promoting the growth of the local manufacturing sector and supporting employment creation. The measure also intends to harmonise the rates for Selected Goods Surtax on similar products to prevent misclassification.

- **Increase of customs duty rate on all imported electrical panels (distribution boxes) of HS Code 8537.10.00 to 25% from 15%.**

The measure is meant to promote the growth of the local manufacturing sector and support employment creation.

- **Prescribe for the allowance of losses of up to 1% of cutrag (shredded tobacco) in the production of cigarettes and deem any losses above 1% to have been used in the production of cigarettes:**

The measure is intended to mitigate the risk to revenue arising from excessive cutrag loss claims in the production of cigarettes. Currently, there is no limit for cutrag losses in the production of cigarettes, which has occasionally resulted in excessive loss declarations.

- **Increase the specific Excise Duty on non-alcoholic beverages (including UHT juices) to K0.60 (60 ngwee) per litre from K0.30 (30 ngwee).**

The measure is meant to increase domestic resource mobilisation.

- **Increase the specific Excise Duty rates for tobacco and tobacco products to K400 per mille from K361 per mille.**

The measure is intended to discourage consumption of tobacco and its products, which are harmful to human health.

- **Introduce Excise Duty at 5% on Coke and semi-coke of coal, of lignite or of peat, whether or not agglomerated of HS Code 2704.**

The measure is aimed at harmonising Excise Duty rates at 5% on all types of coal and curbing misclassification.

CUSTOMS AND EXCISE MEASURES (continued)

COMPENSATING MEASURES (continued)

- **Change the basis of excise valuation for spirits, liqueurs and other spirituous beverages to be determined on the basis of market price and not the value of the input at importation.**
The measure is meant to curb undervaluation and under-declaration of locally and imported spirits, liqueurs and spirituous beverages as well as to reduce refund claims associated with exports.

HOUSEKEEPING MEASURES

- **Amend Section 2 of the Customs and Excise Act to change the name of the Division from the “Customs and Excise Division” wherever it appears in the Act to the “Customs Services Division”.**
Currently, the Customs and Excise Act, CAP 322 refers to the Division responsible for administering functions in the Act as the “Customs Services Division” and the “Customs and Excise Division”. The measure is intended to harmonise the name of the Division to always read as the “Customs Services Division”.
- **Amend the Fourth Schedule (The Selected Good Surtax Schedule) to the Customs and Excise Act, CAP 322 by inserting the rate of “5%” against Malted millet or sorghum not roasted of HS Code 1107.10.30.**
The measure intends to amend the Fourth Schedule to the Customs and Excise Act to clearly provide for a 5% surtax on malted millet or sorghum not roasted of HS Code 1107.10.30.
- **Amend the Fifth Schedule of the Customs and Excise Act by deleting the words ‘transaction value’ in Clause 3(1) and substituting it with the words ‘customs value’.**
This measure is intended to align the text on adjustments as provided for in Clause 3 of the Fifth Schedule of the Customs and Excise Act with Article 8 of the World Trade Organisation Valuation Agreement. The current text erroneously reads “transaction value” instead of the “customs value”.

CUSTOMS AND EXCISE MEASURES (continued)

HOUSEKEEPING MEASURES (continued)

- **Amend the Customs and Excise Act to limit the period within which the payment for a Customs Agents License fee can be made to three months.**
The measure is intended to ensure that the fees for Customs Agents’ License are paid within a prescribed period and to reduce the accumulation of unpaid license fees. Currently, there is no time limit within which a fee for a Customs Agent’s License should be paid following approval.
- **Amend the Customs and Excise Act to provide for a penalty for failure to make payment for a Customs Agents License fee within three months.**
The measure is meant to encourage the timely payment of fees for a Customs Agents’ License. Currently, there is no penalty imposed for failure to make payment for a Customs Agents’ License.
- **Extend the working hours at Mokambo, Kipushi and Sakania to all hours of the day and night (24hrs) from 8 hours a day and designate the border posts as Customs Houses.**
The measure is intended to enhance trade facilitation by extending the working hours at Mokambo, Kipushi and Sakania borders to facilitate trade.

In addition, the measure seeks to designate these borders as Customs Houses to enable the border posts process bills of entry. Currently, the functions of these border posts are limited to passenger processing and facilitating the reporting of imported goods to inland Customs Houses (ports).

CUSTOMS AND EXCISE MEASURES (continued)

HOUSEKEEPING MEASURES (continued)

- **Amend the text on HS Code 2202.10.10 to include the words “other waters other than mineral waters” in the appropriate place.**

The measure is intended to align the description of the HS Code 2202.10.10 in the National Tariff Book with the World Customs Organisation (WCO) HS 2022 version.

- **Amend PART XA of the Customs and Excise (General) Regulations to align some of its provisions to the Zambia Development Agency Act, 2022 and the Investment, Trade and Business Development Act, 2022 administered by the Zambia Development Agency.**

The Zambia Revenue Authority implements tax incentives for investments provided under the Acts administered by the Zambia Development Agency (ZDA). Currently, Part XA of the Customs and Excise (General) Regulations refer to the repealed ZDA Act No. 11 of 2006. The measure is therefore meant to ensure that the provisions in Part XA refer to the Acts currently administered by ZDA.

- **Amend the Customs and Excise Act, CAP 322 of the Laws of Zambia to provide for the pilot in charge of an aircraft to submit a manifest cargo within the following stipulated times:**

- i. At least two (2) hours before arrival for aircraft from Africa;
- ii. At least four (4) hours before arrival for aircraft from other Continents; or
- iii. As the Commissioner General may determine (With the exception of shorter flights).

CUSTOMS AND EXCISE MEASURES (continued)

HOUSEKEEPING MEASURES (continued)

This measure seeks to expedite the processing of courier cargo upon arrival and enhance risk management of consignments based on advance electronic information. This in line with Article 7.8 (Expedited Shipments) of the Trade Facilitation Agreement (TFA). Currently, the Customs and Excise Act has no provision to make it mandatory for the pilot in charge of an aircraft to submit a manifest within a stipulated timeframe.

- **Amend Sections 32(4) and 33(1) of the Customs and Excise Act to reduce the time in which goods moved in bond are to be bonded or final cleared to 5 days from 15 days.**

The measure is intended to reduce the period for which goods can be removed in bond from the port of entry into either consumption or bond to 5 days. This will ensure that the goods removed in bond are promptly accounted for, in order to reduce risk to revenue. This will also harmonise the number of days for goods removed in bond with the days for goods in transit through Zambia.

- **Amend Sections 144 and 145 of the Customs and Excise Act to provide for the following offences that will relate to the Electronic Cargo Tracking (ECT) System:**

- a) parking in a designated area beyond the prescribed period;
- b) parking in an undesignated area;
- c) possession of an electronic seal without authority;
- d) failure by the transporter of goods, to disclose all the sealable points on the vessel; and
- e) tampering or manipulation of an electronic seal in order to evade payment of duty.

This measure intends to align the Act with the implementation of the electronic invoicing system, which will be used for issuing invoices for the charge of Excise Duty.

CUSTOMS AND EXCISE MEASURES (continued)

HOUSEKEEPING MEASURES (continued)

- Amend Section 41(1) of the Customs and Excise Act to restrict the importation alcohol with an alcoholic content of above 80% to licensed manufacturers of alcoholic spirits and other users approved by the Commissioner General.** This measure is intended to enhance the traceability of alcohol used for industrial purposes and to seal revenue leakages by restricting importation to licensed manufacturers and approved users. Currently, there is no restriction in place and this resulted in non-compliance by some taxpayers.
- Amend Section 69 of the Customs and Excise Act/Regulation 47 Customs and Excise (General) Regulations 2000 to introduce security deposit or bond guarantee on all exports from a bonded warehouse.** This measure is aimed at curbing possible revenue leakages on goods that may be consumed in Zambia despite being declared as exports from bonded warehouses. Currently, goods removed from a bonded warehouse for export have no security/ bond guarantee in place to safeguard against the potential revenue loss from non-compliance.
- Amend Regulation 137 of the Customs and Excise General Regulations to provide for use of an Electronic Bond where systems for issuance of such bonds exist.** This measure is intended to provide for issuance of electronic bonds, which are meant to mitigate the risk arising from bond alteration and which may lead to revenue loss.
- Amend Section 171B of the Customs and Excise Act to define irrecoverable debt and provide conditions that the Minister may consider for debt remission.** This measure seeks to provide a clear and concise guide on remission of irrecoverable debt in order to halt the accumulation of tax debt.

CUSTOMS AND EXCISE MEASURES (continued)

HOUSEKEEPING MEASURES (continued)

- Amend Section 55(3) of the Customs and Excise Act to include the date by which submissions of applications for renewal of a bonded warehouse license can be made, to at least 90 days before the end of the financial year.** There is currently no prescribed date by which applications for the renewal of a bonded warehouse license should be submitted for approval. The amendment will grant sufficient time to conduct due diligence before licenses are issued for a prescribed period.

CROSS-CUTTING MEASURES

- Introduce a levy of between 8 ngwee and K1.80 on the transaction value for person-to-person mobile money transfers. The following is the proposed fee structure:**

Amount Range (K)	Proposed Levy (K)
Between 1 to 150	0.08
Above 150 to 300	0.10
Above 300 to 500	0.20
Above 500 to 1,000	0.50
Above 1,000 to 3,000	0.80
Above 3,000 to 5,000	1.00
Above 5,000 to 10,000	1.50
Above 10,000	1.80

The measure is intended to raise revenue to support the provision of public services.

TAX ADMINISTRATION MEASURES FOR EFFICIENCY GAINS

- **Amend the Zambia Revenue Authority Act to provide for the reward of Whistle-blowers.**
This measure is intended to curb tax evasion and seal revenue leakages in line with international good practice.
- **Amend Section 48A of the Income Tax Act to empower the Commissioner General to request for information from regulators.**
The measure seeks to extend the provision on secrecy or other restriction on the disclosure of information under Section 48A of the Income Tax Act to regulators in order to align with international good practice in taxation and anti- money laundering. Currently, if the Commissioner-General requires information for tax purposes, then any obligation as to secrecy or other restriction on the disclosure of information imposed under the Banking and Financial Services Act, the Evidence (Bankers Books) Act, the Accountants Act, 2008 and the Legal Practitioners Act will not apply.
- **Amend the Income Tax Act to provide for Large and Specialised taxpayers to submit audited financial statements as may be required by the Commissioner General.**
This measure is intended to enhance compliance with respect to the accuracy of tax declarations made by taxpayers under the Large and Specialised taxpayer segment.
- **Exempt the Zambia Revenue Authority from the provisions of the Data Protection Act No. 3 of 2021.**
This measure is meant to enable the Authority to access data from third parties in order to facilitate for system interfaces with third parties such as the Bank of Zambia and the Zambia Information and Communication Technology Authority with the aim of improving tax compliance.

TAX ADMINISTRATION MEASURES FOR EFFICIENCY GAINS (continued)

- **Introduce a Unified Tax Administration Act by 2025.**
The introduction of a Unified Tax Administration Act will reduce the cost of compliance for taxpayers, improve taxpayer experience, and enhance the efficiency of tax administration.
- **Implement the electronic invoicing system, which is a software based fiscalisation solution for VAT and other transactional tax types.**
The implementation of the electronic invoicing system seeks to seal loopholes in the VAT system and other transactional tax types through enhanced taxpayer compliance and efficient tax administration systems.
- **Introduce a provision to compel the taxpayer to pay the tax liability after a fine has been imposed by the courts for the offence of tax evasion.**
This measure seeks to clarify that in addition to the fine imposed by the courts, the taxpayer will also be required to pay evaded taxes upon conviction. Where there is a reason for goods to be forfeited, such goods should also be forfeited to the state.



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2024 Annual Borrowing Plan

GENERAL STATEMENT

The 2024 Annual Borrowing Plan (ABP) outlines Government's plan to mobilise resources required to finance the deficit in the 2024 National Budget which is meant to implement various development programmes and priorities in line with the Eighth National Development Plan (8NDP). The ABP has been developed in accordance with the Public Debt Management Act, 2022 and reflects Government's commitment to prudent and sustainable borrowing for strategic national development. Approval of the ABP by the National Assembly implies approval of the loans contained therein for the 2024 financial year.

The development of the 2024 ABP is underpinned by the 2023-2025 Medium-Term Debt Management Strategy (MTDS) and the constraints identified in the 2023 Debt Sustainability Analysis (DSA). These factors guided decisions regarding the optimal balance between external and domestic debt, taking into consideration the costs and risks associated with each debt type.

The 2024 ABP also considers Zambia's commitments under the International Monetary Fund (IMF) Program and the ongoing debt restructuring process. Therefore, all borrowing activities for the financial year will adhere to requirements under the IMF Program, which include limiting external financing to concessional loans. Despite the reforms being undertaken to restore debt sustainability, Government acknowledges the need to continue providing essential public goods and services for economic transformation and job creation, and the overall well-being of the Zambian citizens. Therefore, the 2024 ABP addresses the requirement for the Government to bridge the financing gap in the 2024 National Budget.

In addition, publication of the ABP demonstrates Government's commitment to enhance transparency and accountability in the contraction of public debt.

ACRONYMS

8NDP	Eighth National Development Plan
ABP	Annual Borrowing Plan
DSA	Debt Sustainability Analysis
ECF	Extended Credit Facility
IMF	International Monetary Fund
MDB	Multilateral Development Bank
MTDS	Medium Term Debt Management Strategy

DEFINITIONS

Concessional loans are loans that are extended on terms substantially more generous than commercial loans. They are generally characterised by lower interest rates, long grace periods and long repayment periods.

Debt refinancing is when a borrower applies for a new loan or debt instrument that has better or more favourable terms and can be used to repay the existing/previous loan obligation.

Debt service refers to payments made to meet a debt obligation and it includes interest payments and principal repayments.

Debt stock is the total amount of debt outstanding at a particular point in time.

Disbursements/Drawdowns are agreed amounts of money under a loan contract paid from the lender's account to the borrower's account. Once received by the borrower, disbursements/drawdowns on a loan become part of the debt stock.

Government securities are debt instruments used by the Government to raise financing for budget support. They constitute Treasury bills, which mature within a year and Government bonds, which have a maturity period of more than one year.

Maturities refer to the principal repayment on a loan due at a particular point in time.

Net Domestic Financing (NDF) refers to the total domestic borrowing less maturities on Government securities falling due during the period under consideration, available to finance the budget.

T+4 (Treasury Bills) refers to the date of the auction (T) which is usually on a Thursday plus 4 days from the date of the Auction which is usually on a Monday when settlement takes place.

T + 3 (Bonds) is the date of the auction (T) which is usually on a Friday plus 3 days from the date of the Auction which is usually on a Monday when settlement takes place.

TOTAL BORROWING NEEDS FOR THE 2024 FINANCIAL YEAR

In 2024, Government intends to spend **K177.89 billion** to be financed through tax and nontax revenue, grants and debt. The financing from tax and non-tax revenue, and grants is projected at **K144.55 billion**, leaving a deficit of **K33.34 billion**. The **K33.34 billion** will be financed through domestic and external borrowing of **K16.33 billion** and **K17.01 billion**, respectively (see Figure 1). The **K17.01 billion** external borrowing comprises disbursements of **K3.79 billion** from new loans to be contracted in 2024, **K3.50 billion** from the IMF Extended Credit Facility (ECF) and **K9.72 billion** from already contracted project loans.

External borrowing will be limited to concessional financing in line with Government’s commitment to ensure that public debt is restored to sustainable levels. The borrowing will be conducted in line with the Medium-Term Debt Strategy which entails a gradual increase in domestic financing, and a reduction in external financing.

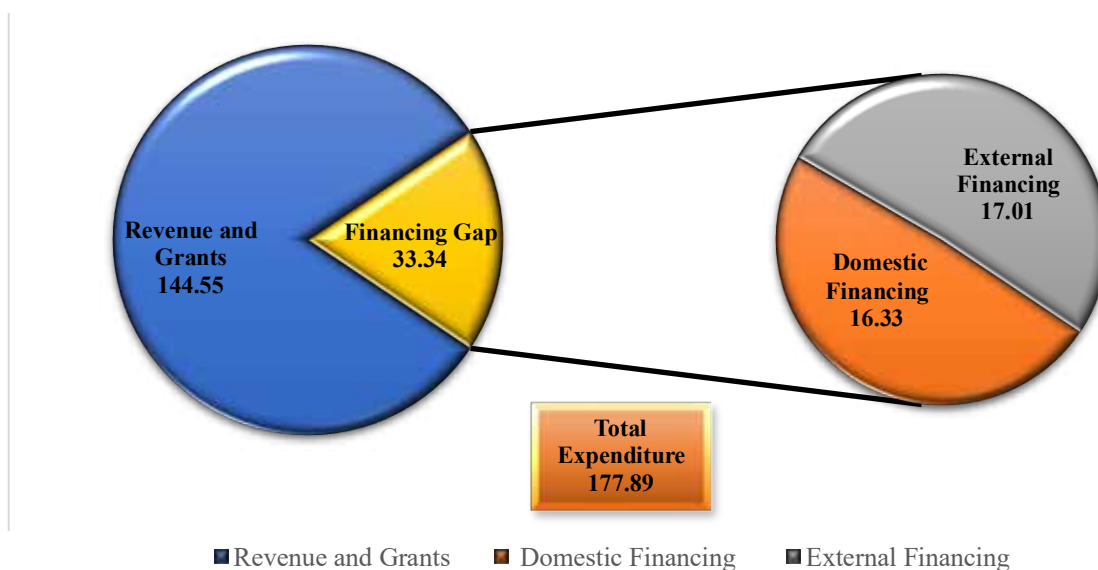


Figure 1: 2024 Resource Requirement (K' billion)

- New Loans to be Contracted In 2024**

In 2024, Government intends to contract Net Domestic Financing (NDF) of **K16.33 billion** and external financing of **US \$416.33 million** as outlined in Table 1. Out of the **US \$416.33 million**, **US \$203.97 million** will be disbursed in 2024 while the balance will be disbursed in subsequent years in line with implementation milestones for each project.

Table 1: New Loans to be contracted in 2024

Description	Loan Amount (Face Value)	Amount to be disbursed in 2024	Purpose of the Borrowing
1. Net Domestic Financing [ZMW]	16,328,755,585	16,328,755,585	Budget Support
2. External Financing [US \$]	416,333,333.00	203,965,000.00	
O/w Programme Loans	150,000,000.00	150,000,000.00	Budget Support
O/w Project Loans	266,333,333.00	53,965,000.00	Project Implementation
Improving Access and Strengthening Innovations for Water, Sanitation, and Hygiene	13,333,333.00	4,865,000.00	To improve the delivery of water supply, sanitation and hygiene services
Zambia Education Enhancement Project Phase II	53,000,000.00	20,000,000.00	To improve the quality of teaching and learning in targeted schools
Zambia Agribusiness and Trade Project Phase II	170,000,000.00	16,000,000.00	To develop the agricultural sector by making investments at critical points in the agribusiness supply chain
SADC Regional Statistics	30,000,000.00	13,100,000.00	To strengthen the institutional capacity of SADC and participating countries to produce, disseminate, and use quality statistics

The details of the proposed domestic and external borrowing strategy for the year 2024 are outlined in the sections below:

- DOMESTIC DEBT**

Gross Domestic Financing for the financial year 2024 is projected at **K83.2 billion**, out of which **K16.33 billion** will be Net Domestic Financing to finance the 2024 National Budget, with the remainder being used to refinance maturities falling due during the course of the year.

Methods of Raising Domestic Financing

In 2024, domestic financing will be raised through the issuance of Government securities in public auctions. The auctions will continue to be conducted by the Bank of Zambia in its capacity as Government's fiscal agent.

- **DOMESTIC DEBT (continued)**

To meet the 2024 Gross Domestic Financing, the tender size for Treasury bill auctions will be maintained at **K2.00 billion**, and for Government bonds auctions at **K2.60 billion**. The auction frequency will also be maintained on a monthly basis for Government bonds and fortnightly for Treasury bills.

The Government bonds and Treasury bills will continue to be issued in local currency at market yield rates. The Government securities will be issued through competitive and noncompetitive bidding at single price allotment.

- **Domestic Debt Borrowing Instruments**

Government bonds will constitute both medium and long-term domestic debt instruments to be issued during the year. The tenors on offer will be 2 - years, 3 - years, 5 - years, 7 - years, 10 - years and 15 - years to be issued monthly with T+3 being the settlement date.

Treasury bills will constitute short-term instruments with a maturity period of up to one year. Instruments on offer will include the 91-days, 180-days, 273-days and 364-days tenors to be issued fortnightly with settlement date being T+4.

- **2024 Issuance Calendar**

The 2024 ABP will be complemented by the publication of quarterly issuance calendars for both Treasury bills and Government bonds. The calendar will spell out the indicative timing for domestic borrowing operations during the course of the year.

The issuance calendar will be published on the Bank of Zambia website and in daily newspapers circulated in Zambia. The calendar will provide details on auction size, tenor of instruments to be issued, amounts on offer per instrument, issue number and indicative dates for the auctions.

- **Broad Terms of Borrowing**

Yield rates on Government securities will be market driven. Government will, however, ensure that movements in the yield rates are in line with Government's objective of borrowing at least cost and ensuring prudent degree of risk.

- **Maximum Limit on new Net Domestic Financing**

The maximum limit on new Net Domestic Financing projected for the 2024 financial year is **K16,328,755,585**.

EXTERNAL DEBT

The projected external financing for 2024 is **US \$914.75 million (K17.01 billion)**, broken down as follows:

- i) **US \$203.97 million** in projected disbursements from new loans to be contracted in 2024;
- ii) **US \$522.83 million** in projected disbursements from already contracted loans; and
- iii) **US \$187.96 million** in projected disbursements under the IMF Extended Credit Facility (ECF).

- **New External Loans**

The new external loans to be contracted in 2024 amount to **US \$416.33 million**, out of which **US \$203.97 million** will be disbursed in 2024, broken down as **US \$150.00 million** for budget support and **US \$53.97 million** on project loans. The new borrowing for 2024 will be concessional loans from multilateral sources.

Table 2: New Loans to be Contracted in 2024

Description	Loan Amount (US\$)	Amount to be Disbursed in 2024 (US\$)	Purpose of Borrowing
1. Programme Loans	150,000,000.00	150,000,000.00	General Budget Support
2. Project Loans	266,333,333.00	53,965,000.00	Project Implementation
Improving Access and Strengthening Innovations for Water, Sanitation, and Hygiene	13,333,333.00	4,865,000.00	To improve the delivery of water supply, sanitation and hygiene services
Zambia Education Enhancement Project Phase II	53,000,000.00	20,000,000.00	To increase access to education
Zambia Agribusiness and Trade Project Phase II	170,000,000.00	16,000,000.00	To develop the agricultural sector by making investments at critical points in the agribusiness supply chain
SADC Regional Statistics	30,000,000.00	13,100,000.00	To strengthen the country's institutional capacity to produce, disseminate, and use quality statistics
A. Sub-Total	416,333,333.00	203,965,000.00	

- Projected Disbursements on Existing Loans**

Government projects to drawdown **US\$710.78 million** on already contracted external loans and IMF ECF (Table 3). These funds will be utilised for general budget support and continued implementation of ongoing projects in various sectors of the economy including education, health, energy, agriculture, tourism, roads and water and sanitation.

Implementation of these projects is key to achieving economic transformation as set out in the 8NDP.

Table 3: Projected Disbursements on the IMF ECF and other Existing External Loans

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

Note: Refer to Annex 2 for breakdown of projected disbursements on already contracted loans.

- Debt Instruments and Borrowing Terms**

External loan contraction in 2024 will be restricted to concessional sources, with the majority being financed by Multilateral Development Banks (MDBs) such as the World Bank and African Development Bank (AfDB). This is in line with Government's current policy to limit external debt contraction to concessional borrowing. Table 4 shows the indicative terms of the external loans to be contracted in 2024.

Table 4: Indicative Terms for External Loans to be Contracted in 2024

S/N	Description	Terms
1	Total amount to be contracted	US \$416,333,333.00
2	Maturity	Minimum of 12 years
3	Grace Period	Minimum of 5 years
4	Interest Rate	Between 0 and 2.75 percent per annum

- Indicative Timing of the Borrowing**

All the loans are expected to be contracted by the first quarter of 2024 to ensure timely implementation of the 2024 Budget. In terms of disbursements, programme loans are expected to disburse within the first half of the year while disbursements on project loans will be throughout the year in line with project implementation milestones.

- Maximum Limit on New External Borrowing**

The maximum limit on new external loans to be contracted in 2024 is **US \$416,333,333.00**.

NET CHANGE IN PUBLIC DEBT

Assuming full subscriptions on Government securities auctions, total issuances in 2024 are projected at **K83.20 billion**, with maturities on domestic debt projected at **K66.87 billion**, resulting in a net increase in domestic debt stock of **K16.33 billion**.

Disbursements on external loans are projected at **US \$914.75 million** while principal loan repayments are projected at **US \$135.75 million¹**, resulting in a net increase in external debt stock of **US \$779.00 million**.

¹ Subject to change due to ongoing debt restructuring discussions

The total projected net increase of the borrowing operations of Central Government in 2024 (domestic and external) is, therefore, an increase of **US \$1.66 billion**² in the stock of public debt at end December 2023³.

The net increase takes into account the projected drawdowns from already contracted loans; new borrowing expected to be approved by the National Assembly for 2024; and projected debt service payments for 2024.

RISK MANAGEMENT

The borrowing operations for the 2024 financial year will be conducted in a manner that ensures that Government financing needs are met at minimal cost, with a prudent degree of risk.

• Domestic Financing

Under domestic financing, the main risks relate to:

- i. **Underperformance of Auctions:** Undersubscription in Government bond and Treasury bill auctions arise due to the unpredictability of investor demand.
- ii. **Refinancing Risk:** While coupon rates are fixed, yield rates pose a challenge in refinancing or rolling over of existing domestic debt.

To mitigate these risks, the following strategies will be implemented to encourage investor participation in the auctions as well as to smoothen the maturity profile of Government securities:

- i. **Increasing the investor base:** This will involve countrywide sensitisations, promotion, and marketing of Government securities using various platforms, including social media, radio and television programmes. The target audience will mainly be the non-bank public and retail investors; and

• Domestic Financing (continued)

- ii. **Investor engagements:** There will be regular engagements with major market players in the Government securities market to have more insights into their perceptions and investment strategies.

• External Financing

Under external financing, the main risks relate to:

- i. **Exchange rate risk:** exchange rate fluctuations may result in a possible mismatch in expenditures on debt service and/or funds to be raised from external sources in Kwacha terms; and
- ii. **Operational risk:** Delays in finalising the contraction processes for the expected **US\$416.33 million** to be borrowed from external sources in 2024 can negatively impact the timely implementation of programmes and projects in the 2024 Budget.

To mitigate against operational risk, Government will proactively engage with its creditors to facilitate timely negotiations and execution of financing agreements.

² The domestic debt is converted at an exchange rate of K18.6/US\$³
For the public debt stock as at end June 2023, refer to Annex 1.

ANNEX 1: PUBLIC DEBT POSITION AS AT END JUNE 2023

Zambia's total Public and Publicly Guaranteed debt as at end June 2023 was **US \$27.69 billion**, of which Central Government external debt was **US \$14.07 billion**, while guaranteed external loans to State Owned Enterprises amounted to **US \$1.43 billion**. Domestic debt amounted to **ZMW213.88 billion** equivalent to **USD12.19 billion**. See Table 6 below for breakdown of Public and Publicly Guaranteed debt stock.

Table 5: Public Debt Position as at end June 2023

Description	Amount (USD million)
Central Government External Debt	14.07 billion
Publicly Guaranteed External Debt	1.43 billion
Domestic Debt (Government Securities)	12.19 billion
Total	27.69 billion

ANNEX 2: BREAKDOWN OF PROJECTED DISBURSEMENTS ON EXISTING LOANS

Table 6: Breakdown of Disbursements on Already Contracted Loans

S/N	LOAN NAME	PROJECTED	IMPLEMENTING MINISTRY
1	Chinsali - Nakonde Road Rehabilitation Project	24,572,000.00	Ministry of Infrastructure Housing and Urban Development
2	Small Towns Water Sanitation	13,405,780.97	Ministry of Water Development and Sanitation
3	Aqua Culture Enterprise Development Project	2,453,448.63	Ministry of Fisheries and Livestock
4	Lake Tanganyika Development Project Phase II	1,500,000.00	Ministry of Fisheries and Livestock
5	Lusaka Sanitation Programme	27,780,391.12	Ministry of Water Development and Sanitation
6	Rural Water Sanitation Project Phase II	2,029,000.00	Ministry of Water Development and Sanitation
7	Skills Development and Entrepreneurship Project	4,131,650.05	Ministry of Small and Medium Enterprises
8	Chiansi Small Holder Outgrower Support Project	2,000,000.00	Ministry of Agriculture
9	Itezhi-Tezhi Hydro Transmission Line	1,350,000.00	Ministry of Energy
10	Kariba Dam Rehabilitation Project	36,100,000.00	Ministry of Energy (Zambezi River Authority)
11	Kazungula Bridge Project	2,000,000.00	Ministry of Infrastructure Housing and Urban Development

ANNEX 2: BREAKDOWN OF PROJECTED DISBURSEMENTS ON EXISTING LOANS (continued)

S/N	LOAN NAME	PROJECTED	IMPLEMENTING MINISTRY
12	Livestock Management (SLIMP)	1,330,000.00	Ministry of Fisheries and Livestock
13	Nacala Road Corridor Development Project Phase IV	500,283.91	Ministry of Infrastructure Housing and Urban Development
14	Nacala Road Corridor Development Project	3,000,597.16	Ministry of Infrastructure Housing and Urban Development
15	Programme for Integrated Development and Adaptation to Climate Change in the Zambezi River Basin	3,452,000.00	Ministry of Agriculture
16	Zambia Emergency Food Production Project	2,137,817.53	Ministry of Agriculture
17	Africa CDC Regional Investment	22,000,000.00	Ministry of Health
18	Agribusiness and Trade Project	620,000.00	Ministry of Commerce, Trade and Industry
19	Devolution Support Programme	35,000,000.00	Ministry of Local Government and Rural Development
20	Eastern-Southern Higher Education Project	2,787,456.59	Ministry of Education
21	Zambia Education Enhancement Project I	20,000,000.00	Ministry of Education
22	Electricity Service Access Project	4,407,535.50	Ministry of Energy
23	Emergency Health Services	2,053,615.51	Ministry of Health
24	Girls Education and Women Empowerment and Livelihoods Phase II	10,700,000.00	Ministry of Community Development and Social Services, and Ministry of Education
25	Irrigation Development & Support Project Phase II	12,500,000.00	Ministry of Agriculture
26	Mining Environment Improvement Project	20,000,000.00	Ministry of Mines and Minerals Development
27	Scaling-Up Shock Responsive Social Protection	54,300,000.00	Ministry of Community Development and Social Services
28	Transforming Landscapes for Resilience and Development in Zambia	17,000,000.00	Ministry of Green Economy and Environment
29	Zambia Education Enhancement Project	10,000,000.00	Ministry of Education
30	Zambia Growth Opportunities	74,500,000.00	Ministry of Agriculture

ANNEX 2: BREAKDOWN OF PROJECTED DISBURSEMENTS ON EXISTING LOANS (continued)

S/N	LOAN NAME	PROJECTED	IMPLEMENTING MINISTRY
31	Zambia Improved Rural Connectivity Programme	39,200,000.00	Ministry of Infrastructure Housing and Urban Development
32	Zambia Integrated Landscape	4,035,899.92	Ministry of Green Economy and Environment
33	IMF Extended Credit Facility (Budget Support)	187,955,612.78	Ministry of Finance and National Planning
34	Cancer Treatment Centers Project	4,240,032.70	Ministry of Health
35	Great East Road Rehabilitation Project	4,000,000.00	Ministry of Infrastructure Housing and Urban Development
36	Kafue - Livingstone Transmission Line	5,000,000.00	Ministry of Energy
37	Lusaka Power Transmission ZESCO	10,000,000.00	Ministry of Energy
38	Great North Road (T2) Upgrade	10,000,000.00	Ministry of Infrastructure Housing and Urban Development
39	Prefabricated Health Posts	3,096,415.44	Ministry of Health
40	National Rural Water and Sanitation Project	1,509,800.00	Ministry of Water Development and Sanitation
41	Modernization of UTH Lusaka Project	3,747,026.70	Ministry of Health
42	King Salman Hospital Project	24,385,290.75	Ministry of Health
	Total	710,781,655.25	

2024 – 2026 Medium Term Budget Plan (MTBP)

Contents

1. 2024 Budget & 2024 – 2026 Macro Economic objectives
2. Key Macro Economics Assumptions
3. 2023 – 2026 Projection of Budget Resources & Debt Payments
4. Revenue Measures
5. Financing Measures
6. Expenditure Measures
7. Expenditure Allocations by Functions of Government
8. Strategic Development Areas
9. Risks to the 2024 Budget and 2024 – 2026 MTBP

1 2024 – 2026 MTBP Macro Economic Objectives

GDP Growth	Attain a real GDP growth rate of at least 4.7% over the medium term
Inflation	Sustain single digit inflation (6-8%)
Reserves	Maintain foreign exchange reserves of at least 3 months of import cover
Revenues	Mobilise domestic revenues of at least 21.9% of GDP by 2026
Deficit	Reduce the fiscal deficit to no more than 2.5 percent of GDP by 2026
Debt	Limit domestic borrowing to no more than 2.2% of GDP by 2026

2 Key Macro Economic Assumptions

	2024	2025	2026
Real GDP Growth (%)	4.8	4.3	4.7
Nominal GDP (In millions of Kwacha)	641,620.8	707,975.1	791,191.1
Budget Deficit (% of GDP)	5.0	3.1	2.5
CPI Inflation (annual average)	8.2	7.3	7.0
Average Exchange Rate (Kwacha /US dollar)	18.6	19.6	20.6
Copper Prices (In US\$ per MT)	8,300.0	8,000.0	8,500.0
Copper Production (Metric Tonnes)	796,994.3	866,003.6	939,683.9
Oil Price (in US dollar per barrel)	80	80	80

3 2023 – 2026 Projection of Budget Resources & Debt Payments

- The 2024 – 2026 medium term fiscal policy is anchored on enhancing domestic resource mobilization to finance public expenditure that will catalyse a spur in economic growth and improve livelihoods.
- Revenue and grants are projected to increase to K136.8 billion in 2026 from K113.3 billion in 2023.
- Financing (borrowing) to reduce gradually over the medium term, from the planned K54.0 billion in 2023 to K25.9 billion in 2026.

3 2023 – 2026 Projection of Budget Resources & Debt Payments (continued)

- Expenditure is projected to increase to K201.2 billion in 2026 from K167.3 billion in 2023.
- Therefore, to ensure fiscal sustainability (build capacity to service debt and support service delivery), the 2024 to 2026 medium term will largely be anchored on investing in productive areas that will spur growth and increase domestic revenue collections.

4 Revenue Measures

Key interventions

- Operationalise the Electronic Invoicing System (EIS) by January 2024 to assure greater integrity of the invoicing system for VAT purposes, in the country, and hence prevent the proliferation of fake invoices.
- Phase out the manual receipting system for Government services and move the collection mechanisms to digital platforms, mainly through the Government Service Bus.
- Undertake and complete the interfacing of Government Information Technology systems such as the Integrated Financial Management Information System (IFMIS), Zambia Integrated Land Administration System, Business Registration System, and Road Traffic Management System through the Government Service Bus platform with the Tax Online System;
- Mandate all sales of precious metals such as Gold, Manganese, Sugilite, and Diamond, produced by artisanal miners to an aggregator appointed by the Government to allow for the effective accountability of sales proceeds as well as tax revenues.

4 Revenue Measures (continued)

- Upgrade and modernize border posts to promote trade, including the Sakania Border, Mokambo Border and Kipushi Border Post.
- Operationalise the Mining Regulatory Commission for sustainable exploitation of the country's mineral resources.
- Undertake the geological survey of the country to facilitate for increased exploration investment.
- Streamline the granting of tax incentives and concentrate more on mobilising revenues from consumption taxes such as excise duties.

5 Financing Measures

Key Interventions

- Continue implementing the moratorium on the contraction of commercial loans until 2025 and only allow contraction of concessional financing with low interest rates and long maturity periods.
- Continue contracting domestic debt through issuance of Government Bonds and Treasury Bills on competitive public auctions.
- Leverage on Public Private Partnership (PPP) as an alternative source of financing to promote investment in various sectors.

6 Expenditure Measures

a) Key Interventions

- Realign expenditures with the aim of:
 - Enhancing economic growth and job creation – focus on mining, agriculture, tourism, digitalization;
 - Bridging the rural-urban gap - decentralization policy, Constituency Development Fund (CDF); and
 - Protecting social spending – health, education, water and sanitation, social cash transfer and pensions.

6 Expenditure Measures (continued)

b) Expenditure policy

- The public service wage bill will be contained at not more than 42% of domestic revenues and ensure it remains within sustainable levels.
- Increase the drug budget in order to make drugs readily available in all health facilities.
- Maintain debt service payments at the utmost at 6.5% of GDP whilst meeting all the debt service obligations.
- Prioritise social sector releases.

2024 – 2026 MTBP allocations by functions of Government (As share of total budget)

Function	2023 Approved budget	2024 projection	2025 projection	2026 projection	2024 – 2026 Average
General public services	39.5%	28.9%	25.7%	28.6%	27.7%
Defence	4.9%	5.4%	5.5%	5.2%	5.3%
Public Order and Safety	3.1%	4.2%	4.3%	4.0%	4.2%
Economic Affairs	20.9%	26.0%	29.4%	28.3%	27.9%
Environmental Protection	0.6%	1.0%	1.0%	1.2%	1.1%
Housing and Community Amenities	1.5%	1.7%	1.8%	1.7%	1.8%
Health	10.4%	11.2%	11.2%	10.8%	11.1%
Recreation, Culture and Religion	0.3%	0.3%	0.3%	0.3%	0.3%
Education	13.9%	15.3%	15.0%	14.5%	14.9%
Social Protection	4.9%	6.1%	5.8%	5.3%	5.7%
Total	100%	100%	100%	100%	100%

7 Expenditure Allocations by Functions of Government

Notable changes of expenditure by functions of Government:

- Expenditure on General Public Services is projected to reduce to 28.9% of the Budget in 2024 compared to 39.5% in 2023. This is largely on account of the reduction in external debt servicing on account of debt restructuring.
- Expenditure on Defence is projected to marginally increase to 5.4% of the Budget in 2024 from 4.9% in 2023 largely on account of the recruitment of security personnel (5,000 personnel).
- Public Order and Safety is similarly projected to increase on account of recruitment of police and immigration officers, and intervention under the Integrated National Registration Information System (INRIS).
- The Economic Affairs allocation is projected to take up 26.0% of the Budget in 2024 compared to 20.9% in 2023. This is largely on account of interventions in the Agriculture and fisheries sub-sectors i.e farm blocks and animal disease control and interventions in the road sector.
- Allocation to Health and Education functions are also projected to increase on account of recruitment of health and education personnel and infrastructure development.
- The share of Social Protection is equally projected to increase on account of scaling up allocations to social safety nets i.e Social Cash Transfer and pensions.

8 Strategic Development Areas

Economic Transformation and Job Creation

- Key will be to:
 - ensure the right policies and regulatory environment are in place to support private sector investment.
 - transform the economy to an industrialised and diversified one through value addition.
- **Agriculture sector**

Implementation of the Comprehensive Agriculture Transformation Support Programme (including migration of the Farmer Input Support Programme electronic system); irrigation development; extension services, livestock disease control; promotion of fodder and improved pasture production among smallholders and ranches as well as promote linkage between them, establishment of fish feed plants, cold chain facilities and hatcheries.
- **Mining sector**
 - Undertaking of integrated geophysical, geological and satellite imagery surveys with a view of identifying mineral resource deposit areas.
 - Operationalisation of the Mining Regulatory Commission to enhance regulation of the sector, promote investments, and ensure the nation accrues the requisite benefits from its mineral endowments.
 - Development of local content regulations that will enhance the participation of Zambians including through the development of real partnerships with investors.

8 Strategic Development Areas (continued)

- **Manufacturing Sector**
 - Increased value addition in the agriculture, mining and forestry sectors.
- **Energy Sector.**
 - Investment in power generation infrastructure
 - Promote the use of alternative green and renewable energy.
 - Scale-up rural electrification initiatives.
 - Implement the cost reflective pricing.
 - Accelerate the integration of transmission projects.
- **Tourism Sector**
 - Consolidate the development of the Northern and Southern Circuits particularly around Kasaba Bay and Liuwa National Park.
- **Transport Sector**
 - Maintenance, development, modernisation, and integration of road, rail, air and water transport infrastructure.
- **Information and Communications Technology Sector**
 - Integrate digital technologies into business processes.
 - Invest in building digital skills, especially among the youth.
 - Establish technology and innovation hubs across the country.

8 Strategic Development Areas (continued)

Human Development Objectives

- Key focus is to reduce poverty, inequality, and vulnerability, and thus, in the upliftment and safeguarding of livelihoods for all Zambians:
 - Recruitment of frontline personnel especially in the health and education sectors.
 - Provision of essential requisites and infrastructure.
 - Enhance skills training.
 - Continue with Social Cash Transfer Scheme and other social safety nets as well as the timely payment of pension benefits to retired public service workers.
 - Decentralisation of district health services.

Environmental Sustainability Objectives

- Develop climate resilient infrastructure as well as extend and improve coverage of early warning systems.
- Promote innovative financing and spearhead resource mobilisation for climate change interventions.

Good Governance Objectives

- **Debt Management:** Continue with the ongoing external debt restructuring exercise and seek comparable treatment from its private creditors including the Eurobond holders.
- **Decentralisation:** Actualise the implementation of fiscal decentralisation in line with the decentralisation policy implementation plan.
- **Public Private Partnership:** Continue leveraging on Public Private Partnership (PPP) as an alternative to promote investment in various sectors financing source.
- **Public Investment Management:** Continue to appraise all major public investment projects before inclusion in the Medium Term Budget Plans and the Annual Budget.

8 Strategic Development Areas (continued)

- **Monetary and Financial Sector Policies:** Pursue policies aimed at maintaining price and financial system stability which is critical to promoting inclusive and sustainable growth.
- **External Sector Policies:** Diversify the export base to increase export earnings, build gross international reserves and reduce volatility in the exchange rate.
- **Financial Inclusion:** Continue to improve access to affordable finance for farmers, agribusinesses, Micro, Small and Medium Enterprises (MSMEs) and exporters of high-value agricultural products.

9. Risks to the 2024 Budget & 2024 – 2026 MTBP

- **Weaker copper revenues** on account of lower ore grades and delayed investments in the sector; as well as weakening of copper prices;
- **Exchange rate fluctuations** on account of high demand for importation of commodities and foreign debt service;
- **Climate change** effects that pose a risk in terms of both food security and hydropower generation;
- **Inflationary pressures** due to exchange rate pass through effects and climate induced events such as food shortages;
- **Subdued global growth** due to contraction of China's economy, a main market for Zambia's copper exports; and
- **The Ukraine-Russia Conflict** that threatens supply chains of commodities, creating inflationary pressures. In addition, higher interest rates, thereby, constraining credit availability for weaker economies such as Zambia.

Doing Business in Zambia

- Zambia continues to attract Foreign Direct Investments (FDIs). This attests to the attractiveness of doing business in Zambia. Since 1991, the Government of the Republic of Zambia (GRZ) has been providing an enabling environment for businesses, both public and private to thrive. For the last 59 years since its independence in 1964, Zambia has been politically stable and has a young and stable democracy. It is an oasis of peace.
- The Government continues to create an enabling and conducive regulatory environment for operating business in Zambia through:
 - Revamping of the Patents and Companies Registration Agency (PACRA) and the creation of a one-stop shop.
 - Elimination of the minimum capital contribution requirement for business start-up.
 - Land registry computerisation and creation of a customer service centre to eliminate the backlog of registration requests. As a result, the time required to register property in the country has reduced. A new electronic land registration system has also been implemented.
- Positioning the country well with comparator economies on the ease of obtaining credit by strengthening access to credit information through the use of credit reference reports and data provided to the Credit Reference Bureau by banks and non- bank financial institutions.
- Implementation by Zambia Revenue Authority (ZRA) of electronic filing and payment (e-filing and e-payment) systems to enhance tax compliance.
- Implementation of one-stop border posts at Chirundu, Livingstone, Kasumbalesa and Nakonde to ease trade for importers and exporters of goods. Zambia Revenue Authority (ZRA) has also launched web-based submission of customs declaration and scanning machines at some border posts.

Why Invest in Zambia

- Zambia is a large country with a relatively small population, good climate to live in and has abundant natural resources and consequently a conducive country to do business in. Some of the salient statistics of Zambia are shown in the table below:

Land area	752,618 sq. km
Population	Approx. 20 million, made up of mainly young people and relatively skilled labour force.
Gross Domestic Product (GDP) per capita	Approx. US\$ 1,681
GDP growth (annual)	About 2.7 %
Exchange rate	US\$1=21 Zambian Kwacha (K)
Inflation rate	Approx. 12%
Repatriation of Profits	100%
Exchange Control	None. Free floating currency
Natural Resources	Abundant
Taxation system	Attractive and progressive
Electricity and Energy	Normally abundant except in drought years, relatively expensive.
Average Lending Rate (ALR)	Approx. 26%
Legal Framework	Zambian Companies Act and Statutory Instruments subsequently issued.

Source: ZDA (why invest in Zambia – (updated))

Why Invest in Zambia (continued)

- Government has in the last twenty years or so invested heavily in general infrastructure to improve on the environment for supporting businesses. For example:
 - Billions of dollars have been invested in the main trunk roads, in urban roads and rural roads;
 - Millions of dollars have been invested in the educational system to increase the quality and quantity of labour;
 - Millions of dollars have been invested in the health facilities, equipment and health personnel to move towards a healthy population;
 - Various legal reforms have been embarked on to have a conducive environment; and
 - Tax incentives have been availed to investors in rural areas and strategic sectors.
- Government has continually streamlined the licensing and administrative processes for the private sector through the Private Sector Development and Reform Program (PSDRP). Government has also provided for Public Private Dialogue Forum.
- The Certificate of Registration for investments under the ZDA Act provides investment guarantees and protection against state nationalisation.
- In addition to the statistics shown above the Government of the Republic of Zambia has formulated very attractive Investment Incentives. Investors are allowed to form any type of companies but GRZ encourages partnering with local businesses and people.

Why Invest in Zambia (continued)

- Zambia has been moving towards a One Stop Shop for Business Registration (OSSBR) by bringing in the Zambia Development Agency (ZDA), the Investment Centre, Patents and Companies Registration Agency (PACRA) and other agencies as an OSSBR. The objectives are to improve efficiency, reduce cost and time, make business registration more accessible and increase level of compliance. This has been done through streamlining business registration procedures, having integrated IT systems, decentralisation and carrying out sensitisation and awareness campaigns.
- The mainstay of the Zambian economy remains Mining (mainly copper). The other major sectors are Tourism, Agriculture, Construction and Transport. There is potential in the Manufacturing and Financial Services sectors which are growing and thriving. There are also various other niche sectors which offer attractive investment opportunities.
- The Financial Services sector is regulated by the Banking and Financial Services Act through the Bank of Zambia (BOZ) which falls under the Ministry of Finance and the Pension Scheme Regulation Act and Insurance Act through the Pensions and Insurance Authority (PIA).
- The banking sector in Zambia comprises some large and internationally renowned commercial banks such as ABSA Bank, Standard Chartered Bank, Stanbic Bank and First National Bank (FNB) of South Africa and local banks such as the Zanaco PLC (the largest bank in Zambia), Atlas Mara Bank, Investrust Bank, National Savings and Credit Bank, Zambia Industrial and Commercial Bank (ZICB) and Access Bank.
- There is also a thriving Micro Financial Services Sector dominated by the private sector such as Pulse Financial Services Limited trading as Entrepreneurs Financial Centre (EFC), Bayport Financial Services, Micro Bankers Trust and Finca.

Why Invest in Zambia (continued)

- The Insurance Companies and Pension Funds are both public and privately owned. These include the National Pension Scheme Authority (NAPSA), ZSIC Life Company, ZSIC General Insurance Company, Local Authorities Superannuation Fund (LASF), Madison Insurance Group (Madison), Professional Insurance Corporation of Zambia (PICZ), Prudential Life Assurance, Zambia Reinsurance, Sanlam, Saturnia Regna under African Life Assurance, Klaption Reinsurance, Emeritus Reinsurance and Goldman Insurance (Goldman).

Incentives

Eligibility Criteria

The following are the eligibility criteria for investors to benefit from tax incentives:

- Special Economic Zone;
- Business operating in a priority sector or rural area; and
- Meet the investment threshold.

Incentives (continued)

Definitions of the Criteria

Special Economic Zone

Defined under the Zambia Development Act as an area that is subject to unique economic regulations and includes multi-facility economic zones, industrial parks, inter-country trade zones and export processing zones;

Priority Sector

Defined as a sector or product that has a high growth potential as may be prescribed and as listed in the Statutory Instrument No. 17 of 2014 to be the following:

- Manufacturing
- Construction and Establishment of Infrastructure **excluding** Renovation, Expansion and Refurbishment:
 - Tourism
 - Health
 - Housing
 - Education
 - Agriculture
- Energy and Water Development:
 - Power
 - Fuel
 - Water Supply

Investment Threshold

Investor Type	Shareholding Structure	Investment Threshold USD
Local Investor	100% Zambian	50,000
Citizen Owned Company	50.1% and /or greater Zambian	100,000
Citizen Empowered Company	25.1% to 50% Zambian	150,000
Citizen Influenced	5% to 25% Zambian	500,000
Foreign Investor	100% Foreign	1,000,000

Incentives (continued)

The Incentives include:

- Zero percent import duty rate on capital equipment and machinery for five years.
- Accelerated depreciation on capital equipment and machinery for five years.
- Investment in any sector or product not provided for as a priority sector or product under the Act are entitled to non-fiscal incentives as follows:
 - Investment guarantees and protection against state nationalisation, except by Act of Parliament in critical circumstances;
 - Facilitation of access to factors of production and utilities such as land, water, electric power, transport and communication services for their investments;
 - Free facilitation for application of immigration permits, secondary licenses, and certificates; and
 - Access to any other after-care assistance that may be required.
- Tax concession for businesses in a rural area at 20% (2023: 14.2%) of the applicable corporate income tax rate for the first 5 years in operation in all sectors except mining (proposed in 2024 budget).

In addition, investors who invest in Zambia enjoy the following guarantees:

- Free repatriation of profits and dividends.
- Protection against non-commercial risks, as Zambia is a signatory of Multilateral Investment Guarantee Agency (MIGA) and Africa Trade Insurance Agency.
- Impartial forum for resolving disputes.
- Special Bilateral Investor Protection Agreements exist while new ones can be entered into.

Additional Incentives for Investors Operating in MFEZs

Investors in the Manufacturing sector and are export oriented are eligible for additional tax incentives if located in a Multi Facility Economic Zone (MFEZ) or Industrial Park. These include:

- Zero percent tax for a period of 10 years from the first year of commencement of works in a Multi Facility Economic Zone or Industrial Park;
- Zero percent tax on dividends declared on profits made on exports from first year of commencement of works, for companies in a Multi Facility Economic Zone or Industrial Park, for a period of 10 years;
- Zero percent tax on profits made on exports from first year of commencement of works, for companies in a Multi Facility Economic Zone or Industrial Park, for a period of 10 years;
- For years 11 to 13, only 50 percent of profits to be taxed; and
- For years 14 and 15, only 75 percent of profits to be taxed.
- Accelerated depreciation of up to 100% of any new implement, plant or machines for developers. (proposed in 2024 budget)

Other Sector Specific Incentives (Not In ZDA Legislation) According To ZRA Incentives Booklet

Agriculture

- Guaranteed VAT input tax claim for four years prior to commencement of production for businesses in the agricultural sector that make taxable supplies.
- Zero-rating of taxable agricultural products and supplies.

Other Sector Specific Incentives (Not In ZDA Legislation) According To ZRA Incentives Booklet (continued)

Agriculture (continued)

- Increased number of zero-rated agricultural equipment and accessories.
- VAT deferment on importation of some agricultural equipment and machinery.
- Zero-rating of the principal amount on finance leases for purchasing agricultural equipment and accessories listed in the Value Added Tax Zero-Rating Order.
- Income taxed at a reduced rate of 10%.
- Farm improvement allowance at 100% on fencing, appropriate farming and farm dwelling occupied by farm workers whose original cost is not in excess of K20,000.
- Farm works allowance at 100% for the full cost of stumping and clearing, works for prevention of soil erosion, boreholes, wells, aerial and geophysical surveys and water conservation.
- Dividends paid out of farming profit are exempt from tax for the first five years from the date the distributing company commences farming.
- Development allowance is given for any person who incurs expenditure on the growing of tea, coffee, or banana plant or citrus trees or other similar plants or trees. An allowance of 10% of such expenditure shall be deducted in ascertaining the gains or profits of that business.
- Increased capital allowance rate to 100% from 50% for implements, plant and machinery used in farming and agro – processing.

Other Sector Specific Incentives (Not In ZDA Legislation) According To ZRA Incentives Booklet (continued)

Mining

- Guaranteed input tax claim for ten years on pre-production expenditure for exploration companies in the mining sector.
- Interest on which a deduction is not allowed (in excess of threshold) may be treated as incurred during the next charge year and carried forward for a period of ten years.
- Tax losses shall be deducted from 50% of the income of the person from the mining operation provided that the losses shall not be carried forward beyond 10 subsequent charge years after the charge year in which the loss is incurred;
- Any mining company holding a mining license carrying on the mining of base metals is taxed at 30%.
- Dividends paid by a mining company holding a mining license and carrying on mining operations is taxed at 0%.
- 20% mining deduction on capital expenditure on buildings, railway lines, equipment, shaft sinking or any similar works.
- Allowable deduction of actual costs incurred by way of restoration and rehabilitation works or amounts paid into the Environmental Protection Fund pursuant to Section 86 of the Mines and Minerals Development Act 2015.
- Mineral Royalty deductible for Corporate Income Tax assessment purposes.
- Capital allowances at 50% of the cost of implements, plant or machinery used exclusively for mineral processing.
- Zero rating of capital equipment and machinery listed in the Second Schedule of the Zero-rating Order when supplied to a holder of a large-scale mining licence.

Other Sector Specific Incentives (Not In ZDA Legislation) According To ZRA Incentives Booklet (continued)

Manufacturing

- Guaranteed input tax claim for two years prior to commencement of production.
- Reduction of Licence fees for manufacturers of excisable products from K9,000 to K4,500.
- Income from organic and chemical manufacturing of fertilizers is taxed at a reduced rate of 15%.
- Capital allowances on industrial buildings used for the purposes of manufacturing shall be entitled to a deduction of 10% in the case of low-cost housing and 5% for other industrial buildings of the cost of the building.
- Persons who incur capital expenditure on an industrial building are entitled to claim a deduction called initial allowance at 10% of the cost incurred in the charge year in which the industrial building is first brought into use.
- Any person who incurs capital expenditure on an industrial building is entitled to an investment allowance at 10% of such expenditure in the first year used for manufacturing purposes.
- Suspended Corporate Income Tax for persons carrying on business of manufacturing ceramic products for the charge years 2022 and 2023.
- Capital allowances at 50% of the cost of implements, plant and machinery.
- The following are the proposed incentives in the 2024 budget for the cotton value chain:
 - 5 year tax holiday on profit for local producers of cotton;
 - 5 year tax holiday on profit from ginning of cotton; and
 - 10 year tax holiday on profit made from spinning of cotton and weaving of thread.

Other Sector Specific Incentives (Not In ZDA Legislation) According To ZRA Incentives Booklet (continued)

Tourism

- Zero-rating of VAT on tourist services provided to foreign tourists other than those included in tour packages.
- No import VAT on all goods temporarily imported into the country by foreign tourists.
- Capital allowances at 50% of the cost of implements, plant or machinery.
- Investment allowance at 10% of the cost of an extension to a hotel (being an industrial building).
- 5% wear and tear allowance to an extension to a hotel (being an industrial building)
- 10% initial allowance on an extension to a hotel (being an industrial building) in the year the building is first brought into use.
- Income taxed at a reduced rate of 15% for hotels and lodges on accommodation and food services.



UNLOCKING POTENTIAL POWERING DEVELOPMENT

Copperbelt Energy Corporation Plc (CEC) is a Zambian power generation, transmission, distribution and supply company, operating in the Copperbelt Province of Zambia and the Katanga region of the Democratic Republic of Congo (DRC). CEC is a major supplier of power to the mining industry in the region. CEC operates in the DRC market through its subsidiary, CEC-DRC Sarl. The privately-owned power utility is a member of the Southern African Power Pool, a pioneering international power trader in Southern Africa and publicly traded on the Lusaka Securities Exchange with more than 5,000 investors.

The asset-rich business, owning and operating multimillion-dollar power infrastructure, has a network comprising over 1,000 kilometres of 220kV, 66kV and 11kV transmission lines, 43 high voltage substations and a transmission interconnector with the DRC. CEC's current power generating assets comprise 80MW thermal and 34MW grid-connected solar PV plant. Several renewable solar, wind and hydroelectric generation prospects are in development.





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Profile and Services

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