

# 2022-2024 MEDIUM TERM BUDGET PLAN

**ECONOMIC TRANSFORMATION AND JOB CREATION**

## PREPARED BY:

---

### RESEARCH:

**Chisengele Chibuta** - Researcher with support of the Acting Executive Director.

---

### TECHNICAL REVIEW:

**Esther Nyemba Besa** (Acting Head of Monitoring and Evaluation)

---

### EDITORIAL TEAM:

**Brian Sambo Mwila** (Communication Specialist) Layout and Design

**Melody M. Simukali** (Head Communications and Grants) Editorial

This document and trademark(s) contained herein are protected by the laws of The Republic of Zambia. This electronic representation of PMRC intellectual property is provided for non-commercial use only. Unauthorized posting of PMRC electronic documents to a non-PMRC website is prohibited. PMRC electronic documents are protected under copyright law. Permission is required from PMRC to reproduce, or reuse in another form, any of our research documents for commercial use. For information on reprint and linking permissions, please see PMRC Permissions. ([www.pmrzambia.com/copyright](http://www.pmrzambia.com/copyright)).

The PMRC is a nonprofit institution that helps improve policy and decision-making through research and analysis. PMRC's publications do not necessarily reflect the opinions of its research clients and sponsors.

**2022-2024 MEDIUM TERM BUDGET PLAN  
ECONOMIC TRANSFORMATION AND JOB  
CREATION**



## INTRODUCTION

The 2022-2024 Medium Term Budget Plan (MTBP) provides details about Government's performance for the period 2019-2021 as well as its policy direction for the period 2022-2024. **The MTBP outlines that Zambia's economic outlook for 2022-2024 remains positive. However, there is a degree of uncertainty in view of slow growth, high inflation and high debt levels, challenges which have only been exacerbated by the COVID-19 pandemic.** The Country's macroeconomic objectives for the period 2022-2024 will be informed by the Economic Recovery Programme 2020-2023 which seeks to restore macroeconomic stability, attain fiscal and debt sustainability, restore growth and improve human development. **The 2022-2024 MTBP will also form the basis for the formulation of the 2023-2025 MTBP.**

This briefing document focuses on the sectors that have been identified as key to Government's economic transformation and job creation agenda as enshrined in the 2022 budget speech. The section of MTBP on economic transformation and job creation outlines policies and interventions to be undertaken in the **agriculture, tourism, mining, manufacturing, energy, Information and Communication Technology (ICT) and transport** which have been identified as key sectors to achieve the desired growth levels and create employment opportunities.



The briefing document further documents the identified challenges that might negatively impact on the set targets and policy options of the MTBP and finally provide recommendations for achieving success in the priority areas.

## AGRICULTURE, LIVESTOCK AND FISHERIES



### Set Targets

- ✓ Implement a **new agriculture support programme beginning in the 2022/2023 farming season.**
- ✓ **To develop irrigation infrastructure at Chiansi, Mwomboshi and Musakashi.**



- ✓ Promote the the use **of ICT in the provision of extension services.**
- ✓ Promote the establishment of **large scale agricultural estates across the country through the use of farm blocks.**
- ✓ Provide tax incentives on the purchase of agricultural equipment.
- ✓ Improve the **stocking and restocking exercise, artificial insemination programmes and enhanced disease control activities such as vaccination controls and campaigns.**
- ✓ Recruit extension officers, provide training in open grazing management and continue animal disease prevention and control programmes.
- ✓ Strengthening **monitoring and fisheries conservation efforts in the natural water bodies.**
- ✓ Establish additional **hatcheries and completion of other infrastructure** such as **aquaculture parks** in order to increase **fish production.**



## Sector challenges

- Low production/ productivity.
- High dependence on rain fed agriculture.
- Limited access to markets.
- Underdeveloped value chains.
- Slow delivery of inputs under Farmer Input Support Programme (FISP) as well as non-delivery of inputs in areas with poor transport links.
- Underdeveloped aquaculture industry.

## Policy Options for success

- Enhance private sector partnership for joint action aimed at financing research and development, **funding of projects, capacity building and training and technological transfer in the agricultural sector.**
- Promote **region-specific farming** to ensure greater economic gain and lessen environmental impact on farming.
- Improve extension services in order to **foster capacity building for small scale farmers** in the **production and management** of their ponds, dams and cages.
- Expedite the establishment of agro-industries in all provinces to **enhance value addition** to the agricultural sector for **increased agricultural income.**
- Promote the establishment of fertilizer manufacturing industries to reduce the cost of fertilizer through Public Private Partnerships (PPPs)



## MINING

### Set Targets

- ✓ Increase production of copper from **800,000 to over 3 million metric tonnes within a decade.**
- ✓ Reform of the mining tax regime to ensure it **promotes investment and contributes to the treasury.**
- ✓ Increased mineral exploration by increasing the **mapped geological coverage area.**
- ✓ Improve the linkages between mining and other sectors such as manufacturing by **enhancing operations of Multi-Facility Economic Zones.**
- ✓ Operationalize the Mining Appeals Tribunal to enhance transparency and governance in dispute resolution in the sector.
- ✓ Develop a **legal framework to promote use of local content, including engagement of local contractors and suppliers in the provision of goods and services** across the mining value chain.
- ✓ Promote small-scale mining so as to create jobs and support the retention of earnings within the country.

### Sector challenges

- Mono-dependency on copper.
- Illegal mining.
- Underdeveloped artisanal and small-scale mining sector.
- Unstable mining tax regime.

### Policy Options for success

- Develop, capture and formalise activities in the **manganese, gold, silver and gemstones (amethyst, aquamarine, emerald and tourmaline) industries.**
- Focus on the development of additional smelting capacity in order to increase processed output.
- Intensify **geological mapping of mineral resources** in the Country so as to attract investment through increased and sustainable funding to the sector.
- Decentralize mineral licencing to various provinces.
- Improve **supporting infrastructure to the sector such as electricity to various mining districts such as the manganese mines in Luapula.**



## MANUFACTURING

### Set Targets

- ✓ Reinvigorate the programme of **Multi-Facility Economic Zones and industrial parks.**
- ✓ Streamline the **number of licenses and permits required to operate a business.**
- ✓ Amend the **National Pensions Scheme Act Cap 256 of the Laws of Zambia, to make the penalty regime less punitive to employers.**
- ✓ Provision of trade facilitation and support services such as the **Tripartite Free Trade Area and the African Continental Free Trade Area.**

### Sector challenges

- High cost of doing business.
- Unstable macroeconomic environment.
- Low levels of technology.
- Weak innovative capacity.
- Lack of skilled human capital.
- Lack of cheaper sources of financial capital investments in the sector.

### Policy Options for success

- Continued provision of **fiscal and non-fiscal incentives for local and foreign investment**.
- Establish processing plants in collaboration with the private sector.
- **Remove import duties and other corporate taxes on productive assets** in order to facilitate importation of advanced technologies.
- Establish educational and training programmes that meet the requirements of any given industry.



## ENERGY

### Set Targets

- ✓ Improve the financial and operational efficiency of Zesco Limited, so as to reduce its capital and operating expenses, as well as asset optimization.
- ✓ Encourage generation by industry for own use through provision of incentives such as removal of excise duty on electricity generated for own consumption.
- ✓ Promote the **use of other renewable energy sources such as solar and geo-thermal**

### Sector Challenges

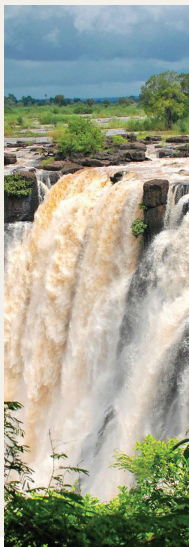
- Dependency on hydro-electricity has left the country vulnerable to climate-related shocks.
- Electricity tariffs are not cost reflective for private sector investments.
- Procurement of petroleum products is fraught with inefficiency and uneconomical prices.

### Policy Options

- Upgrade and develop infrastructure in **hydro, bio, solar** and **thermal** throughout the country in order to grow and diversify generation capacity.

Open up economic space for investment by private sector independent power producers.





## TOURISM

### Set Targets

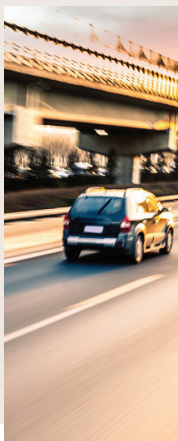
- ✓ Extend the tax and fees relief measures provided to the sector in 2022.
- ✓ Establish the necessary infrastructure and regulatory framework that will make other parts of the country attractive for the private sector tourism investment .
- ✓ Construct and upgrade roads, as well as airstrips and airports to **tourism sites to improve accessibility to and within the Northern Circuit.**
- ✓ Implement **robust tourism marketing strategy** including promotions on social media platforms.
- ✓ Work with **tourism operators to offer lower rates for Zambians** so as to promote domestic tourism.

### Sector Challenges

- SDVCdCovid-19 induced reduction in revenue and loss of jobs.
- Lack of a comprehensive National Tourism Plan.
- Reduction in the average length of stay by international tourists.
- Lack of a robust marketing strategy for the sector especially on the northern circuit.

### Policy Options for success

- Introduction of a **single licensing system.**
- Enable easier visa access at points of entry and via online means.
- Reduce **landing fees at Livingstone airport** in order to increase the number of airlines flying there as well as tourist numbers.
- Promote **local tourism packages through robust marketing campaigns.**



## TRANSPORT

### Set Targets

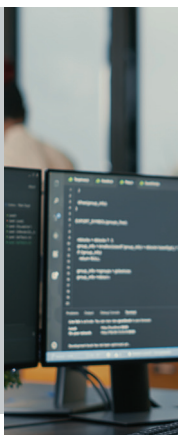
- ✓ Maintenance, rehabilitation and upgrading of **feeder roads**.
- ✓ Rehabilitate and upgrade all economically beneficial roads such as the **Lusaka-Ndola, Chinsali-Nakonde and Kazungula-Sesheke roads**.
- ✓ Rehabilitation, maintenance and **upgrading of the poor infrastructure in the railway sector**.
- ✓ Completion of **Kasama and Mbala airports**.
- ✓ Rehabilitation and maintenance of provincial airports and aerodrome.

### Sector challenges

- Low investments in railway infrastructure.
- High transportation costs.

### Policy Options for success

- Engage in **bilateral/multi-lateral railway route management groups** with other countries to collaborate on rail use and infrastructure development.
- Encourage **private train operators to join the rail sector industry** in an effort to grow the sector and generate revenue.
- Pursue **Public Private Partnerships (PPPs) in order to maintain, rehabilitate and construct infrastructure related to the transport sector**.
- Expedite the establishment of infrastructure maintenance, formulation and operationalisation policy.



## INFORMATION & COMMUNICATION TECHNOLOGY

### Set Targets

- ✓ Increase the number of **communication towers for technology to reach all citizens, especially in unserved and underserved areas**.
- ✓ Actualise the digital transformation and **e-Government agenda**.
- ✓ Provide other relevant infrastructure to enhance connectivity and support investments in **optic fibre and telecommunication facilities**.
- ✓ Take advanced technology to border post management to ensure efficiency and transparency in the movement of goods and people.

### Sector challenges

- Increased demand for ICT services in the era of the COVID-19 due to people working from home.
- Low ICT uptake in the education sector.

### Policy Options

- The **Ministry of Education is urged to adopt a sustainable professional development framework to guide teacher training in the use** of ICT
- Digitize the investment portfolio of ZDA and other players to enhance digital investment and finance

## CONCLUSION

Economic transformation has the potential to support economic growth and thereby **facilitate job creation and increase employment opportunities for Zambians**. The following sectors have been identified as key for economic transformation: **agriculture, tourism, mining, manufacturing, energy, information and communication technology (ICT) and transport**. This briefing note has highlighted several challenges in these sectors which, if left unaddressed, would hinder Government's pursuit of economic transformation. Notably, the MTBP contains a set of measures which Government will seek to implement in period 2022-2024 to both meet these challenges and spur growth in the respective sectors.



## **POLICY MONITORING AND RESEARCH CENTRE**

Corner of Nationalist & John Mbita Roads, opposite Ridgeway Campus gate  
10101 Lusaka, Zambia

Tel: +260 211 269 717 | +260 979 015 660

<https://pmrczambia.com>

