

**2024 BUDGET ADDRESS BY HONOURABLE DR. SITUMBEKO MUSOKOTWANE,  
MP, MINISTER OF FINANCE AND NATIONAL PLANNING, DELIVERED  
TO THE NATIONAL ASSEMBLY**



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ASSEMBLY ON FRIDAY, 29<sup>TH</sup> SEPTEMBER, 2023**

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1. Madam Speaker, I beg to move that the House do now resolve into Committee of Supply on the Estimates of Revenue and Expenditure for the period 1<sup>st</sup> January, 2024 to 31<sup>st</sup> December, 2024 presented to the National Assembly on Friday, 29<sup>th</sup> September, 2023. This is pursuant to Article 202 of the Constitution of Zambia (Amendment) Act, 2016.

2. Madam, I am a bearer of a message from His Excellency, Mr. Hakainde Hichilema, President of the Republic of Zambia, recommending favourable consideration of the motion that I now lay on the Table.

3. Madam Speaker, this is the third Budget that the New Dawn Administration is presenting to this House. Since coming into office just two years ago, our Administration has achieved excellent progress in changing the social and economic landscape of our country.

4. Madam, on the economic front, Zambia's external debt is now under control following the debt restructuring agreement reached earlier this year. The rate of increase in prices of consumer goods or inflation, which we found at 24 percent, has reduced to 12 percent.

And, notwithstanding periods of instability, the exchange rate of the Kwacha is relatively more stable now than before. Of particular significance is that the strategic equity partner for Konkola Copper Mines has now been selected while that for Mopani Copper Mines is imminent. Once this process is concluded, the Copperbelt Province, and indeed the country at large, will soon come back to life.

5. Madam Speaker, in the social sector, we have provided free education, recruited more public workers, scaled-up social protection, enhanced Constituency Development Fund, and devolved some functions to Local Authorities.

6. Madam, ordinarily, these should be achievements over an entire 5-year term. But this has happened in just 2 years!

7. Madam Speaker, during the official opening of the Third Session of the Thirteenth National Assembly, President Hichilema emphasised on the need to build on the social economic gains I have just outlined. His vision is to see a better Zambia where the livelihoods of our people are improved. The 2024 Budget and those that will

follow do just that: to create conditions for stronger and sustained economic expansion and job creation.

8. Madam, the focus of the 2024 Budget is, therefore, to promote economic growth through enhanced private sector investment, increase production and productivity, and improve public service delivery. It is in this context that the theme for the 2024 Budget is “*Unlocking Economic Potential*”. Through this Budget, therefore, the Government makes a commitment to provide the policy framework, resources and incentives to unlock the economic potential of our country.

9. Madam Speaker, my Address this afternoon is structured in four parts. Part I covers macroeconomic developments in 2023. Part II outlines macroeconomic objectives and policies for the 2024 Fiscal Year. Part III provides estimates of revenue and expenditure along with borrowing requirements for 2024. In Part IV, I conclude my Address.

### **Part I**

## **MACROECONOMIC OVERVIEW FOR 2023**

### **Global Economic Developments**

10. Madam Speaker, as a way of starting, let me briefly review the

macroeconomic situation in 2023. At the global level, economic growth is expected to slow down to 3.0 percent in 2023 from 3.5 percent recorded in 2022. Sustained tightening of monetary policy in advanced economies, adverse effects of climate change, and the impact of the prolonged Russia-Ukraine war are largely responsible for the subdued economic growth.

11. Madam, the consequence of the weak global economy is that during the first nine months of 2023, commodity prices trended downwards. Copper prices declined to an average of US \$8,589 per metric tonne from US \$9,084 during the same period in 2022. Crude oil prices also reduced to an average of US \$82.8 per barrel from US \$104.6.

### **Domestic Economic Developments**

#### ***Economic Growth***

12. Madam Speaker, our economy is projected to grow by 2.7 percent in 2023 compared to 5.2 percent in 2022. The slowdown is mainly attributed to reduced production in the mining sector on account of operational challenges and flooding in some of the major mines.

13. Madam, notwithstanding the slowdown in growth this year, prospects in the medium-term are positive with the resolution of

challenges in the mining sector. Growth is, therefore, expected to pick-up in 2024 and over the medium-term.

### ***Inflation***

**14.** Madam Speaker, inflation has edged upwards to 12.0 percent in September 2023 from 9.9 percent in December 2022. This has largely been driven by increases in prices of maize grain and meat products as well as the depreciation of the Kwacha against the United States dollar.

**15.** Madam, the Kwacha depreciated by 10.9 percent against the US dollar to K20.05 per US dollar between January and August this year. The depreciation of the Kwacha was mainly on account of strong demand while inflows, especially from the mining sector, reduced.

**16.** Madam Speaker, in response to the recent rise in inflation, the Bank of Zambia has raised the policy rate by 100 basis points to 10.0 percent. In addition, 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 percent in February 2023.

### ***Budget Performance***

**17.** Madam Speaker, budget performance in 2023 has been

favourable and broadly in line with the projection. Total expenditure for the year is projected at K157.5 billion, 5.8 percent below the K167.3 billion which this House approved. Notable expenses include social cash transfer, dismantling of arrears, infrastructure development, and the Constituency Development Fund.

**18.** Madam, with respect to revenues and grants, these are projected at K119.1 billion, 5 percent above the target of K113.3 billion. Revenue collections are projected to be above target while borrowing, at K31.1 billion, will be lower than the target of K40.9 billion.

**19.** Madam Speaker, arising from the expenditure, revenue and financing outturn, the fiscal deficit is projected at 5.8 percent of GDP, which will be below the target of 7.7 percent. The lower budget deficit outturn is reflective of Government's commitment to fiscal discipline.

**20.** Madam, I am happy and proud to report that in the two years that this Administration has been in office, fiscal discipline has been very high. As I just reported, revenues and expenditures are nearly spot on as authorised by this august House. Moreover, deviations on expenditures seen in many years before, hardly exist while critical areas like

education, health, and CDF are fully funded as appropriated by this House.

### ***Debt Position***

**21.** Madam Speaker, the central Government external debt stock, excluding publicly guaranteed external debt, as at end-June 2023 increased marginally by 0.8 percent to US \$14.07 billion from US \$13.96 billion at end-December 2022. The increase was largely on account of disbursements by multilateral creditors. Total publicly guaranteed external debt, however, declined by 1.9 percent to US \$1.43 billion at end-June 2023 from US \$1.45 billion at end-December 2022.

**22.** Madam, the stock of Treasury bills and Government bonds stood at K213.9 billion as at end-June 2023 from K210.0 billion as at end-December 2022, representing an increase of 1.9 percent.

**23.** Madam Speaker, the stock of domestic arrears marginally increased by 0.2 percent to K77.8 billion as at end-June 2023 from K77.6 billion as at end-December 2022.

### ***Financial Sector Performance***

**24.** Madam Speaker, growth in lending by the banking sector slowed down to 6.4 percent in the first seven months of 2023 compared to a growth of 11.9 percent recorded in the

corresponding period in 2022. The slowdown was due to reduced borrowing by Government. Growth in lending to the private sector remained steady at 15.0 percent.

**25.** Madam, the overall financial performance and condition of the banking sector remains satisfactory. The capital position was adequate and earnings performance was strong. Asset quality was satisfactory, reflected in a lower non-performing loans ratio of 4.4 percent at end-August 2023, below the 10.0 percent prudential benchmark.

**26.** Madam Speaker, the performance of the non-bank financial institutions was also satisfactory. The capital position earnings performance, liquidity management and sensitivity to market risk remained satisfactory. Asset quality was rated fair with the ratio of non-performing loans improving to 12.1 percent at end-June 2023 from 13.0 percent at end-June 2022, but remained above the prudential limit of 10.0 percent.

**27.** Madam, emerging financial technologies and digitalization has brought immense benefits to the financial sector such as ease of accessing financial services. For instance, in the first half of the year, the value of mobile payments grew by 38.0 percent to K199.5 billion while the

volume of transactions grew by 7.1 percent to 976.4 million.

**28.** Madam Speaker, with increased usage of digital financial services, there is increasing threat of cyberattacks, which may compromise the stability of the sector. To mitigate this threat and preserve the integrity of the financial sector, the Bank of Zambia issued the Cyber and Information Risk Management Guidelines to the financial service and payment systems providers in May this year.

### *External Sector Performance*

**29.** Madam Speaker, in the first half of 2023, the merchandise trade surplus narrowed to US \$200 million from US \$1.7 billion during the same period in 2022. This outturn was due to higher imports while exports declined. Imports rose by 23.0 percent to US \$5.2 billion driven by capital and consumer goods. In contrast, export earnings declined by 11.6 percent to US \$5.3 billion. This was largely due to reduced copper export earnings on account of lower export volumes and prices.

**30.** Madam, as at end-August 2023, gross international reserves amounted to US \$2.9 billion, representing 3.2 months of import cover.

## **Part II**

### **MACROECONOMIC OBJECTIVES**

**31.** Madam Speaker, to unlock Zambia's economic potential, we must address the constraints facing the economy, especially in the mining, energy, manufacturing and agriculture sectors. These include low production and productivity, low diversification and industrialisation, low private sector investment, low access to affordable finance and low citizen participation.

**32.** Madam, the Eighth National Development Plan sets out strategies to address these bottlenecks and to take the country to a higher growth position. In this regard, Government will pursue the following macroeconomic objectives in 2024:

- a) Attain a real GDP growth rate of at least **4.8** percent;
- b) Reduce inflation to the **6-8** percent medium-term target band;
- c) Maintain international reserves above **3.0** months of import cover;
- d) Increase domestic revenue to at least **22.0** percent of GDP;
- e) Reduce the fiscal deficit to **4.8** percent of GDP; and

- f) Limit domestic borrowing to no more than **2.5** percent of GDP.

## **POLICIES FOR 2024**

**33.** Madam Speaker, the development strategy for the country as outlined in the Eighth National Development Plan is premised on the following key thematic areas:

- a) Economic Transformation and Job Creation;
- b) Human and Social Development;
- c) Environmental Sustainability; and
- d) Good Governance Environment.

**34.** Madam, I will now present the specific policies in these four strategic development areas.

### **A. ECONOMIC TRANSFORMATION AND JOB CREATION**

**35.** Madam Speaker, the New Dawn Administration has made progress in stabilising the economy over the last two years. This gives us a basis upon which we can achieve higher, sustainable and more inclusive growth. Notwithstanding the gains made, we have a number of challenges, particularly low production and

productivity in the major sectors of the economy.

**36.** Madam, let me now present the key interventions that will support economic transformation and job creation.

### ***Agriculture, Livestock and Fisheries***

**37.** Madam Speaker, over the past years, crop and livestock production has generally been below potential. This has been due to a number of factors such as 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.

**38.** Madam, according to the 2022/2023 Crop Forecast Survey, the country produced 3.2 million metric tonnes of maize. This means that the country produced enough food for itself. Notwithstanding this performance, several of our neighbouring countries experienced inadequate harvest. Demand for maize from the region has, therefore, led to higher maize grain prices and subsequently escalation in mealie meal prices.

**39.** Madam Speaker, traders from countries with maize shortages started buying maize from Zambia even when



it was still green in the fields and they offered our farmers high prices. Higher maize prices for our farmers is of course good for them. For many years, our farmers have been crying for better prices. Many of them sold their maize across borders or abandoned growing of maize and shifted to soya beans for better returns. The recently released data on poverty shows that people engaged in farming are among those where the incidence of poverty is higher. Improved prices for their maize will help to reduce their poverty.

**40.** Madam, under the circumstances, Government had no option but to raise the buying price of maize or else face a situation where most of the maize grown in Zambia would be exported by traders into the region, thereby causing even higher shortages. Better prices for maize, induced by higher regional demand, however, present an opportunity for our farmers to expand production, increase household income, reduce poverty, and earn the country the much-needed foreign exchange.

**41.** Madam Speaker, Government recognises that some of our citizens have been hit hard by the rise in mealie meal prices. To mitigate the escalation in prices of mealie meal, Government is implementing a number of measures to boost supply and stabilise the price.

**42.** Madam, we are implementing measures to lower the cost of producing maize. Key among these is the cost of fertiliser, which has come down to US \$865 per metric tonne from about US \$1,200 in the last season. Another measure Government is implementing is to come to an understanding with millers for them to reduce the cost of mealie meal if they buy maize from stocks held by the Food Reserve Agency. For millers using the Food Reserve Agency maize, there is no justification whatsoever for their mealie meal to be as high as what we see sometimes. Finally, 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.

**43.** Madam Speaker, in my last Address, I indicated that the Comprehensive Agriculture Transformation Support Programme would be developed to improve production. I am happy to report that good progress has been made and the Programme will be launched before the end of this year. The Programme will include extension service support, access to finance, irrigation development, support to value addition as well as storage and logistics.

**44.** Madam, Government is developing farm blocks, which are

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 can produce large stocks competitively and be able to export to the world at large.

**45.** Madam Speaker, to increase accessibility within farm blocks, Government will, in 2024, construct 300 kilometres of roads in Nansanga, Luena and Shikabeta farm blocks. In the same vein, Government will also embark on the construction of 10 bridges to enhance connectivity in the farm blocks. In addition, 200 kilometres of powerlines will be constructed in Luena, Luswishi and Shikabeta farm blocks to facilitate the installation of power to farms. Further, more investments will be made in irrigation infrastructure to reduce dependence on rain-fed agriculture and to ensure farmers are able to plant throughout the year. The ground plans for all these interventions have been completed.

**46.** Madam, to adapt to the adverse effects of climate change and build resilience, Government will continue implementing smart agricultural technologies in collaboration with Cooperating Partners. These include conservation agriculture, water harvesting, adaptive research, on-farm

research programmes, agricultural insurance, as well as early warning systems.

**47.** Madam Speaker, in the livestock sub-sector, Government will unlock potential by improving animal health, animal identification and traceability as well as livestock breeding programmes. The disease surveillance and response system will be enhanced as regional veterinary laboratories in Chipata, Choma, Isoka, Kasama, Mongu, Ndola and Solwezi become operational. In addition, the Central Veterinary Research Institute will be rehabilitated.

**48.** Madam, animal identification and traceability are critical to livestock trade, disease control and prevention of stock theft. To enhance animal identification and traceability, Government has developed an online system which is being piloted in Central, Lusaka, Northwestern, Southern, and Western Provinces. The system will enable the public to register, search and identify animals. The platform will be linked to a Short Messaging System for ease of access by animal owners. So far, 68,518 livestock farmers with 411,108 cattle have been captured. It is envisaged that the cattle population of approximately 5 million will be captured under this system by December 2024.

**49.** Madam Speaker, to strengthen legal reforms on animal identification and traceability, Government will bring to this House the Animal Identification and Traceability Bill in this session.

**50.** Madam, Government is implementing a community-based livestock breeding programme through a pass-on scheme to support livestock farmers with high quality breeding stock. So far, 225,000 livestock have been distributed to 36,000 households countrywide. In 2024, a total of 12,000 livestock farmers will benefit under this programme.

**51.** Madam Speaker, to increase livestock carrying capacity and build climate resilience, Government will continue implementing forage and pasture production. As at end-June this year, more than 19,000 hectares of degraded rangelands was over-sown, out of the target of 30,000, bringing the total over-sown rangeland to 99,000 hectares. This has improved livestock nutrition and assured all year-round availability of pasture and fodder.

**52.** Madam, to enhance production and productivity in the fisheries sub-sector, Government is promoting the establishment of fish hatcheries. In 2024, Government will establish 3 hatcheries in 3 aquaculture parks in Kasempa, Mushindamo and Samfya Districts in addition to the 18 hatcheries

already established. This will increase fingerling production to 433.4 million in 2024 from the current 302.0 million.

**53.** Madam Speaker, Government will also promote sustainable capture fisheries through enforcement of fishing ban and enhanced surveillance of our water bodies. The interventions under aqua and capture fisheries are aimed at reducing the national fish deficit to 52,000 metric tonnes in 2024 from 74,000 in 2023.

**54.** Madam, to unlock the potential of the agriculture sector and seize export opportunities while ensuring domestic food security, Government, working in collaboration with Cooperating Partners, will establish an agriculture credit window. This will support small scale farmers, emergent farmers, and public service workers with affordable financing to procure inputs, equipment and irrigation systems, among others.

### *Tourism*

**55.** Madam Speaker, last year, Government announced a unilateral waiver of tourist visa requirements for citizens from selected countries which has resulted in a boost of tourist arrivals. In the first half of 2023, international tourist arrivals increased by 22.0 percent to 605,650 tourists from

496,456 recorded in the corresponding period in 2022.

**56.** Madam, the sector has recovered as evidenced by increased room occupancy rates. In the first half of 2023, the room occupancy rate averaged 70 percent compared to 40 percent during the same period in 2022. Similarly, the length of stay by tourists increased to an average of 4 days in 2023 from 3 days in 2022.

**57.** Madam Speaker, visits to national parks, waterfalls and heritage sites increased by 34.3 percent to 213,528 in the first half of the year compared to 159,003 over the same period last year. This increase was partly attributed to a rise in domestic tourism. Other factors that have helped to boost tourist arrivals are the hosting of local and international meetings and enhanced tourism marketing.

**58.** Madam, to accurately determine trade in tourism services, Government will establish a tourism satellite account to measure the contribution of tourism to the economy. This will help with policy formulation and inform decision-making.

**59.** Madam Speaker, last year, I promised to secure resources from Cooperating Partners to develop tourism facilitation infrastructure at Kasaba Bay, Liuwa National Park, and

the source of the Zambezi river. I am happy to report that we have now secured US \$100 million under the Green, Resilient and Transformational Tourism Development Project. These resources will help to improve accessibility and diversity of tourism product offerings to attract more tourists and increase length of stay. Other developments will include the improvement of air and road connectivity to south west tourism circuit of Liuwa, Sioma-Ngwezi, Livingstone, Lower Zambezi, and Kafue National Parks.

**60.** Madam, to support diversification of tourism products, Government will undertake reforms to enhance wildlife conservation and management. Government will also promote sustainable tourism development to include tourism products such as cultural tourism, avitourism, health tourism and sports tourism. In addition, Government will continue to support the hosting of meetings, conferences, exhibitions and incentive travel.

### ***Mining***

**61.** Madam Speaker, in the first half of 2023, production of copper, emeralds and manganese declined mainly due to operational challenges. This was compounded by flooding and low ore grades at some major mines.

**62.** Madam, with the envisaged resolution of challenges at Mopani and Konkola Copper Mines as well as the possible coming on board of new mines, the mining sector is expected to boost production in 2024. This will support our goal of achieving the 3 million metric tonnes of copper production per annum by 2032.

**63.** Madam Speaker, the attractive tax policy regime is already yielding benefits. This is evidenced by the increase in committed investments in the sector to US \$3.4 billion in 2023 from US \$1.7 billion in 2022. 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 global transition to clean energy.

**64.** Madam, let me address the concerns raised by some sections of society that despite the favourable tax regime given to the mining sector, copper production has reduced. The reduction is not related to taxation, but rather to operational challenges at some mines.

**65.** Madam Speaker, it must be appreciated that investment in the mining sector takes time to yield

results. This is because mining companies must first evaluate the investment climate in the country, then begin to explore or hunt for the minerals, and then make the investments in the mines. As of now, Madam Speaker, the change in the tax policies that we made is without any doubt working. It has induced a lot of interest and people are busy doing explorations. On the basis of the information we have, some spectacular announcements of really big mines will be made at an appropriate time.

**66.** Madam, to attract targeted investment and accelerate mineral exploration projects around the country, Government will undertake a high resolution countrywide geophysical survey. In 2024, Government will carry out aerial surveys in Copperbelt, Lusaka, Northwestern, Southern, and Western Provinces as well as parts of Central Province. Accurate geological information is fundamental to the achievement of the 3 million metric tonnes of copper production target by 2032.

**67.** Madam Speaker, Government has declared all minerals as strategic for the country's economic prosperity. In this regard, Government will enhance the exploration, exploitation and trade of these mineral resources. So far, preliminary geological surveys for

lithium in Mapatizya and sugilite in Chembe have been conducted.

**68.** Madam, to enhance regulatory oversight in the mining sector, Government will bring a Bill in this session to operationalise the Minerals Regulation Commission. The Commission will address, among others, issues pertaining to production reporting, mineral content analysis, illegal mining and illicit trade of minerals.

### ***Manufacturing***

**69.** Madam Speaker, the manufacturing sector has continued to record steady progress, evidenced by the 4.7 percent growth rate in 2022. Indeed, manufacturing is a sector where we have seen excellent developments. Here are a few examples. Firstly, a few years ago, Zambia was fully dependant on imported fertiliser. Through a new investment, the country will not just be self-sufficient, but will be a net exporter of fertiliser. Secondly, Zambia used to be totally dependent on imported ceramic products. Today, we are exporting these products.

**70.** Madam, the Zambia Development Agency has this year received firm indications for new investments amounting to over US \$5.0 billion. The areas of interest have been across sectors but mostly in electric

vehicle batteries, renewable energy in wind and solar, pharmaceutical, and electric motorcycle assembly. This makes investment prospects over the medium term very bright. We are positive that a number of these investments will be actualized and thousands of jobs will be created.

**71.** Madam Speaker, following the recent visit by the President to China, further interest has been generated. Areas of interest include the assembly of mobile phones, assembly of electric motorcycles, and manufacture of pharmaceutical products and copper cables. Since the return of the President from China, delegations of Chinese investors have already started arriving in the country to advance these projects.

**72.** Madam, adding value to our raw materials remains a critical catalyst to grow our economy and create jobs. Priority will be on food and beverages, wood and wood products, leather and leather products, metallic and non-metallic minerals, textiles, and pharmaceutical products.

**73.** Madam Speaker, notable progress has been made in the establishment of Multi-Facility Economic Zones or simply called MFEZs. For instance, the Lusaka South MFEZ 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.

**74.** Madam, I am happy that our local entrepreneurs are responding to the incentives that we are providing in the MFEZs. Out of 30 companies in the construction phase, 23 are local. Similarly, out of 22 companies in the operational phase, 7 are local.

**75.** Madam Speaker, we must continue to draw upon and learn from the experiences of countries that have successfully employed special economic zones to attract more investment. As we all know, most of these countries were poorer than Zambia at independence. Today, they are far ahead and one of the tools that propelled them to wealth are special economic zones like our MFEZs.

**76.** Madam, whereas the current tax incentives in the MFEZs are acceptable, the zones still suffer from other inadequacies which reduce their attractiveness. To address the weaknesses, the following measures will be introduced by the end of first quarter 2024:

- Firstly, the land rates levied by Local Authorities will be harmonised and reduced. There has been the mistaken belief that Councils can earn a lot of money by overcharging on rates. In reality, they have failed to earn the rates because investors look for cheaper alternative locations;
- Secondly, the Employment Code Act, 2019 is a 'job killer' because it imposes onerous financial obligations and conditions on employers. These provisions will be reviewed generally, but especially so inside the MFEZs where we must aim to drastically reduce the burden they impose on employers. Further, a pay policy to workers based on agreed principles of more pay for higher productivity will be allowed; and
- Thirdly, immigration and work permit requirements have been onerous. It takes too long to have these permits issued and because of that, corruption has been perpetuated. In the MFEZs, therefore, there will be changes. The proposal is that in the MFEZs, an enterprise will automatically be granted a quota for expatriate employees,

at whatever level, whose ratio will be based on the total number of jobs created. The higher the number of jobs created, the higher the number of expatriates allowed and vice-versa. Security clearance on proposed individual expatriates will continue to apply.

**77.** Madam Speaker, for years, we have held onto a mistaken belief that the stricter a country is in permitting expatriate employees, the higher the number of jobs for local people. Experience from all over the world in actual fact points to the very opposite result.

**78.** Madam, by easing conditions in the MFEZs to the best practice in the world, our country will in effect conduct a live experiment inside secluded areas without exposing the whole country to such conditions. If, as we hope, the liberal conditions in the MFEZs prove more effective in attracting investments and expand job creation, then we shall in later phases work towards applying the liberal approach to the rest of the country.

**79.** Madam Speaker, it is Government's desire that more MFEZs are established for faster industrialisation. Since Government does not have the money to finance the MFEZs, we shall merely provide fiscal

incentives so that the private sector can develop them.

### ***Small and Medium Enterprise Development***

**80.** Madam Speaker, access to affordable finance continues to be a constraint to SME growth. To address this, Government is providing funds to targeted groups through a number of empowerment programmes such as Citizens Economic Empowerment Commission, Women Empowerment, Constituency Development Fund, and the Youth Empowerment. For instance, as at end-August 2023, the Citizens Economic Empowerment Commission disbursed K660 million to over 77,000 beneficiaries who included marketeers, persons living with disabilities, cooperatives, women and the youth.

**81.** Madam, to further facilitate access to affordable loans by SMEs, Government has increased the allocation to the Zambia Credit Guarantee Scheme. The Bank of Zambia, leveraging on private sector participation, will complement the existing Scheme by rolling out another credit guarantee scheme in 2024.

**82.** Madam Speaker, to accelerate micro, small and medium enterprise development, Government has been constructing industrial yards. To this end, four were commissioned in



Chipata, Kasama, Mansa, and Mongu earlier this year. An additional three are earmarked for commissioning in Kitwe, Lusaka, and Ndola before the end of this year. In 2024, Government will construct industrial yards in Chinsali, Choma, and Kabwe. The setting up of industrial yards will also create employment opportunities especially for the women and youth.

### *Energy*

**83.** Madam Speaker, energy is a critical enabler of economic development as it cuts across various socioeconomic activities. In this regard, Government will continue to implement reforms that promote efficiency and growth in the sector.

**84.** Madam, to mitigate the high cost of transporting petroleum products, Government converted TAZAMA Pipeline from a petroleum feedstock to a low sulphur diesel carrier. As a result, the pump price of diesel reduced to below that of petrol in April 2023. Had we not done the conversion of the pipeline, diesel pump prices would, right now, be higher by as much as 19 percent. I am aware that fuel prices are high presently, but this has to do with the rise in the price of the commodity where we buy it from and the depreciation of the exchange rate.

**85.** Madam Speaker, Government has now developed 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. I call upon the private sector to take advantage of the open access and participate in the supply of petroleum products. Further, I call upon the private sector to invest in a new pipeline to increase the volume of fuel that can be imported through the pipeline.

**86.** Madam, I hear of some citizens calling for the re-introduction of subsidies on fuel. If adopted, this of course means that we must cut expenditure elsewhere. In practical terms, it may mean abandoning the policy of free education, or failing to hire teachers or doing away with CDF. I don't believe that such choices would be wise.

**87.** Madam Speaker, to enhance growth of the electricity sub-sector, Government is implementing measures to increase electricity generation capacity which currently stands at 3,790 megawatts. This will be done through the provision of incentives to attract investment in power generation, which I will announce later in my Address. Government is also promoting the use of alternative renewable energy

sources to make the energy sector more resilient.

**88.** Madam, to increase access to clean, reliable and affordable energy in rural areas, Government will continue to support the Rural Electrification Programme. Government, through the Rural Electrification Authority, embarked on 62 Grid-Tied Electrification Projects and 19 Solar Mini-Grid Projects in 2023. Works on these Projects have since commenced and once completed, access to electricity in the rural areas will be improved.

### ***Transport and Logistics***

**89.** Madam Speaker, the transport sector is vital for unlocking the economic potential and the smooth running of the economy. The development, maintenance and rehabilitation of our transport networks, therefore, remain key in our economic transformation and job creation agenda.

**90.** Madam, the aviation sector in Zambia has seen remarkable recovery following the ravaging effects of the Covid-19 pandemic on global air transportation. As at end-August 2023, about 1.3 million passengers were recorded, a recovery of 106 percent from the pre-Covid-19 period at end-August 2019. Growth in the sector has been spurred by clear Government

policies which include the lifting of visa requirements in key tourist markets as well as opening of new routes such as Lusaka–Maputo and Lusaka–Cape Town. On the domestic front, traffic has recovered and exceeded the pre-Covid-19 level by 33 percent.

**91.** Madam Speaker, our country is vast and, therefore, requires huge sums of money to build and maintain roads. Unfortunately, we don't have the money for all the roads at once, more so given the debt left behind by the previous Administration. This means that our room for borrowing is highly limited. Nevertheless, the New Dawn Administration has used its ingenuity to utilise the Public Private Partnership mode of financing. In this regard, I am happy to report that the upgrading of the Lusaka-Ndola road to a dual carriageway has commenced. The Project will include the rehabilitation of Masangano-Fisenge-Luanshya roads.

**92.** Madam, to further demonstrate the commitment of the New Dawn Administration to the PPP mode of financing, I am glad to report to this august House that the rehabilitation of the Chingola-Kasumbalesa road started this year. The works have since reached 70 percent and will be completed before the end of this year. Everyone who has been on the Chingola-Kasumbalesa road has been impressed with its quality

and yet its cost per kilometre is nearly half of what was previously being paid.

**93.** Madam Speaker, under the PPP mode, the concession agreement for the Lumwana-Kambimba road has been signed. This road will connect Lumwana with Kolwezi in Democratic Republic of the Congo. The concession agreement for Katete-Chanida road will be signed in October this year. In addition, negotiations for the Ndola-Sakanika-Mufulira and Mufulira-Mokambo roads will be concluded before the end of October this year. To complement the roads linking with Democratic Republic of the Congo, Government will also construct and upgrade border infrastructure at Sakanika, Mokambo, and Kipushi under PPP. With all these PPP interventions, Zambia will have more connecting points with Democratic Republic of the Congo and thereby easing congestion at Kasumbalesa border.

**94.** Madam, in 2024, for the very first time, we will implement at least 5 PPPs in the road sector in one year.

**95.** Madam Speaker, not every road can be financed through PPP because investors prefer roads where there is heavy traffic to enable them recoup their investments. This notwithstanding, PPP remains very useful for us, as the limited resources of Government can then be deployed to

the roads which are of no commercial interest to the private sector.

**96.** Madam, Government will continue with the construction and rehabilitation of rural roads through the Improved Rural Connectivity Project. The Project targets to construct, maintain and rehabilitate 4,300 kilometres of feeder roads across the country. So far, 1,700 kilometres of feeder roads have been rehabilitated and routine maintenance is being undertaken. A total of 500 kilometres of feeder roads will be rehabilitated in 2024 under the Improved Rural Connectivity Project.

**97.** Madam Speaker, a further 700 kilometres of feeder roads will be constructed by the Zambia National Service and the Ministry of Local Government and Rural Development in 2024.

**98.** Madam, through the Constituency Development Fund, I am happy to note that a number of constituencies have acquired road construction equipment. With this equipment, we expect an additional 1,000 kilometres of feeder roads to be rehabilitated in 2024. Madam, CDF is a game changer in many respects, including rural roads.

**99.** Madam Speaker, taking into account all the works being undertaken

in the different programmes, the total stretch of feeder roads under construction will be an unprecedented 2,200 kilometres in one year. Going forward, and with the procurement of equipment by most of the constituencies, impassable roads, especially in rural areas, should be a thing of the past.

**100.** Madam, apart from feeder roads, Government will also rehabilitate and upgrade trunk and district roads. These will include Chipata-Lundazi, Mansa-Nchelenge, Monze-Niko, Mpika-Chinsali and Tateyoyo-Katunda roads.

**101.** Madam Speaker, the New Dawn Administration is indeed a working Government.

**102.** Madam, to reduce clearance time at our borders, Government will implement electronic data exchange for customs and make pre-clearance of goods mandatory as well as introduce a Single Payment Point to collect statutory fees on behalf of other border agencies. In line with our desire to reduce clearance time, operating hours at Katima Mulilo Border Post were extended to 24-hours in August this year.

**103.** Madam Speaker, in the air transport subsector, the construction and upgrading of airport infrastructure

remains a priority for Government. This year, upgrading and rehabilitation of Kasama Airport has been completed. In 2024, Government will commence the construction of airports at Kasaba Bay, Chinsali and Choma.

### ***Information and Communication Technology***

**104.** Madam Speaker, to digitalise the economy, Government remains committed to providing universal access to internet and mobile connectivity. In this regard, Government is this year constructing 139 communication towers to increase the network coverage to 92 percent from 78 percent in 2020. In 2024, an additional 169 towers will be constructed.

**105.** Madam, in collaboration with the private sector, Government will leverage on the use of a mix of technologies such as satellite and fibre connectivity to reach the unserved and underserved areas. Further, Digital Transformation Centres will be established in rural areas.

**106.** Madam Speaker, to improve the business environment, promote seamless access to public services and enhance public service delivery, Government has been migrating public services to an online platform called ZamPortal which can be accessed on

[www.zamportal.gov.zm](http://www.zamportal.gov.zm). This is part of the Government Service Bus and Payment Gateway. Services that can be accessed through this platform include payment for motor vehicle road tax and company registration.

**107.** Madam, Government has identified at least 1,500 services that need to be migrated to the ZamPortal. So far, 280 services are being offered online. Government will, in 2024, increase the number of services on the ZamPortal to 382.

**108.** Madam Speaker, the use of the ZamPortal has reduced transaction costs and queues in accessing public services as well as minimised revenue leakages. In addition, the Portal has assisted to cut down on the bureaucracy, improved transparency and accountability thereby reducing opportunities for corruption when accessing public services.

**109.** Madam, the migration of public services, which began in 2020, has so far recorded over 1.6 million transactions valued at approximately K2.0 billion. Nonetheless, the uptake remains low. To increase the consumption of online services, Government will enhance sensitisation, train public officers and increase internet access in the unserved and underserved areas.

**110.** Madam Speaker, to increase access to online Government services, especially in rural areas, Government will encourage local entrepreneurs and institutions such as schools and clinics to provide access to online public services to the local communities at a fee. This will create income generating and employment opportunities for local communities.

**111.** Madam, to increase access to digital services, investment will continue in connectivity up to the last mile. To achieve this, Government will leverage on the extensive national coverage of fibre networks to reach the unserved and underserved districts.

### *Science, Technology and Innovation*

**112.** Madam Speaker, to strengthen scientific and industrial research and enhance technology transfer and adoption, Government will create an enabling environment to promote collaboration among academic institutions, innovation hubs and research institutions to produce commercially viable products relevant to our economic transformation agenda. The measures will include the construction and rehabilitation of infrastructure, provision of equipment, and recruitment of more researchers at the National Institute for Scientific and Industrial Research. In addition, 5 innovation hubs will be constructed as

well as construction of centres of excellence at the University of Zambia and Copperbelt University.

**113.** Madam, Government will also operationalize the National Ground Receiving Station in Chibombo District. The Station will be able to download centralised raw remote sensing earth observation satellite data that will be used by different stakeholders. This will reduce the current expenditure incurred by different stakeholders in procuring duplicate spatial data from other countries. This technology will enable the use of artificial intelligence and will be useful in the application of precision agriculture, mineral exploration, and natural resource management.

## **B. HUMAN AND SOCIAL DEVELOPMENT**

### *Education and Skills Development*

**114.** Madam Speaker, Government will continue to increase access to quality education through infrastructure development. Over the last decade, Government commenced the construction of 115 secondary schools whose construction had stalled. During the past two years, Government has been allocating money to complete them. We have since completed 69 schools while the remaining 46 are still under construction and will be

completed in 2025. Government targets to construct an additional 202 secondary schools. Of these, 82 are under construction and will be completed in 2024 while construction of the remaining 120 secondary schools will commence in 2024.

**115.** Madam, in addition to the construction of schools, Government has been increasing the capacity of existing schools through the construction of classrooms. As at end-August 2023, a total of 3,132 classrooms were built under the CDF.

**116.** Madam Speaker, access to online educational services is mainly along the line of rail. Leveraging on the extensive national coverage of fibre networks, Government will roll out the e-learning management system aimed at ensuring easy access to online teaching and learning materials across the country. In addition, Government is collaborating with Cooperating Partners to improve internet connectivity in rural schools.

**117.** Madam, to improve the quality of education, Government has continued to recruit teachers and provide teaching and learning materials. When I presented the 2023 Budget to this House last year, we promised to employ more teachers. I am glad to report that the process for hiring 4,500 teachers has begun. That is not

even the end Madam Speaker. In 2024, another 4,200 teachers and 1,200 non-teaching staff will be recruited.

**118.** Madam Speaker, Government has shown its commitment to the education sector through these large expenditures. Government wishes to caution our district education management staff to enforce good behaviour and discipline in schools. In particular, the practice of teachers shunning rural places must end.

**119.** Madam, to improve the learning environment, we committed that no learner should sit on the floor. Progress has been made in the procurement of school desks. As at end-August 2023, over 442,000 desks had been procured mostly using CDF. Our target is to procure 1 million desks. All these desks are being manufactured by our local entrepreneurs in the respective communities, thereby creating jobs and increasing income for our people.

**120.** Madam Speaker, Government will continue to prioritise the provision of quality and relevant vocational skills by equipping training centres with modern equipment. This will align skills of TEVET graduates to industry requirements.

**121.** Madam, through enhanced CDF provision, skilled builders have become relatively scarce especially in rural

areas because the number of building jobs is on the rise. It was in anticipation of this shortage that we urged youths to step forward to be trained in building skills. After they have been trained, the youths will undergo apprenticeship until they have enough skills to be awarded contracts in their own rights. Youths! This facility is yours and it is still underutilised!

### *Health*

**122.** Madam Speaker, Government will continue to prioritise the provision of quality health care services. This will be achieved through the development of infrastructure, recruitment of health personnel as well as provision of medicines and medical supplies.

**123.** Madam, to improve health infrastructure, Government has completed the construction of 12 mini-hospitals out of the planned 16 this year. This brings the total number of completed mini-hospitals under Phase I to 111 out of the target of 115. The remaining 4 mini-hospitals in Lufwanyama, Lusaka, Mpongwe, and Mufumbwe Districts will be completed in 2024. In addition, Government has this year constructed 62 maternity annexes, of which 19 were financed from the Constituency Development Fund. In 2024, Government will construct 30 maternity annexes. Further, the construction of 135 mini-

hospitals under Phase II will commence across the country.

**124.** Madam Speaker, Government acknowledges that the supply of essential medicines and medical supplies has been inadequate. Let me assure the general public that we are working on ensuring that essential medicines and medical supplies are available in our health facilities. To this end, we have adopted a hybrid supply chain system that relies on both the health centre kit and bulk source supply systems. We have secured 42,000 health centre kits expected to last until mid-2024. To ensure a stable supply, Government has commenced the procurement of the next batch. Under the bulk source supply system, the first batch is expected before the end of this year.

**125.** Madam, Government is collaborating with stakeholders to establish a Local Pharmaceuticals Manufacturing Strategy. This will promote domestic production of pharmaceuticals and enhance the resilience of the supply chain in the country and contribute to job creation.

**126.** Madam Speaker, the recruitment of 3,000 health personnel has commenced and is expected to be completed by the end of this year. This fulfils the promise I made in my 2023 Budget Address. An additional 4,000

health personnel will be recruited in 2024.

**127.** Madam, to increase access to cancer treatment locally, Government will, in 2024, commence the construction of cancer treatment centres in Livingstone and Ndola. This will decongest the Cancer Diseases Hospital in Lusaka and reduce the cost of sending cancer patients abroad. Further, Government will upgrade radiotherapy equipment and infrastructure at the Cancer Diseases Hospital to improve the quality of service.

**128.** Madam Speaker, to strengthen the health care management information system, Government will scale up the implementation of the Electronic Health Record System to 3,000 health facilities in the next three years from the current 600. The System will facilitate quick access to health records wherever and whenever they are required by health personnel. In addition, the System will reduce the transaction costs associated with manual processing and provide critical information for planning and resource allocation.

### ***Water and Sanitation***

**129.** Madam Speaker, as at end-June 2023, a total of 634 boreholes equipped with hand pumps were constructed. We



expect over 1,000 boreholes to be completed by the end of this year. These are distributed across the country and will benefit more than 52,000 households. Further, 130 piped water schemes were constructed, benefiting more than 13,000 households.

**130.** Madam, to accelerate access to clean and safe water supply, Government will, in 2024, construct 1,374 boreholes and rehabilitate 1,270 boreholes across the country. This will benefit 92,000 households.

**131.** Madam Speaker, to improve water supply and sanitation services, Government has been implementing the Integrated Small Towns Project in Luapula, Muchinga, Northern and Western Provinces. The Project is scheduled to be completed in 2024 and will benefit over 193,000 households. I am happy to report that the Kafulafuta Water Supply Systems Project, benefiting over 1 million people, will be completed by the end of this year. Steady progress is also being made on the Kazungula Water Supply and Sanitation Project while works will commence this year on the Nkana Water Supply and Sanitation Project under Phase II.

**132.** Madam, to provide adequate sanitation services, 6,000 households will be connected to sewer networks. The connections are being done by

utility companies in Chipata, Kalulushi, Kitwe, Lusaka, Mongu and Sesheke.

**133.** Madam Speaker, in line with the directive by His Excellency, Mr. Hakainde Hichilema, President of the Republic of Zambia, Government will, in 2024, construct 168 waterborne sanitation facilities in public places and institutions across the country.

**134.** Madam, to harness water resources and ensure national water security, Government, this year, commenced the construction of 16 multi-purpose dams mostly in water stressed prone areas. The dams are in Central, Eastern, Luapula, Northern, Northwestern, and Southern Provinces. It is estimated that 15.7 million cubic meters of water will be harvested, benefitting over 22,000 households and approximately 1.7 million livestock. In 2024, Government will commence the construction of 38 dams across the country.

**135.** Madam Speaker, to enhance and prolong the lifespan of the existing dams, Government is rehabilitating 6 dams in Central, Eastern, Muchinga, Northern, and Western Provinces. In 2024, six more dams will be rehabilitated in Eastern, and Southern Provinces. Government will also continue to maintain dams across the country as well as implement

programmes aimed at restoring and protecting water sources.

### ***Social Protection***

**136.** Madam Speaker, the New Dawn Administration is a caring Government. Over the past two years, we have demonstrated our commitment to social protection. We will continue to support the poor and vulnerable through various social protection programmes. Social cash transfers are timely. We have reduced the waiting time for payment of pension benefits. As promised, we have implemented the partial withdrawal of pension benefits under the National Pension Scheme Authority.

**137.** Madam, in my last Address to this august House, I promised to reduce the waiting period for pensioners under the Local Authorities Superannuation Fund. I am happy to report that 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 Fund is expected to be current on the payment of pension benefits.

**138.** Madam Speaker, as a commitment towards uplifting the livelihoods of the poor and vulnerable, Government increased the number of beneficiary households on Social Cash Transfer to 1,100,998 by end-June 2023

from 1,027,000 in 2022. With regard to the Food Security Pack Programme, the number of beneficiary households has increased to 242,000 from 241,000 in 2022.

**139.** Madam, to alleviate immediate challenges faced by the most vulnerable, Government will, in 2024, increase the allocation under the Public Welfare Assistance Scheme to cater for 40,000 beneficiaries from the current 16,000.

**140.** Madam Speaker, the Girls' Education and Women's Empowerment and Livelihoods Project provides livelihood support for women and access to secondary education for girls in extremely poor households. There are currently 116,891 beneficiaries in 76 districts. The Project targets to cover 129,400 beneficiaries in 81 districts by April 2024.

### **C. ENVIRONMENTAL SUSTAINABILITY**

**141.** Madam Speaker, to adequately prepare and respond timely to adverse weather conditions, Government will expand the coverage and enhance early warning systems. So far, 86 automatic weather stations have been installed and an additional 34 will be installed by the end of this year. In 2024, Government will install 50 automatic weather stations.

**142.** Madam, climate related risks also pose increasing threats to the stability of the financial system. In 2024, Government will enhance the legal and regulatory framework to support green finance and entrench environmentally friendly practices in the financial sector.

**143.** Madam Speaker, to address rigidities in processing the environmental impact assessment, Government will review specific provisions in the law to shorten the time taken to issue the Decision Letter. This will ensure that decisions on complete applications are made within the specified timeframe, beyond which it will be deemed to have been approved. This will accelerate the actualisation of investment in the country.

#### **D. GOOD GOVERNANCE ENVIRONMENT**

**144.** Madam Speaker, to strengthen oversight in the use of public resources and enhance transparency and accountability, Government undertook a Governance Diagnostic Assessment and published the report in December last year. The Assessment identified governance weaknesses and corruption vulnerabilities and recommended measures to address them. Government will ensure that these recommendations are implemented.

**145.** Madam, to further enhance good governance practices in the delivery of public services, Government is promoting the integration of risk management in the public sector. This is in line with the requirements of the Public Finance Management Act, 2018.

**146.** Madam Speaker, the New Dawn Administration will continue to undertake legal, structural and policy reforms to support growth and development. The reforms relate to fiscal policy, domestic resource mobilisation, debt management, decentralization, public private partnerships and public investment management, among others.

#### **Fiscal Policy**

**147.** Madam Speaker, the overarching fiscal objective in 2024 will be to reduce the budget deficit, on cash basis, to 4.8 percent of GDP from the projected outturn of 5.8 percent in 2023. This will be achieved mainly through efficiency gains in domestic resource mobilisation efforts and will result in revenue collection of at least 22.0 percent of GDP while expenditures will be contained within sustainable levels. Government will continue to rationalise expenditure with priority placed on areas that will spur economic growth such as infrastructure development, CDF, and dismantling of

domestic arrears. To cushion the vulnerable people in our communities, we will continue implementing social protection programmes.

**148.** Madam, to enhance fiscal transparency and budget credibility, Government will produce a Fiscal Risk Statement on an annual basis. The Statement will provide an assessment of risks related to the budget and a framework for managing them in the short to medium-term.

**149.** Madam Speaker, Government will ensure that tax and non-tax policies remain stable and predictable. In addition, various incentives will be streamlined, systems digitalised and administrative capacities for revenue collection enhanced. All these efforts are aimed at maximizing revenue collection while promoting investment.

### **Domestic Resource Mobilisation**

**150.** Madam Speaker, revenue mobilisation will continue to be anchored on sealing revenue leakages and improving service delivery in tax administration. Government will enhance compliance by implementing tax administrative interventions by leveraging on technology and changing the operating model for the Zambia Revenue Authority.

**151.** Madam, Government will implement the electronic invoicing

system which will enable the Zambia Revenue Authority to have real time access to business transactions. The system will prevent the use of fake invoices in VAT refund claims and ensure that only qualifying entities claim deductions. With this system in place, all those who issue fake invoices or evade taxes, your days are numbered, and when caught, you are on your own.

**152.** Madam Speaker, the growing digital economy presents an opportunity for Zambia to further expand the tax base and collect more revenue from non-resident suppliers. Government will, therefore, put in place a legal framework and strategies to implement taxation of the Cross-Border Electronic Services.

**153.** Madam, Government will also review global developments in digital services' taxation for income tax purposes. Further, to pursue efficient international taxation and combat tax evasion, Zambia will join the Global Forum on Tax Transparency and Exchange of Information for tax purposes. This Forum will facilitate the exchange of tax information among 140 jurisdictions, ensuring transparency and combating illicit financial flows.

**154.** Madam Speaker, to consolidate provisions relating to tax administration, Government will, in 2024, commence consultation to

introduce a unified Tax Administration Act. This Act will, among others, enable the harmonisation of tax treatment across different tax types and ease tax administration. Further, Government will, in 2024, amend the Zambia Revenue Authority Act to introduce a whistleblower reward. This will enable the reward of whistleblowers who disclose information leading to the recovery of tax.

### **Debt Management**

**155.** Madam Speaker, to restore debt sustainability, Government has been undertaking an external debt restructuring exercise with official creditors under the G20 Common Framework. Following the agreement in principle that was reached in June this year with the official creditors, a Memorandum of Understanding will be executed between the parties. To ensure that the interests of all parties are covered, the technical aspects of the MoU are still being refined. We are confident that the MoU will be finalised and executed before the end of this year.

**156.** Madam, Government has also continued to engage commercial creditors, including Eurobond holders, to seek a debt treatment comparable to what has been agreed with the official creditors.

**157.** Madam Speaker, as part of our debt management strategy, Government remains committed to contracting only concessional loans in the medium-term.

**158.** Madam, high interest rates continue to characterise the Government securities market thereby increasing the cost on the Treasury. To address this, Government is progressively reducing the size of the fiscal deficit. In addition, the E-bond trading platform has been extended to include retail investors to promote competition, improve liquidity, and enhance price discovery in the secondary market for Government securities. Further, Government remains committed to issuing Government securities through auctions and avoid private placements.

### ***Decentralization***

**159.** Madam Speaker, to redress socio-economic inequalities, Government will ensure that decentralisation by devolution is fully implemented in the medium-term. In this regard, all the eight functions in Phase I have been devolved to Local Authorities with 34,963 civil servants attached. Matching financial resources for the devolved functions will be allocated to the Local Authorities in 2024. To facilitate the devolution of additional functions in 2025 under

Phase II, preparatory work will commence in 2024.

**160.** Madam, to ensure that the capacities of the Local Authorities are strengthened, Government is implementing the Zambia Devolution Support Programme. The Programme focuses on fiscal decentralization and financial management, local area planning and budgeting, governance, and human resource management of the Local Authorities.

**161.** Madam Speaker, to ensure efficient utilisation 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.

**162.** Madam, with the increased allocation towards CDF, all constituencies will be required to facilitate the provision of water reticulation and sanitation systems in public amenities. In addition, provision of desks in public schools will continue to be prioritised.

**163.** Madam Speaker, the public will continue to participate in defining their development needs.

**164.** Madam, Government will also review the Constituency Development Fund Act, 2018 and the Public Procurement Act, 2020 to further strengthen citizen participation and streamline procurement processes.

### **Population and Development**

**165.** Madam Speaker, to integrate population variables in our development planning, Government will continue undertaking subnational analysis and carrying capacity assessment for all districts. The subnational analysis will establish poverty levels and living conditions of our people at constituency level. This will help design targeted interventions to reduce poverty and inequality.

**166.** Madam, Government will conduct carrying capacity assessment for each district and constituency to establish their ability to deliver public services effectively and efficiently. The assessment will also help allocate resources based on the needs of each district.

**167.** Madam Speaker, according to the Living Conditions Monitoring Survey conducted in 2022, the poverty rate increased to 60 percent from 54.4 percent in 2015. Consistent with

strategies in the Eighth National Development Plan, Government is undertaking various interventions to unlock the potential of the economy, raise economic growth and increase household income. This is the surest way of addressing poverty on a sustainable basis.

### **Integrated National Registration Information System**

**168.** Madam Speaker, our national identity documents are manual and, therefore, prone to abuse. In this regard, Government is promoting the use of biometric identity through the Integrated National Registration Information System, simply called INRIS. This System will assign a unique national identification number at birth as opposed to when a citizen attains the age of 16. It will also eliminate the current incidences of duplicate NRCs and the need to provide photocopies of the identity cards whenever one wants to access services such as registration for a sim card and opening of a bank account.

**169.** Madam, the system will also, eliminate costly silo approaches to the delivery of public services and improve the optimisation of administration of various systems. Most importantly, the biometric identity will mitigate the use of NRCs for fraudulent transactions.

### **Monetary Policy**

**170.** Madam Speaker, when there is a rapid increase in the general price of goods and services, what we refer to as inflation, it is those with low incomes who are affected the most. Further, high inflation disrupts business planning, raises the cost of finance, and undermines the provision of credit and the promotion of investment.

**171.** Madam, it is for this reason that the Bank of Zambia's primary objective will remain to work towards bringing inflation to within the 6-8 percent target range. The Bank will use all the tools at its disposal, with the monetary policy rate as the key instrument.

**172.** Madam Speaker, as they do so, we do recognize that some aspects of inflation, such as the increase in food prices we have experienced and that I have already alluded to earlier, are not easily addressed with the tools at the central bank's disposal. This requires an increase in the supply of food products.

### **Financial Sector Policy**

**173.** Madam Speaker, following the issuance of the commencement order for the Bank of Zambia Act, 2022, the Financial Stability Committee will become operational in 2024. The Committee will, among others, formulate macroprudential policies to

achieve and maintain financial system stability.

**174.** Madam, to ensure that the financial sector effectively contributes to growth and economic development, the Banking and Financial Services Act, 2017 will be reviewed in 2024.

**175.** Madam Speaker, the cost of borrowing remains high. With the economic reforms we have undertaken since coming into office, including the significant reduction in the budget deficit, we expect yield rates on Government securities to fall. Lower Government borrowing also means that there is more money available for the private sector to borrow. Government, therefore, also expects commercial banks to play their part by lowering interest rates.

### **Financial Inclusion**

**176.** Madam Speaker, financial inclusion is an important tool in empowering all Zambians to fully participate in economic development. We have made good progress in improving financial inclusion and the rapid expansion in the use of mobile money has played a leading role.

**177.** Madam, given that the growth in the use of mobile money is an important channel for financial inclusion, improving internet connectivity is critical in increasing the

number of people who are financially included. The policies I have outlined to expand the network of mobile towers and access to satellite technology will increase network coverage and, therefore, facilitate greater inclusion.

**178.** Madam Speaker, a second key constraint to financial inclusion is financial literacy. The Bank of Zambia will continue to sensitize the public through its “*Go Cashless*” Awareness Campaign. More broadly, Government will, before the end of this year, launch the second National Financial Inclusion Strategy. The Strategy will cover the period 2024 to 2028 and has the goal of ensuring universal access to and usage of a broad range of financial services.

### **External Sector Policy**

**179.** Madam Speaker, Government will continue to maintain a flexible exchange rate regime. In this regard, Government will cushion the economy against external shocks by accumulating adequate international reserves and providing necessary market support. To increase foreign exchange earnings, Government will promote export-led industrialisation and attract foreign direct investment.

**180.** Madam, to promote exports, Government is supporting value addition and integrated value chains in priority sectors that include agriculture,



tourism, mining and manufacturing. The strategies include scaling up trade missions to expose exporters to international markets, improving the quality of products, encouraging partnerships and joint ventures, enhancing identification of new export products, and developing export readiness of enterprises.

**181.** Madam Speaker, 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 the Electronic Balance of Payment Monitoring System. To this end, the 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 control to use the funds as they deem fit. Implementation of the Framework will commence on 1<sup>st</sup> January, 2024. The

Bank of Zambia will continue to undertake extensive consultations with all stakeholders prior to implementation.

### **Part III**

#### **THE 2024 BUDGET**

**182.** Madam Speaker, Government proposes to spend K177.9 billion or 27.8 percent of GDP. To support this expenditure, K141.1 billion or 22.0 percent of GDP will be domestic revenue, K3.4 billion or 0.6 percent of GDP is grants from Cooperating Partners, and K33.3 billion or 5.2 percent of GDP is financing. Accounting for amortisation of K2.5 billion or 0.4 percent of GDP, net financing translates into a fiscal deficit, on cash basis, of K30.8 billion or 4.8 percent of GDP.

**183.** Madam, I now present details of the proposed expenditure, revenue and the attendant borrowing for the 2024 Budget.

## 2024 EXPENDITURE BY FUNCTIONS OF GOVERNMENT

2024 BUDGET ALLOCATIONS BY FUNCTIONS OF GOVERNMENT		
FUNCTION	2024 BUDGET K	SHARE OF BUDGET
<b>General Public Services</b>	<b>58,929,609,925</b>	<b>33.1%</b>
O/w Domestic Debt	32,905,550,262	
External Debt (Interest and Principal)	6,011,715,419	
Dismantling of Arrears	6,864,198,983	
Local Government Equalization Fund	1,449,071,480	
Compensation Fund	703,300,000	
<b>Defence</b>	<b>9,922,469,354</b>	<b>5.6%</b>
<b>Public Order and Safety</b>	<b>6,755,876,279</b>	<b>3.8%</b>
O/w Integrated National Registration Information System (INRIS)	250,000,000	
<b>Economic Affairs</b>	<b>39,755,488,379</b>	<b>22.3%</b>
O/w Agriculture, Fisheries & Livestock Interventions	13,826,019,474	
O/w Farmer Input Support	8,561,421,253	
Strategic Food Reserve	1,680,000,000	
Farm block Development, Irrigation & Extension Services	598,376,550	
Animal Disease Control	498,822,748	
Road Infrastructure	8,337,221,909	
Constituency Development Fund	3,836,252,641	
O/w Community Projects	2,880,420,612	
Youth & Women Empowerment Funds	955,832,029	
Tourism Sub-Sector	769,496,627	
Provincial Aerodromes Infrastructure	700,721,345	
Empowerment Funds for SMEs	391,900,075	
Credit Guarantee Scheme	386,000,000	
Geological Mapping	160,000,000	
Public Sector Credit Facility	150,000,000	
<b>Environmental Protection</b>	<b>1,450,767,798</b>	<b>0.8%</b>
<b>Housing and Community Amenities</b>	<b>2,651,214,182</b>	<b>1.5%</b>
O/w Water Supply & Sanitation	1,948,869,116	
O/w Construction and rehabilitation of dams	443,487,003	
<b>Health</b>	<b>20,906,443,693</b>	<b>11.8%</b>
O/w Drugs and Medical Supplies	4,951,092,795	
Health Infrastructure	1,394,734,394	
O/w Construction of Mini Hospitals	239,836,842	
Electronic Health Records System	120,000,000	
<b>Recreation, Culture and Religion</b>	<b>493,427,816</b>	<b>0.3%</b>
<b>Education</b>	<b>27,354,806,191</b>	<b>15.4%</b>
O/w School Grants	1,863,034,004	
School & University Infrastructure	1,584,812,163	
Higher Education Scholarship Board	1,234,472,290	
Constituency Development Fund	942,907,506	
O/w Secondary Schools & Skills Development Bursaries	942,907,506	
Equipping of TEVET Institutions	70,000,000	
<b>Social Protection</b>	<b>9,671,765,277</b>	<b>5.4%</b>
O/w Social Cash Transfer	4,118,237,220	
Public Service Pension Fund	3,872,921,174	
Food Security Pack	1,260,855,784	
Local Authorities Superannuation Fund	400,000,000	
<b>TOTAL</b>	<b>177,891,868,893</b>	<b>100.0%</b>

*Note: The Table highlights only some of the notable expenditure items under each of the function categories.*

## **General Public Services**

**184.** Madam Speaker, the allocation to General Public Services amounts to K58.9 billion or 33.1 percent of the budget. Of this, K32.9 billion will be used to service domestic debt while K6.0 billion is for external debt. I have also allocated K703.3 million to the Compensation Fund.

**185.** Madam, to promote efficient, effective and equitable public service delivery across districts, I have allocated K1.4 billion to the Local Government Equalisation Fund which will be turned into a recurrent grant, starting in 2024. This will, among others, support the remuneration of councillors and give Local Authorities more power to make decisions. This is in recognition of the fact that projects that were previously being implemented through the Local Government Equalisation Fund will now be covered under CDF. I have also allocated K6.9 billion for dismantling of arrears to unlock the much-needed liquidity in the market.

## **Economic Affairs**

**186.** Madam Speaker, Government proposes to spend K39.8 billion or 22.3 percent of the total budget to support economic sectors and unlock the growth potential of our country. The substantial resources allocated to this

function are in line with our priorities espoused in the Eighth National Development Plan.

**187.** Madam, of the allocated funds to the Economic Function, K8.3 billion is for the construction, rehabilitation and maintenance of roads, including feeder roads across the country. This is an increase of 59.6 percent from K5.2 billion in 2023.

**188.** Madam Speaker, I have allocated K13.8 billion for the implementation of programmes under the agriculture, fisheries and livestock sector. Of this amount, K8.6 billion is for the Farmer Input Support Programme to cover over 1 million beneficiaries. About 77 percent of the beneficiaries will receive support through the e-voucher system. Government has also allocated K1.7 billion for the maintenance of strategic food reserves.

**189.** Madam Speaker, the completion of the development of the identified farm blocks will be a game changer to boosting agricultural production and productivity. In this regard, I have allocated K598.4 million towards the Nansanga, Luena, Luswishi and Shikabeta farm blocks. This amount will go towards the construction of at least 300 kilometres of roads and 10 bridges as well as

electrification and irrigation development.

**190.** Madam, I have increased the allocation to the Zambia Credit Guarantee Scheme to K386.0 million from K150.0 million this year. Of this amount, K186.0 million is for the establishment of a financing and credit window for small scale farmers, public service workers, and emergent farmers.

**191.** Madam Speaker, I have allocated K498.8 million towards the procurement of vaccines, animal health extension services, surveillance, animal identification and put into operation regional veterinary laboratories.

**192.** Madam, to promote diversification in the mining sector, I propose to spend K160.0 million on geological mapping to support exploration and investments.

**193.** Madam Speaker, to ensure that more resources are directly provided to communities for local development, including basic services such as clean and safe water, maternity wings, and school desks, I propose to increase the allocation to CDF to K4.8 billion. With this increase, each constituency will receive K30.6 million from the current K28.3 million.

**194.** Madam, to promote entrepreneurship among our people, I propose to allocate K391.9 million to

the Citizens Economic Empowerment Commission. This is in addition to other empowerment funds under CDF, Gender Division, and the Ministries of Community Development and Social Services, and Youth, Sport and Arts.

**195.** Madam Speaker, to improve air transport and to ensure that Zambia becomes a regional hub for air connectivity, I propose to spend K700.7 million on Provincial Aerodromes. The allocation is earmarked for the rehabilitation and upgrade of Mansa, Mbala, Mongu, and Solwezi Airports and the development of Chinsali, Choma, and Kasaba Bay Airports.

**196.** Madam, I have allocated K769.5 million to the tourism sector for the development of tourism infrastructure, marketing, wildlife management, and development of tourism products, among others.

**197.** Madam Speaker, to improve access to affordable loans for public servants, I have allocated K150.0 million to the Public Service Microfinance Company. The amount will go towards the recapitalization of the institution to provide affordable loans and other innovative financial solutions to public service workers across the country.

## **Education**

**198.** Madam Speaker, to lay a firm foundation for our children to develop into productive and innovative citizens, I propose to spend K27.4 billion or 15.4 percent of the budget on the Education Function.

**199.** Madam, of the allocated funds, I propose to spend K1.9 billion on grants to schools in line with our free education policy. In addition, I propose to increase the allocation to the School Feeding Programme to K111.7 million from K39.4 million to increase coverage and improve the quality of meals. This provision is very important for next year, in particular, and is part of the response measure to the escalated food prices.

**200.** Madam Speaker, to continue with the program of completing abandoned secondary schools, I propose to spend K338.3 million.

**201.** Madam, I propose an allocation of K70.0 million for equipping TEVET training centres with modern equipment to enable them provide quality and relevant vocational skills.

**202.** Madam Speaker, to improve service delivery in the education sector, I propose to allocate K356.1 million for the recruitment of 5,400 personnel. Of this, 4,200 will be teachers while the balance of 1,200 will be non-teaching

staff. The recruitment of teachers will not only reduce the backlog of unemployed teachers but also improve the teacher-pupil ratio.

**203.** Madam, I propose to increase the allocation to the Higher Education Loans and Scholarship Board to K1.2 billion. This will increase the number of students benefiting from the Loan Scheme.

## **Health**

**204.** Madam Speaker, to support the delivery of health services, I propose to allocate K20.9 billion or 11.8 percent of the budget. Of this amount, K5.0 billion is for the procurement of medicines and medical supplies.

**205.** Madam, to increase access to healthcare for our citizens, I propose to allocate K1.4 billion towards health infrastructure development across the country. Of this amount, K239.8 million will go towards the completion of the remaining 4 mini-hospitals in Phase I, and the commencement of the construction of 135 mini-hospitals under Phase II of the Project.

**206.** Madam Speaker, to improve quality of healthcare, I propose to allocate K344.1 million for the recruitment of 4,000 health personnel.

**207.** Madam, to strengthen the health care management information system, I

propose to allocate K120.0 million towards the scaling up of the Electronic Health Record System with support from Cooperating Partners.

### **Housing and Community Amenities**

**208.** Madam Speaker, I propose to spend K2.7 billion on housing and community amenities.

**209.** Madam, I have allocated K443.5 million for the construction of 28 dams and rehabilitation of 6 dams. This is in line with Government's commitment to promote irrigation development for sustainable agriculture production and enhanced productivity.

**210.** Madam Speaker, to improve and ensure our citizens have clean and safe water, I have allocated K126.7 million for the construction of 1,374 boreholes. I have further provided K38.5 million for the rehabilitation of 1,270 non-functional boreholes in peri-urban and rural areas. This is complimentary to the works being done under CDF.

### **Public Order and Safety**

**211.** Madam Speaker, I have allocated K6.8 billion towards the Public Order and Safety Function. Of this allocation, K250.0 million will be for the implementation of the Integrated National Registration Information System. The allocation to the function

will also be used to rehabilitate prison infrastructure as well as complete the construction and rehabilitation of police stations and posts.

### **Social Protection**

**212.** Madam Speaker, to uplift the living standards of vulnerable Zambians, I propose to allocate K9.7 billion for social protection related expenditures. Of this amount, K4.1 billion is for the Social Cash Transfer Programme.

**213.** Madam, for our pensioners, I propose to increase the allocation to the Public Service Pension Fund to K3.9 billion from K2.4 billion. I have also increased the allocation to the Local Authorities Superannuation Fund to K400.0 million from K300.0 million. The increase in the allocations is aimed at reducing the waiting time for pension payment.

### **Environmental Protection**

**214.** Madam Speaker, I propose to spend K1.5 billion towards environmental protection. The funds will be used to implement various programmes and projects to protect the environment and build resilience against the effects of climate change.

## **Other Functions**

**215.** Madam Speaker, I propose to allocate K10.4 billion to the functions of Defence as well as Recreation, Culture and Religion.

## **REVENUE ESTIMATES AND MEASURES**

### **Resource Envelope for the 2024 Budget**

**216.** Madam Speaker, Government intends to raise K177.9 billion to meet

the proposed expenditure. This amount will comprise K141.1 billion in domestic revenue of which K114.5 billion will be tax revenue while K26.5 billion will be non-tax revenue. Grants from Cooperating Partners will be K3.4 billion.

**217.** Madam, K33.3 billion will be financed through debt in accordance with the Annual Borrowing Plan. Of this amount, K16.3 billion will be domestic and K17.0 billion external financing.

## 2024 RESOURCE ENVELOPE

	Amount (ZMW)		Share of Budget	Share of GDP
<b>TOTAL DOMESTIC REVENUE, GRANTS AND FINANCING</b>		<b>177,891,868,893</b>	<b>100%</b>	<b>27.8%</b>
<b>I. Total Domestic Revenue and Grants</b>		<b>144,548,825,519</b>	<b>81%</b>	<b>22.6%</b>
<b>II. Domestic Revenue</b>		<b>141,113,730,377</b>	<b>79%</b>	<b>22.0%</b>
<b>Tax Revenue</b>		<b>114,578,995,181</b>	<b>64%</b>	<b>17.9%</b>
<b>a. Income Tax</b>		<b>61,322,017,941</b>	<b>34%</b>	<b>9.6%</b>
Company Tax	25,680,487,986			
Pay As You earn (PAYE)	23,714,783,839			
Withholding Tax and Other Revenues	11,926,746,116			
<b>b. Value Added Tax (VAT)</b>		<b>36,361,861,216</b>	<b>20%</b>	<b>5.7%</b>
<b>c. Customs and Excise Duties</b>		<b>16,774,266,904</b>	<b>9%</b>	<b>2.6%</b>
Customs Duties	8,481,448,663			
Excise Duties	8,292,818,241			
<b>d. Export Duties</b>		<b>120,849,119</b>	<b>0%</b>	<b>0.0%</b>
<b>Non-Tax Revenue</b>		<b>26,534,735,196</b>	<b>15%</b>	<b>4.1%</b>
o/w Mineral Royalty	10,004,179,542			
Total User fees, fines and Charges	12,413,810,640			
Interest from On-lending/Dividends	3,359,109,959			
Skills Development Levy	268,248,591			
Insurance Premium Levy	253,259,592			
Motor Vehicle Fees	209,511,287			
Tourism Levy	26,615,586			
<b>III. Grants</b>		<b>3,435,095,142</b>	<b>2%</b>	<b>0.6%</b>
<b>IV. Total Financing</b>		<b>33,343,043,374</b>	<b>19%</b>	<b>5.2%</b>
<b>Domestic Financing</b>	16,328,755,585			
<b>Foreign Financing</b>	17,014,287,789			
o/w Programme Loans	7,671,674,398			
Project Loans	9,342,613,391			



**218.** Madam Speaker, there has been an understandable concern on the tax burden especially given the rise in the cost of living. Even in the midst of tight fiscal space, it is imperative that we provide some relief to the worker. In

this regard, I propose to revise the Pay As You Earn by increasing the exempt threshold to K5,100 from K4,800 and reducing the top rate to 37.0 percent from 37.5 percent. The following is the proposed Pay As You Earn regime:

Current Regime		Proposed Regime	
Income Band (K, per month)	Tax Rate	Income Band (K, per month)	Tax Rate
K0 – K4800	0%	K0 – K5100	0%
K4,801 – K6,800	20%	K5,101 – K7,100	20%
K6,801 – K8,900	30%	K7,101 – K9,200	30%
Above K8,900	37.5%	Above K9,200	37%

**219.** Madam, to promote investment in power generation, I propose 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. This is to allow for sufficient time for the investment to materialise.

**220.** Madam Speaker, to promote geothermal energy, I propose to remove customs duty on machinery, equipment and other goods designed for geothermal energy activities.

**221.** Madam, to spur growth in the media and film industry, I propose to expand the list of selected media, film and music equipment for which

customs duty was suspended in the 2023 Budget. The relief on customs duty will be for a period of 3 years.

**222.** Madam Speaker, to promote local investment in the manufacturing sector, I propose the following measures:

- a) Extend the 2 percent local content allowance on income earned from value addition to sorghum and millet. This is in addition to other products that are already benefiting from this incentive namely, cassava, mango, pineapple, and tomato;
- b) Increase company income tax relief to 20 percent from 14.2 percent of the taxable profits for

- the first five years of operation for businesses in rural areas;
- c) Provide for the allowance of losses of up to 1 percent on cut rug (shredded tobacco) in the production of cigarettes;
  - d) Remove customs duty on importation of motorcycles and tricycles imported in complete knock down form for companies that assemble and source at least 5 percent inputs locally;
  - e) Introduce, remove and increase Selected Goods Surtax on some products;
  - f) Increase the customs duty rate to 25 percent from 15 percent on electrical panels; and
  - g) Reduce excise duty rate by 50 percent on locally produced clear beer for small and medium manufacturers that produce less than 500,000 litres per annum. This measure will be reviewed after three years subject to performance-based parameters.

**223.** Madam, as part of our drive to unlock economic potential, Government will provide incentives to revitalise industry value chains. For a start, I propose the following incentives for the cotton value chain:

- a) Provide a 5-year tax holiday on profit for local producers of cotton seed;

- b) Provide a 5-year tax holiday on profit from ginning of cotton; and
- c) Provide a 10-year tax holiday on profit made from spinning of cotton and weaving of thread.

**224.** Madam Speaker, to improve railway operations, I propose to remove customs duty on the importation of rolling stock, namely, wagons and locomotives.

**225.** Madam, to continue promoting the usage of clean energy as well as supporting the green economy and climate change mitigation, I propose the following measures:

- a) Remove customs duty on electric motor cycles, electric vehicles, electric buses, electric trucks, and attendant accessories such as charging systems; and
- b) Reduce excise duty to 25 percent from 30 percent on hybrid vehicles designed for the transportation of persons.

**226.** Madam Speaker, to promote the development of Multi-Facility Economic Zones, I propose the following measures:

- a) Extend the accelerated depreciation up to 100 percent in respect of any new

implement, plant or machinery to developers of Multi-Facility Economic Zones; and

- b) Provide for the extension of the validity period for the customs duty incentives accessible by a developer of a Multi-Facility Economic Zone for 5 years upon fulfilment of the conditions as may be prescribed.

**227.** Madam, to promote oil and gas exploration, I propose to remove customs duty on machinery, equipment and other goods designed for petroleum exploration.

**228.** Madam Speaker, contrary to assertions that incentives are only meant to benefit foreign investors, I wish to categorically state that all the incentives that Government provides, including the ones that I have announced today, are available to both local and foreign investors without exception.

**229.** Madam, to enhance domestic revenue mobilization, I propose the following measures:

- a) Increase specific excise duty on non-alcoholic beverages to 60 ngwee per litre from 30 ngwee per litre;
- b) Increase specific excise duty for tobacco and tobacco

products to K400 per mille from K361 per mille;

- c) Introduce excise duty at 5 percent on specific solid fuels made from coal; and
- d) Change the excise duty valuation method for spirits, liqueurs, and other spirituous beverages to be determined on the basis of market price and not the value of inputs at importation.

**230.** Madam Speaker, to ensure that everyone contributes something, however small, to the provision of public services, I propose to 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

## Non-Tax Revenue Measures

**231.** Madam Speaker, I propose to:

- a) Introduce a fee of K3,750 for DNA testing under the National Forensic Science and Biometrics Department;
- b) Increase the license fee for commercial *Kapenta* operators to K4,000.00 from K3,333.00 last revised in 2011; and
- c) Increase toll tariffs for heavy duty trucks with 4 axle and above by K100 and abnormal load vehicles by K300.

**232.** Madam, in summary the net effect of the revenue measures I have proposed is a gain of K721 million.

**233.** Madam Speaker, all the measures outlined will take effect on 1<sup>st</sup> January, 2024.

## House Keeping Measures

**234.** Madam Speaker, to update, strengthen and remove ambiguities in certain provisions of the tax laws and make tax administration more effective, I propose to amend the Income Tax Act, the Customs and Excise Act and the Value Added Tax Act, among others.

## Part IV

### CONCLUSION

**235.** Madam Speaker, the journey to economic transformation we embarked on in 2021 requires us to unlock the potential of our country and build resilience through inclusiveness and partnerships. This calls for hard work, perseverance and discipline to achieve our shared vision.

**236.** Madam, we are alive to the challenges confronting us especially the high cost of living. Your Government is working towards addressing the high mealie meal and fuel prices. We are also revamping the economy to create employment opportunities for our people.

**237.** Madam Speaker, the journey to a better Zambia is a collective one. It requires active participation of all citizens. Together, we can overcome the challenges we face today. Together, we can build the Zambia we want. Together, we shall benefit from our wealth and prosperity. And together, we will march towards our Vision 2030 of becoming a prosperous middle-income nation.

**238.** Madam, the Budget I have presented today is a clear demonstration of our commitment to unlocking the economy, uplifting the livelihoods of our people and providing a conducive

environment for private sector participation. We have made strides in restructuring our external debt and in restoring fiscal discipline. We have increased the allocation to infrastructure development. We have provided incentives to the private sector.

**239.** Madam Speaker, as if this is not enough, we have continued the recruitment of teachers and health workers. We have strengthened social protection. We have reduced the waiting period for pension payments to three months from over three years. We are developing farm blocks. We have resolved challenges at KCM and Mopani Mine and are attracting more investments in the mining sector.

**240.** Madam, we have yet again increased the allocation to CDF. We are indeed a Government of works, not mere words!

**241.** Madam Speaker, I beg to move.