



PARLIAMENTARY BUDGET COMMITTEE SUBMISSION

REVIEW OF THE PERFORMANCE OF THE FIRST QUARTER OF THE 2020 BUDGET ESTIMATES

Table of Contents

Introduction	3
2020 Global Outlook	3
Expenditure Performance	10
Expenditure For The National Census	11
Details Of The K 5.64 Billion For Developmental Programmes	11
The realities of COVID-19 (Impact on the National Budget)	12
Observations, Challenges and Recommendations	13

INTRODUCTION

PMRC had scheduled to undertake a comprehensive 1st quarter and mid-year performance of the 2020 National Budget. However, with the onset of the COVID-19 pandemic, this planned undertaking was rescheduled. Conversely, the initial analysis thus far for both revenue and expenditure performance for the 1st quarter is presented in this submission.

2020 GLOBAL OUTLOOK

The IMF projects that the global economy will grow at negative **3%** in 2020 while sub Saharan Africa is expected to grow at negative **1.6 %**, due to uncertainty and distress caused by the Covid-19 Pandemic and recurring trade tensions;

Downside risks to growth include:

- Possibility of a re-escalation of trade tensions;
- Renewed geopolitical tensions in the Middle East;
- Lower commodity prices; and
- Recent outbreak of the Coronavirus (COVID-19)

The State of Economic Fundamentals – Zambia

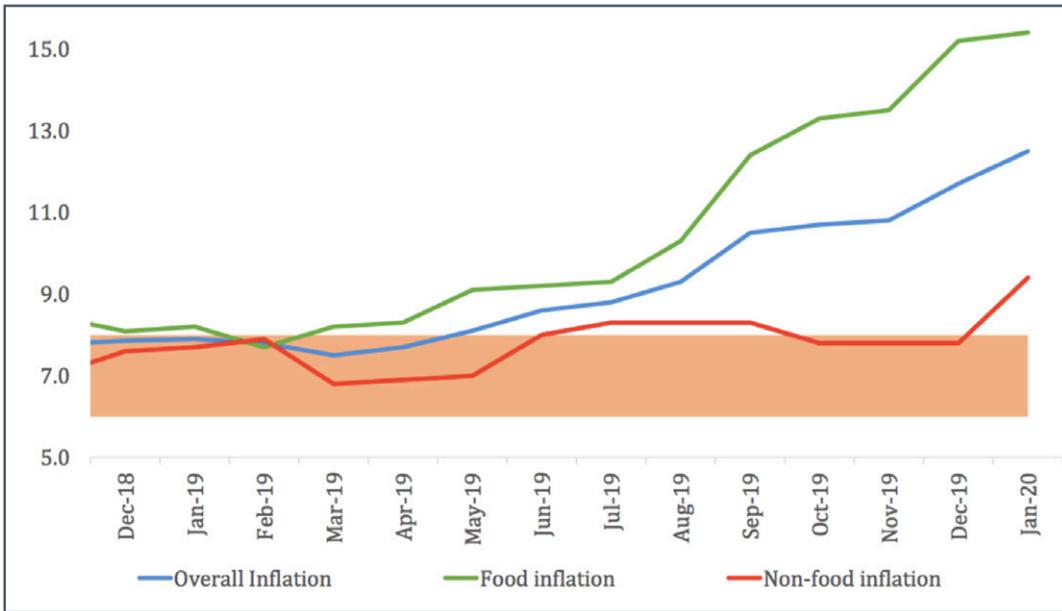
- The IMF projections indicate that the Zambian economy will grow by negative **2.6%** in 2020 from the earlier projections of **3.6%**.
- The economic adjustments due to COVID-19 will result in the drop of revenue.
- The budgeted revenue for the 2020 budget is likely to be short by at least **K14.8 billion** or **19%** of the approved budget.
- Inflation is expected to remain high in the earlier part of the forecast period, but decline towards the upper bound of the target range thereafter as food supply improves

Upside risks to the inflation outlook include:

- Further increase in maize grain prices;
- Slow progress on fiscal consolidation; and
- Second round effects of the increases in electricity tariffs and fuel prices.

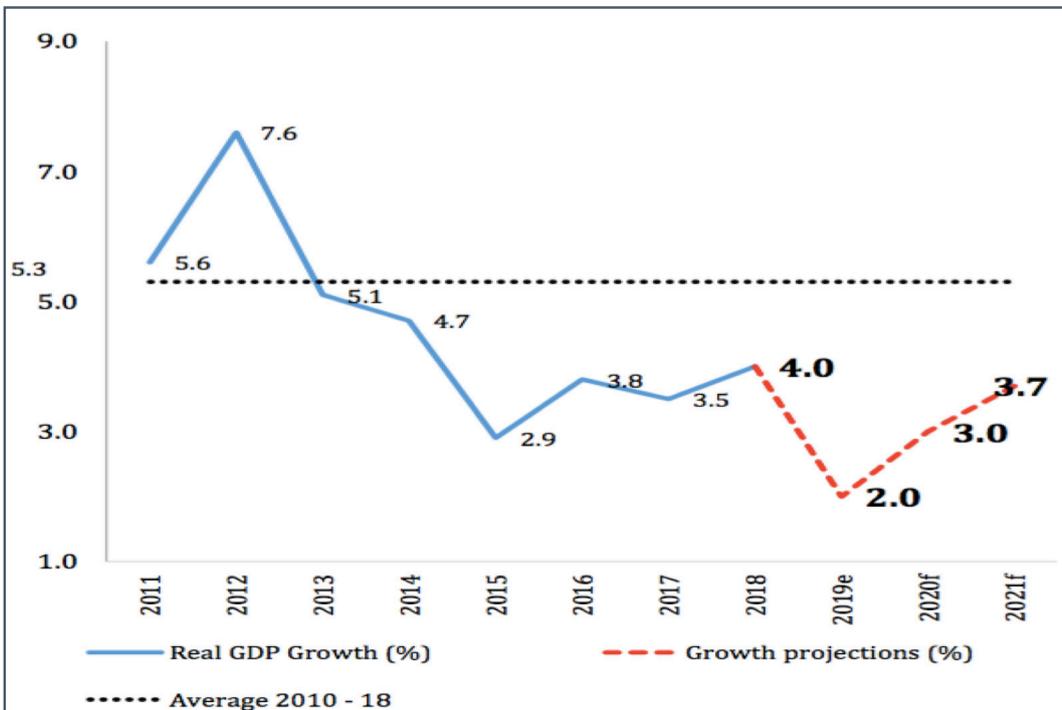
Inflation

Figure 1: Inflation Development, y-o-y (%)



Source: Zambia Statistics Agency (ZSA)

Overall inflation has maintained an upward trajectory. Comparing March 2019 to March 2020, we observe that food, non-food and overall inflation year-on-year have risen steadily and some of the reasons include slow progress on fiscal consolidation as well as increase in commodity prices.



Source: Bank of Zambia, 2020

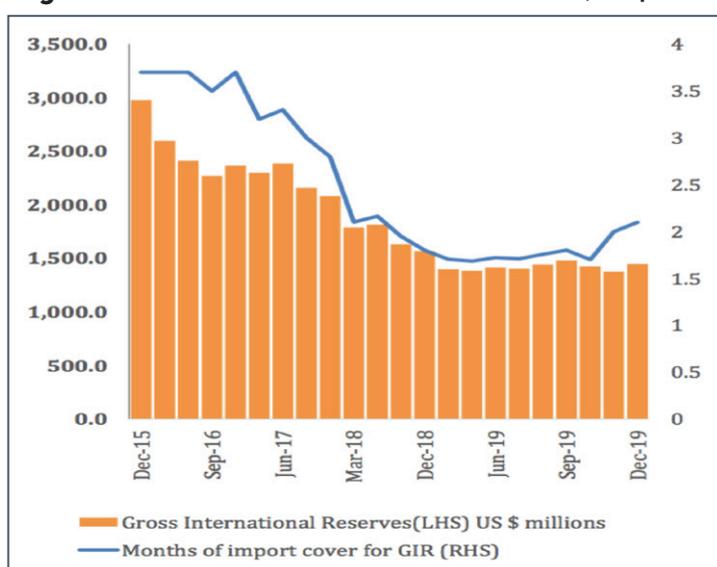
Foreign Exchange Market

The Kwacha depreciated against the US dollar to a quarterly average of **K17.86** on account of subdued supply of foreign exchange amidst the COVID-19 pandemic, increased demand for the importation of farming inputs, petroleum products and electricity.

Gross International Reserves

At end-December 2019, Gross International Reserves declined slightly to **US\$1.45 billion** (equivalent to 2.1 months of import cover - this followed downward revision to projections of imports to reflect subdued economic activity). By March 2020, international reserves have declined to an average of 1.8 months of import cover.

Figure 3: Gross International Reserves (US\$ min)



The 2019 and 2020 National Budget comparisons

Expenditure by years

Functions	2020 Budget		2019 Budget	
	ZMW	Percentage of Budget	ZMW	Percentage of Budget
General Public Services	44 billion	41.6%	31.2 billion	36.03%
Defence	6.5 billion	6.2%	5 billion	5.84%
Public Order & Safety	4 billion	3.8%	2.8 billion	3.30%
Economic Affairs	21.8 billion	20.6%	20.6 billion	23.79%
Environmental Protection	611.7 million	0.6%	875 million	1.01%
Housing & Community Amenities	3.4 million	3.3%	2.23 billion	2.58%
Health	9.4 billion	8.8%	8 billion	9.30%
Recreation, Culture & Religion	383 million	0.4%	297 million	0.34%
Education	13.1 billion	12.4%	13.2 billion	15.29%
Social Protection	2.6 billion	2.4%	2.1 billion	2.52%
Total	106 billion	100.00%	86.8 billion	100.00%

Source: Adapted from the Budget

Comparing the 2020 National Budget with the MTEF

	MTEF 2020 PROJECTIONS	2020 NATIONAL BUDGET	Variance	status
General Public Services	30,353,209,296	44,080,742,270	13,727,532,974	increase
Elections	650,000,000	135,000,000	-515,000,000	reduction
Domestic Debt	8,134,474,398	12,634,848,146	4,500,373,748	increase
External Debt	16,084,103,578	21,090,794,856	5,006,691,278	increase
Local Government Equalization Fund	1,300,243,616	1,164,567,612	-135,676,004	reduction
Constituency Development Fund	249,600,000	249,600,000	0	
Compensation Fund	350,000,000	100,000,000	-250,000,000	reduction
Defence	6,495,593,048	6,526,391,423	30,798,375	increase
Public Order and Safety	3,809,955,440	4,042,702,155	232,746,715	increase
Economic Affairs	20,257,090,193	21,833,351,543	1,576,261,350	increase
Farmer Input Support Programme	1,428,000,000	1,111,840,201	-316,159,799	reduction
Strategic Food Reserves	1,280,000,000	660,000,000	-620,000,000	reduction
Rural Electrification Fund	184,005,465	166,339,781	-17,665,684	reduction
Roads Infrastructure	2,124,092,920	10,552,606,147	8,428,513,227	increase
Environmental Protection	257,352,721	611,777,853	354,425,132	increase
Housing and Community Amenities	1,049,210,677	3,460,376,555	2,411,165,878	increase
Water Supply and Sanitation (GRZ Contribution)	250,000,000	2,620,137,161	2,370,137,161	increase
Health	11,310,735,247	9,366,591,584	-1,944,143,663	reduction
Drugs and Medical Supplies	1,217,470,921	900,622,173	-316,848,748	reduction
Recreation, Culture and Religion	211,680,123	383,045,401	171,365,278	increase
Education	14,632,088,162	13,121,648,466	-1,510,439,696	reduction
Social Protection	2,412,462,793	2,580,984,987	168,522,194	increase
Public Service Pension Fund	1,217,750,000	1,020,387,712	-197,362,288	reduction
Social Cash Transfer	748,459,008	1,047,422,180	298,963,172	increase
TOTAL	90,789,377,700	106,007,612,136	15,218,234,436	increase

Governments Commitment for the 2020 National Budget

- To enhance domestic resource mobilisation, Government commits to step up the modernization and automation of revenue collection processes and provision of Government services through **electronic platforms**.
- With regard to enhancing the credibility of the planning and budgeting processes, Government presented the **Planning and Budgeting Bill** to the National Assembly. Once enacted, the Act will provide for strengthened accountability, oversight and participation mechanisms in the planning and budgeting processes.
- To entrench the credibility of the budget and also avoid wasteful expenditure and overpricing arising from the weaknesses in the current law, Government is finalizing a new **Public Procurement Bill** which will be tabled before Parliament during this session of the National Assembly.

Debt Management

- Re-scoping of selected externally financed projects in order to reduce the project cost, and ultimately reduce the undisbursed loan balance.

Arrears Clearance

- Between December 2019 and January 2020, the Ministry of Finance released a total of K590 million to the National Road Fund Agency and paid out K452 million representing 77 percent of the amount owed to local road contractors and consultants.

2019 and 2020 Q1 Budget performance comparison – Revenue

BUDGET PERFORMANCE			
Revenue Performance, (K' Million) Q1 2019			
	2019 Approved	2019 Q1 Projection	2019 Q1 Preliminary
TOTAL REVENUE AND GRANTS	58,010,985	14,850,716	15,145,917
TOTAL REVENUE	56,086,808	14,369,672	14,999,771
Tax Revenue	46,672,859	12,158,908	11,334,440
a. Income Taxes	23,291,352	6,510,349	5,344,228
b. VAT/ Good and Service Tax (GST)	14,862,476	3,649,002	4,352,845
o/w Domestic VAT	2,056,112	1,462,993	1,998,350
Import VAT	2,186,009	2,186,009	2,354,496
c. Customs and Excise Duties	8,261,637	1,927,137	1,594,839
Customs Duty	3,537,748	801,950	739,398
Excise Duties	4,723,889	1,125,187	855,441
d. Insurance Premium	108,242	45,932	32,617
e. Export Duties	149,153	26,488	9,910
Non-Tax Revenue	9,413,949	2,210,764	3,665,331
a. Total User fees, fines and Charges	3,945,196	969,076	1,196,404
o/w fees and fines, charges and GAI's	2,200,972	544,367	564,003
RDA (Tolls)	1,046,010	238,870	468,983
c. Mineral Royalty	4,887,598	1,097,461	1,009,298
e. FRA-Proceeds from Crop Sales	193,301	48,325	79,029
f. Tourism Levy	13,837	2,564	3,505
GRANTS	1,924,177	481,044	146,146

Source: Ministry of Finance, 2019.

We observe that overall, Q1 2019 revenue targets were met except export duties, customs duty, insurance premium and excise duties.

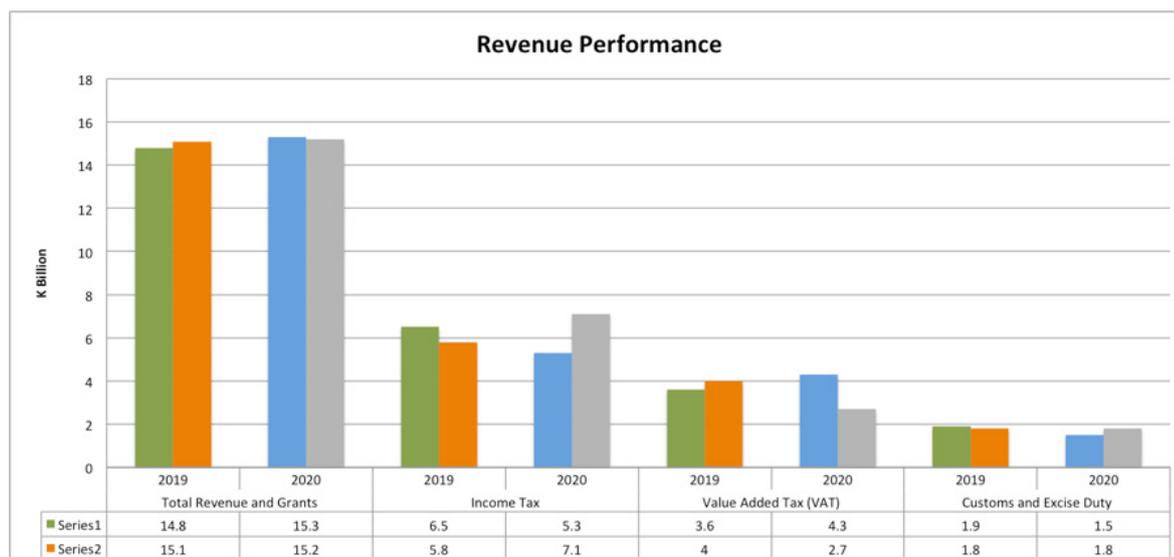
Table 2-1: Revenue Performance, January 2020 (K'000)

	2020 Approved	Outturn to January	January Projection	January Prelim
TOTAL REVENUE AND GRANTS	75,034,845	5,874,165	5,955,176	5,874,165
TOTAL REVENUE	65,177,020	5,837,246	5,696,190	5,837,246
Tax Revenue	53,873,643	5,094,470	4,761,943	5,094,470
a. Income Taxes	25,612,516	3,716,409	2,837,964	3,716,409
b. VAT	19,004,168	774,728	1,247,114	774,728
o/w Domestic VAT	6,773,438	75,563	450,426	75,563
Import VAT	12,230,730	699,165	796,688	699,165
c. Customs and Excise Duties	8,964,318	561,731	650,077	561,731
Customs Duty	4,182,179	224,625	296,159	224,625
Excise Duties	4,782,139	337,106	353,919	337,106
d. Insurance Premium	106,206	7,246	9,162	7,246
e. Export Duties	186,435	34,357	17,627	34,357
Non-Tax Revenue	11,303,378	742,776	934,247	742,776
a. Total User fees, fines Charges	4,976,178	439,712	434,780	439,712
o/w fees and fines, charges and GAI's	2,620,991	113,595	195,506	113,595
RDA (Tolls)	1,686,565	116,681	150,373	116,681
c. Mineral Royalty	4,819,616	278,888	374,296	278,888
e. FRA-Proceeds from Crop Sales	570,000	0	47,500	0
f. Tourism Levy	17,021	1,264	823	1,264
GRANTS	3,107,825	36,919	258,985	36,919

Source: Ministry of Finance

Observations made for 2020 Q1 indicate almost same variables as 2019 that fell below target. These are; insurance premium, mineral royalty, road tolls, and excise duty.

2019 and 2020 Q1 Revenue Performance - Comparison



The overall picture depicts a positive performance of revenue collection for both 2019 and 2020Q1. This may signal that some of the mechanisms being used in the 2020 National budget are effective in ensuring enhanced domestic resource mobilization

2019 and 2020 Q1 Revenue Performance - Comparison

Variable	2019	2020
Total Revenues and Grants	Total revenue and grants during the first quarter of 2019, were above the target of K14,850.7 million by 2.0 percent at K15,145.9 million . This higher than projected revenue performance was largely driven by the VAT collections at K4,353.8 million which were 19.3 percent higher than the target of K3,649.0 million	Total collections of Revenues and Grants amounted to K15.32 Billion and were 0.11 percent above the projection of K15.31 billion. Tax Revenue accounted for K11.87 billion, Non Tax K3.18 billion and K271.96 million was from grants. We observe that revenue targets in first quarter have been met by a slight margin.
Income Tax	Income tax revenues were below the target of K6,540.3 million, recorded at K5,344.2, which was above target by 17.9 percent.	Income tax collection of K7.1 against the target of K5.8 billion was above target by 23 percent and this was mostly driven by company Tax mainly on account of payments made by Mining companies and positive performance under PAYE.
Value Added Tax (VAT)	VAT collection target for March 2019 was K 3.6 billion and the preliminary was 4.3 billion.	VAT collection of K2.74 billion against a target of K4.04 billion was below by 32 percent . This is mainly on account of the new Tax Online tool introduced by ZRA, which had some errors and resulted in failure by institutions to file returns in the month of February and the general slowdown in economic activities caused by the COVID-19 , which has caused companies to scale down production.
Customs and Excise duty	Customs & Excise Duty collections of K1.5 billion against a target of K1.9 billion were above target by 2 percent	Customs & Excise Duty collections of K1.89 billion against a target of K1.86 billion were above target by 2 percent. This was on account of over collection attributed to increased imports during the period under review.
Export Duties	Export Duties collection of K88.8 million against a target of K52.99 million was above target by 68 percent.	Export Duties collection of K88.8 million against a target of K52.99 million was above target by 68 percent. This performance was attributed to the increase in exports of precious metals and copper concentrates.

EXPENDITURE PERFORMANCE

Expenditure Performance, (K' Million) Q1 2019

	Approved 2019	2019 Q1 Projection	2019 Q1 Preliminary
TOTAL EXPENDITURE (Including Amortisation)	86,807,894	21,474,406	23,234,483
TOTAL EXPENDITURE (Excluding Amortisation)	77,417,744	19,126,868	19,931,269
o/w Domestically Financed	58,685,865	14,443,899	12,784,117
EXPENSES (CURRENT EXPENDITURE)	56,319,452	13,926,730	12,299,160
Personal Emoluments (PEs)	25,244,359	6,196,911	4,787,962
Use of Goods and Services	6,112,883	1,288,570	796,479
Interest Payments	14,183,205	4,351,781	5,054,364
Domestic Debt	7,964,622	2,641,669	2,346,425
External Debt	6,218,583	1,710,112	2,707,940
Transfers and Other Payments	8,246,324	1,580,655	1,495,941
Local Government Equalisation Fund	1,164,568	291,142	283,964
Zambia Revenue Authority (ZRA)	900,000	225,000	240,341
Farmer Input Support Programme	1,428,000	238,000	484,135
Social Benefits	1,760,045	315,653	87,313
Pension Fund	1,060,550	199,071	22,313
Social Cash Transfer	699,494	116,582	65,000
Other Expenses	772,637	193,159	77,100
ASSETS	20,610,453	5,078,178	7,591,028
Non-Financial Assets	20,457,566	5,039,956	7,591,028
Rural Electrification Programme	166,634	41,659	10,500
Roads	2,055,572	513,893	637,962
Ordinary Capital	1,018,156	180,104	24,662
Water and Sanitation	409,502	102,375	-
Financial Assets	152,887	38,222	-
LIABILITIES	487,839	121,960	41,082
FISCAL BALANCE: Surplus (+)/Deficit (-)	(19,406,759)	(4,276,152)	(4,785,352)

Source: Ministry of Finance

The overall picture depicts a positive performance of revenue collection for both 2019 and 2020Q1. This may signal that some of the mechanisms being used in the 2020 National budget are effective in ensuring enhanced domestic resource mobilization

Expenditure performance – January 2020 (k, 000)

	Approved 2020	Outturn to January	January Projection	January Prelim
TOTAL EXPENDITURE (Incl Amortisation)	106,007,612	9,287,455	8,910,636	9,287,455
TOTAL EXPENDITURE (Excl. Amortisation)	93,080,517	6,726,895	6,808,590	6,726,895
o/w Domestically Financed	66,806,794	5,203,106	5,123,948	5,203,106
EXPENSES (CURRENT EXPENDITURE)	26,273,723	4,698,713	4,771,591	4,698,713
Personal Emoluments (PEs)	25,627,828	2,341,823	2,130,101	2,341,823
Use of Goods and Services	6,457,567	403,173	549,461	403,173
Interest Payments	20,798,548	1,404,626	1,866,063	1,404,626
Domestic Debt	12,293,548	1,281,056	544,606	1,281,056
External Debt	8,505,000	123,571	1,321,456	123,571
Transfers and Other Payments	8,306,578	527,091	225,965	527,091
Local Government Equalisation Fund	1,164,568	97,047	97,047	97,047
Zambia Revenue Authority (ZRA)	1,068,664	76,555	89,055	76,555
Farmer Input Support Programme	1,110,276	20,000		20,000
Social Benefits	1,840,222	22,000	0	22,000
Pension Fund	792,800	50,000	0	50,000
Social Cash Transfer	1,047,422	22,000	0	22,000
TRANSACTIONS IN NON-FINANCIAL ASSETS	27,104,548	1,798,974	1,844,188	1,798,974
Rural Electrification Programme	166,340	0	0	0
Roads	2,772,777	296,116	296,116	296,116
Ordinary Capital	163,340	23,498	34,081	23,498
Water and Sanitation	175,571	0	14,631	0
Foreign Financed	23,165,898	1,479,360	1,479,360	1,479,360
TRANSACTIONS IN FINANCIAL ASSETS & LIABILITIES	2,945,225	229,208	192,811	229,208
FISCAL BALANCE: Surplus (+)/Deficit (-)	(18,045,672)	(852,730)	(853,414)	(852,5730)

Source: Ministry of Finance

Financing, (K' Million) Q1 2019

	Approved 2019	2019 Q1 Projection	2019 Q1 Preliminary
Financing	19,406,759	5,588,749	4,989,818
Net Domestic Financing	3,502,551	1,791,238	(58,615)
Domestic Financing	4,164,207	1,956,652	1,375,127
Amortisation	(661,656)	(165,414)	(1,433,743)
Net External Financing	15,904,208	3,797,511	5,048,433
Programme	7,825,000	1,777,709	-
Project	16,807,702	4,201,926	6,917,904
Amortisation	(8,728,494)	(2,182,124)	(1,869,471)

Source: Ministry of Finance

EXPENDITURE PERFORMANCE

2020 FIRST QUARTER BUDGET PERFORMANCE

Expenditure Performance

Preliminary figures indicate that expenditures during the period January to March 2020 amounted to **K17.4 billion (Incl. Amortization)**. Of the total expenditure, **K14.8 billion** was financed from domestic resources while **K304.9 million** was foreign financed.

Variable	Amount	% of total expenditure	Detail
Personal Emoluments	K 6.42 billion	36.9%	This was 0.03 percent above the projections for the first quarter of the year. <i>The released funds catered for overseas allowances, salaries and third-party payments. The slight over performance was as a result of higher disbursements on third party payments.</i>
Use of Goods and Services	K 1.48 billion	8.5%	Government released K1.48 billion for general government operations , which was above the target by 11.82 percent. This outturn accounts for 8.5 percent of total expenditures with notable expenditures including; <ul style="list-style-type: none"> • K197.7 million for Drugs and Medical supplies, • K41.4 million for Census • K20 million for the Compensation fund.
Debt Service	K 6.39 billion	36.6%	This outturn was 30 percent below the projections for debt payments. Domestic debt service payments totaled K3.68 billion which included principal repayments on government securities of K665.8 million. On the other hand, external debt service amounted to K2.7 billion with principal repayments amounting to K1.6 billion.
Transfers and Other Payments	K 1.46 billion	8.4%	This was 2% below target. Notable expenditures in this category included; <ul style="list-style-type: none"> • K733.9 million for ordinary grants (e.g. Universities, Hospitals, Grant Aided Institutions etc.), • K282.6 million for Zambia Revenue Authority and • K50 million for Zesco.
Social benefits	K 522 million	3%	Of this amount, <ul style="list-style-type: none"> • K500 million was for the Pension fund financing gap and • K22 million for the Social Cash Transfer Programme. • The expenditure was 203 percent above the projection for the first quarter of 2020.

Transactions in Non-Financial Assets	K845 million	4.8%	The releases were below target by 85.2 percent. Notable expenditures under this category included; <ul style="list-style-type: none"> • K703.7 million for road infrastructure, • K56 million for Rural Electrification Authority, • K43.3 million for ordinary capital • K37 million for the Food Reserve Agency.
Transactions in Financial Assets	K 310.9 million	1.8%	Releases towards assets accounted for 1.8 percent of total expenditures and amounted to K310.9 million and was below the target by 44. 6 percent. The entire amount was for the dismantling of liabilities.

Date	Detail
4 January 2020	K300 million to the National Road Fund Agency (NRFA) to clear outstanding arrears for local road contractors and consultants
11th March 2020	Government released 48 Million Kwacha Equalisation fund to 68 local Councils countrywide.
22 January 2020	Government released K12 million to be used for repair works on the damaged road infrastructure
6 April 2020	Government released over K5.6 billion to finance developmental, service delivery programmes

EXPENDITURE FOR THE NATIONAL CENSUS

- Census due for this year
- Funding has proven to be a challenge
- Government is still seeking over **K300 million** to make up the shortfall in order to fund the 2020 Census of Population and Housing, which translates as 40 per cent of the total census budget.
- The 2020 national budget provided for **K75 million** for the Census, but that the Ministry of Finance had only released **K15.8 million** towards conducting the exercise.

DETAILS OF THE K 5.64 BILLION FOR DEVELOPMENTAL PROGRAMMES

The National Treasury released in March a sum of **K5.64 billion** to finance various developmental and public service delivery programmes in the country.

Of this amount,

- **K1.07 billion** went towards both domestic and external debt servicing,
- **K2.2 billion** was allocated to the public service wage bill,
- **K1.1 billion** was released for transfers, subsidies and social benefits while
- **K819.2 million** was for financing various government projects, programmes and general operations.
- **K437.6 million** went to developmental programmes such as roads and rural electrification among others.

Further classifications;

- **K500 million** towards dismantling outstanding pension dues.
- **K89 million** for liquidation of outstanding liabilities related to consumption of goods and services for MPSA's

- **K104.7 million** was also released for the purchase of drugs in public health institutions and the fight against the COVID-19.
- **K819.1 million** - general operations,
- **K21.4 million** to Zambia Statistical Agency for 2020 census preparatory programmes under the Ministry of National Development Planning.
- **K19.6 million** to The Ministry of Higher Education for skills development fund
- **K5 million**- the Examinations Council of Zambia got for administration of examinations programme.

The treasury further released **K609 million** towards transfers and subsidies.

- **K146.3 million** went towards support for operations of grant aided institutions.
- **K129.6 million** to The Zambia Revenue Authority
- **K98.9 million** Local Government Equalization Fund (LGEF)
- **K79.1 million** operations of public universities,

With regard to the agriculture sector, government released **K59.6 million** out of which;

- **K28 million** - the Food Reserve Agency (FRA) received for grain purchases under the strategic food reserve programme
- **K21.6 million** went towards the 2019/2020 Farmer Input Support Programme (FISP)
- **K10 million**- the Food Security Pack Programme received

During the month under review, the national treasury also released **K437.6 million** for capital development programmes for road infrastructure

THE REALITIES OF COVID-19 (IMPACT ON THE NATIONAL BUDGET)

Fiscal measures put in place to mitigate the impact of COVID-19

1. Funding towards COVID-19 response

To finance the response towards COVID-19, Government has taken the following measures:

- Set up an Epidemic Preparedness Fund under the Ministry of Health amounting to **K57 million**;
- Cabinet approved a COVID-19 Contingency and Response Plan with a budget of **K659 million** under the Disaster Management and Mitigation Unit; and,

Easing liquidity

To support the easing of liquidity in the wake of adverse COVID-19 effects, the Government will release a sum of **K2.5 billion** to:

- Reduce domestic arrears owed to domestic suppliers of goods and services;
- Reduce outstanding arrears to pensioners under Public Service Pension Fund and retirees under Ministry of Justice

- In addition, **K140 million** will be availed to pay local contractors in the road sector. (Here we observe again that local contractors have again been given an allocation)

Tax relief (Amendments made to the 2020 National Budget)

To provide relief to businesses in the wake of COVID-19, the Government will:

- Suspend excise duty on imported ethanol for use in alcohol-based sanitisers and other medicine related activities, subject to guidelines to be issued by ZRA;
- Remove provisions of SI 90 relating to claim of VAT on imported spare parts, lubricants and stationery;
- Suspend import duty on the importation of concentrates in the mining sector; and,
- Suspend export duty on precious metals and crocodile skin.

OBSERVATIONS, CHALLENGES AND RECOMMENDATIONS

PMRC calls for Government to immediately re-engage with the International Monetary Fund (IMF) for a programme that would aid the country to be back on a path of fiscal fitness. The COVID-19 pandemic has presented challenges for the global economy and Zambia included. We need to immediately institute a post-covid recovery plan especially that it has been revealed that the budgeted revenue for the 2020 budget is likely to be short by at least K14.8 billion or 19% of the approved budget. This is a concern and needs to be countered immediately.

Inconsistent / Poor release of funds to the MPSA's: We observe that in both the 2019 Q1 and 2020 Q1 budget performance, the releases of funds has been inconsistent. Other agencies have not yet been given funds. There has also been low release of funds and that is affecting service delivery as well as the implementation of the 7NDP.

The Debt problem: Zambia still remains with huge debt burden and the figures have increased from Q1 2019 to Q1 2020. Further arrears also remain high though we have observed release of funds this year so far aimed at dismantling arrears. As PMRC as call upon the Government to institute a committee of experts, that will begin with debt refinancing.

The Government is urged to restore budget credibility as espoused in the Economic Stabilization and Growth Programme by observing fiscal discipline and avoid breaching the deficit targets. There is also a call for strong adherence towards the austerity measures that were announced by the Government. This coupled with provisions of the public Finance Act, needs to be adhered to and enforcement must be ensured.

In view of declining growth trends globally, regionally and nationally, there is need for Government to suspend selected infrastructure projects. There is need to promote domestic resource mobilization and the measures instituted in the 2020 National budget needs to be reviewed at mid-term to assess their performance especially looking at how the new ZRA online portal caused challenges. All measures that were announced by Ministry of Finance.

Non-alignment of Budget to the Cluster submissions: The Cluster Advisory Groups (CAGs) were instructed to provide frameworks of budget prioritization that would be used to implement the 2020 National Budget. However, from our observation this is not being done and may affect the implementation strategy of the 7NDP, which at midpoint level has lagged behind its implementation target. Budget prioritization needs to be systematic and predictable so as to enhanced development outcomes.

Post COVID-19 Economic Recovery Programme; PMRC calls on Government to immediately commence with a Post COVID-19 Economic Recovery Programme. There is an opportunity to build from the Zambia Plus and other instruments such as the Medium Debt Strategy and develop mechanisms that will help the economy recovery. PMRC has been observing the developments such as the buying of gold, engaging other international funders etc. We however, submit that key pointers should be developed and a committee of experts should immediately begin to work towards recovery.

Effective and sustained implementation of fiscal adjustment measures therefore remains critical to restoring macroeconomic stability as well as promoting robust and sustained growth.

REVIEW OF THE PERFORMANCE OF THE FIRST QUARTER OF THE 2020 BUDGET ESTIMATES

