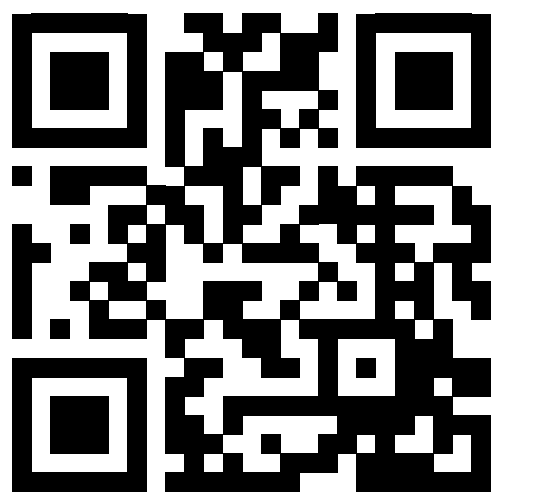
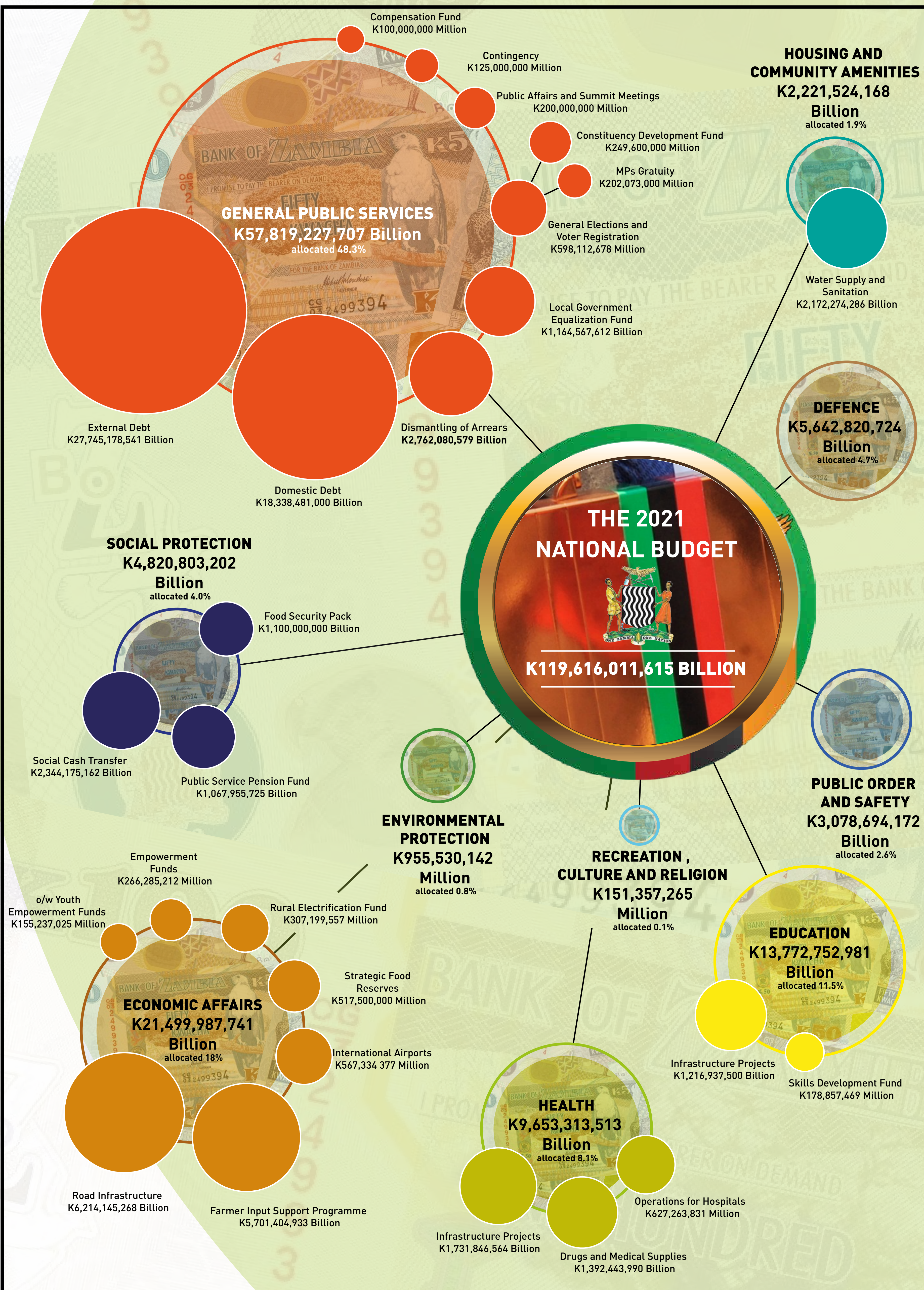


# 2021 NATIONAL BUDGET

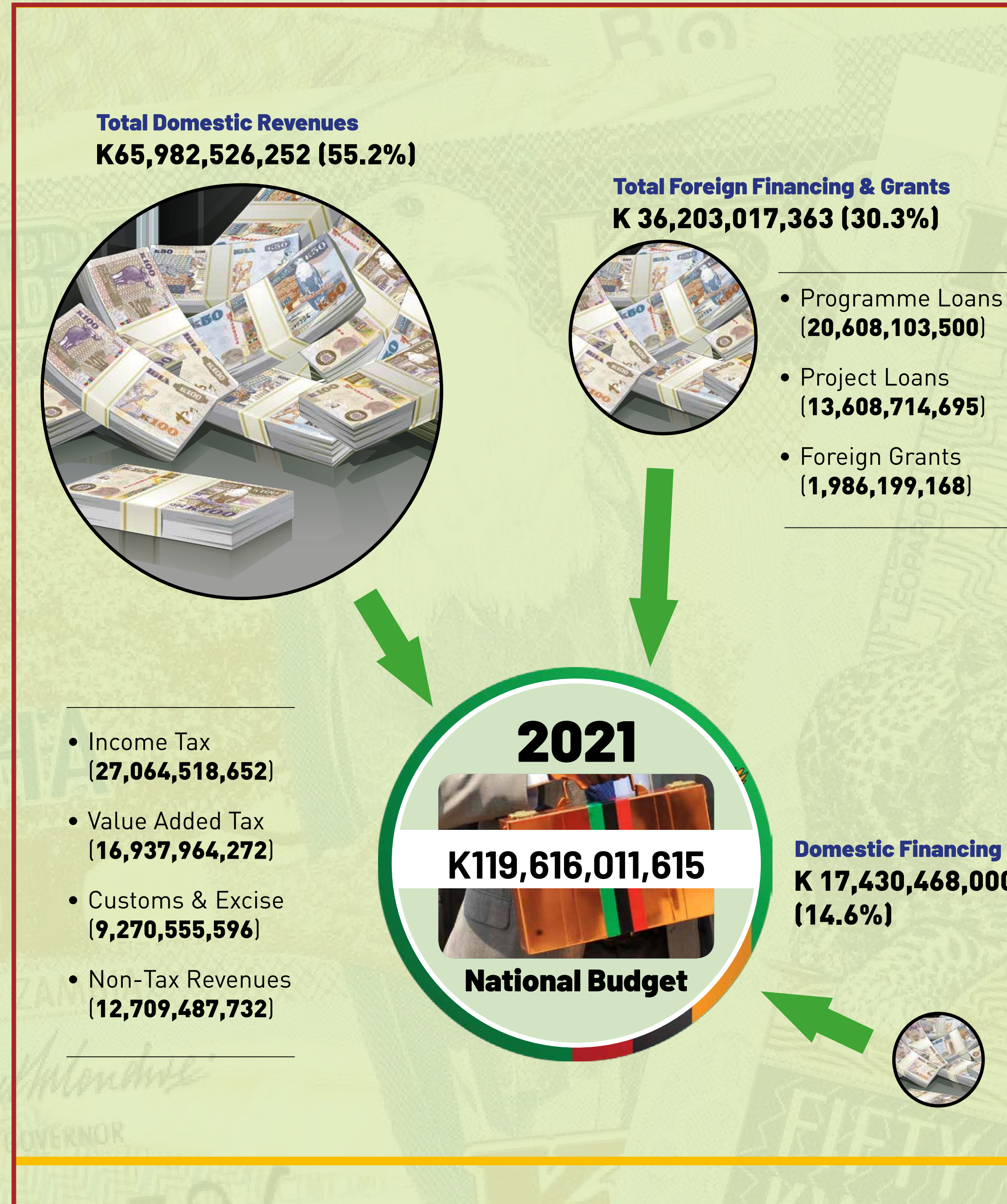
Theme; "Stimulate Economic Recovery and Build Resilience to Safeguard Livelihoods and Protect the Vulnerable"



## EXPENDITURE ESTIMATES 2021 BUDGET



## RESOURCE ENVELOPE FOR THE 2021 BUDGET



	Amount (K)	Share of Budget	Share of GDP
<b>Total Domestic Revenues, Grants and Financing</b>	<b>119,616,011,615</b>	<b>100%</b>	<b>32.6%</b>
<b>Total Domestic Revenues, and Domestic Financing</b>	<b>83,412,994,252</b>	<b>69.7%</b>	<b>22.7%</b>
<b>I. Total Domestic Revenues</b>	<b>65,982,526,252</b>	<b>55.2%</b>	<b>18.0%</b>
<b>Tax Revenue</b>	<b>53,273,038,520</b>	<b>44.5%</b>	<b>14.5%</b>
<b>Income Tax</b>	<b>27,064,518,652</b>	<b>22.6%</b>	<b>7.4%</b>
Company Income Tax	9,114,550,496		
Personal Income Tax (Incl PAYE)	12,867,197,154		
Withholding and Other	5,082,771,002		
<b>Value Added Tax</b>	<b>16,937,964,272</b>	<b>14.2%</b>	<b>4.6%</b>
<b>Customs and Excise</b>	<b>9,270,555,596</b>	<b>7.8%</b>	<b>2.5%</b>
Customs duty	4,284,666,880		
Excise Duties	4,808,334,024		
Export Duties	177,554,692		
<b>Non-Tax Revenues</b>	<b>12,709,487,732</b>	<b>10.6%</b>	<b>3.5%</b>
Fees and Fines	6,613,304,157		
Skills Development Levy	178,857,469		
Tourism Levy	18,902,963		
Motor Vehicle Fees	95,416,549		
Insurance Premium Levy	116,901,948		
Mineral Royalty	5,686,104,646		
<b>II. Domestic Financing</b>	<b>17,430,468,000</b>	<b>14.6%</b>	<b>4.8%</b>
<b>III. Total Foreign Financing and Grants</b>	<b>36,203,017,363</b>	<b>30.3%</b>	<b>9.9%</b>
Programme Loans	20,608,103,500		
Project Loans	13,608,714,695		
Foreign Grants	1,986,199,168		

## The specific macroeconomic objectives for 2021 will be:

- Achieve a real **GDP growth rate** of at least **1.8 percent**;
- Reduce the inflation rate towards the **6-8 percent medium-term target**;
- Increase **Gross International Reserves** to at least **2.5 months of import cover**;
- Reduce the fiscal deficit to **9.3 percent of GDP**; and
- Achieve domestic revenue collections of not less than **18.0 percent of GDP**.

### Pillar One: Economic Diversification and Job Creation

- Agriculture, mining, tourism and industrialisation are expected to drive growth while energy and infrastructure development will be key enablers.
- Government will continue to **diversify the mining sector from copper to other minerals particularly gold**.
- To promote linkages between agriculture and manufacturing, the Industrial Development Corporation will establish a tomato and fruit processing plant in 2021.
- With the coming into force of the Africa Continental Free Trade Area Agreement in 2021, Zambia will reposition herself to take advantage of the expanded market to the rest of Africa.
- To support the **growth of small medium scale enterprises**, Government will provide financing through a facility at the National Savings and Credit Bank and continue to dismantle arrears to local contractors and suppliers.

### Pillar Two: Poverty and Vulnerability Reduction

- Social Protection Programmes**
  - Social Cash Transfer** beneficiaries will increase from the current 700,000 to 994,000 households in 2021.
  - The amount per household to **increase from K90 to K110 per month**.
  - Food Security Pack** beneficiaries to increase from 80,000 in 2020 to 288,492 in 2021.
  - Beneficiaries of the **Girls Education and Women's Empowerment and Livelihood Programme** to increase to 208,400 over the medium-term in 2021.
  - 129,400 women and girls have benefited from this Programme.**
- Climate Change**
  - Government will implement climate change programmes such as the **US\$100 million Transforming Landscapes for Resilience and Development Programme**.
  - Legislation on climate change** will be developed as a legal framework for the **National Climate Change Policy of 2016**.

### Pillar Three: Reducing Developmental Inequalities

Key Government interventions aimed at reducing developmental inequalities include:

- 3,375 kilometres have been targeted under the Improved Rural Connectivity Project over a period of 5 years.**
- So far, **501 kilometres** have been contracted out of which **82 kilometres** have been rehabilitated.
- Under rural electrification, **12 grid extension projects have been completed out of the 25 targeted.**
- Construction of **Kasanjiku Mini Hydro Power Station in North Western Province and Lunga and Chunga Solar Mini Grids in Luapula and Central Provinces** have been completed.

### Pillar Four: Enhancing Human Development

- Government will **prioritise education and skills development, health and water and sanitation**.
- Under health, due to COVID 19, Government realigned the 2020 budget to provide more resources to health care system. 2,232 health care workers were recruited and 439 health posts out of 650 were completed and are operational.
- 24 mini hospitals out of 108 were completed.
- Under **water supply and sanitation**, Government is implementing the National Urban and Rural Water Supply and Sanitation Programme.

### Pillar Five: Creating a Conducive Governance Environment and Inclusive Economy

- Modernise tax administration by providing innovative technical solutions such as **Tax-On-Phone, Tax-on-App and Whatsapp payment and develop centralised data analysis and segmentation**. Appoint local authorities as tax agents to collect turnover tax, base tax and withholding tax. Mandatory use of Electronic Fiscal Device from accredited suppliers in line with SI. No. 33 of 2020.
- Under **Debt Management Policy**, contraction of new commercial debt halted and US\$1.1Bn pipeline loans cancelled, making a saving of US\$280M from re-scoping of projects. Under G20 Debt Service Suspension Initiative, MoU entered into with Paris Club creditors; negotiations on-going for debt relief during the suspension period being May – December 2020. Government committed to reducing domestic arrears and broadening investor participation in Government securities market.
- Public Procurement Bill introduced before the House to repeal and replace Public Procurement Act No.12 of 2008. **One of the objectives of the Bill is to make use of the Electronic Procurement System mandatory.**
- Under energy sector reforms, Government will conduct comprehensive review of electricity supply chain and re-negotiation of tariffs with Independent Power Producers.