



PMRC 2022 BUDGET EXPECTATIONS

PRESS STATEMENT

FOR IMMEDIATE RELEASE

Tuesday, 28th September 2021

Expectations are high for the 2022 National Budget; especially that it is being presented with a central focus on economic transformation. This budget is expected to set into motion the plans and aspirations of Government desire to lift the economy from the economic doldrums.

The themes for the 2022 National Budget are expected to be aligned to:

- Sustainable revival of the economy and employment creation through well targeted **tax incentives and higher spending on productive sectors**.
- Increased social spending that **meets international protocols and towards achieving Vision 2030 and Sustainable Development Goals (SDGs)** while keeping an eye on fiscal consolidation;
- Promotion of **private sector participation** in Zambia's economic recovery agenda.

Budget allocations for a broader revival of the economy must be **targeted towards capital expenditure in the agriculture, manufacturing and tourism sectors**. Agricultural expenditure must meet the 'Maputo Declaration on Agriculture and Food Security' to which African countries are expected to commit at least 10% of their public resources as well as rural development policy implementation. The allocation in the agricultural sector must be **towards the drivers of increased production and productivity through irrigation, extension services, agro-processing and research and development**.

In the manufacturing sector, Government is urged to consider implementing well intended tax incentives that are essential for promoting private sector participation regarding value addition in the mining, agricultural and forestry sectors.

The Policy Monitoring and Research Centre (PMRC) urges the **Government to consider increasing budgetary allocation to the health sector in line with international protocols even in these challenging times.** It has been noted that the past national budgets have had challenges in meeting the Abujah Declaration, which requires at least 15% of the National Budget to be allocated to the health sector. In view of the impact of the COVID-19 pandemic on the health sector, which has left the other essential health services underfunded, **increased funding towards this sector is justifiable.**

In the 2021 budget, Government attained the required threshold in line with the International Labour Organisation (ILO) Recommendation 202, on Global Social Protection Floors which set the initial annual cost of a basic social protection package at about 3.7% to 10.6% of the GDP, of which the 2021 Government spending on social protection fell within this recommendation at 4% of GDP. Although various expenditure rationalization measures must be adopted, the **Government is urged to continue and increase the budgetary allocation for social sector programmes given the increased vulnerabilities in communities induced by the COVID-19 pandemic. The pandemic has eroded much of the strides Government has made in reducing poverty which are key to achieving the SDGs on reduced extreme poverty and hunger and the attainment of Vision 2030 by meeting the ILO recommendation 202 in social protection expenditure in the 2022 budget.**

In the education sector, the COVID-19 pandemic has revealed inequalities that exist between Government and private schools. In this light, we urge Government to consider **increasing funding especially towards the procurement of E-learning equipment in government schools.** During the closure of schools, it was observed that private schools managed to implement e-learning while Government schools faced challenges. **This situation has negatively affected the strides the country has made towards achieving the goals of SDG 4 on attaining equal education for all.**

For our country to achieve **fiscal consolidation in the 2022 Budget,** there is need to reduce wasteful expenditure and financial leakages in implementation of projects and programmes. In order to achieve this, the Government in the 2022 budget is urged to actualize the **100% migration of the Farmers Input Support Programme from the traditional Direct Input Support (DIS) to the e-voucher system to reduce administrative costs in the transport and distribution of agricultural inputs by Government. In the 2021 budget,**

Government promised to move the social cash transfer to an e-platform. In view of this, PMRC expects Government to begin the process of migration, taking into consideration lessons learnt from the e-voucher and the emergency social cash transfer. This step will help Government channel the 15% administrative costs towards adding more beneficiaries on the programme or increasing beneficiary resource amounts.

Finally, **Zambia is spending at least 40% of its annual budget on debt repayment and about 10% on re-investment, which has led to the increased accumulation of arrears by the central Government.** In view of the forgoing, PMRC expects the Government in this financial year to conduct legal reforms aimed at curbing public expenditure and borrowing, strengthening oversight functions of key institutions and consider the need to improve them. Therefore, it is expected that reforms will be budgeted for adequately. **The key pieces of legislation under consideration are the Loans and Guarantees Act, the Planning and Budgeting Act, the Public Procurement Act and the Public Finance Management Act, in addition to allied legislation.**

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