

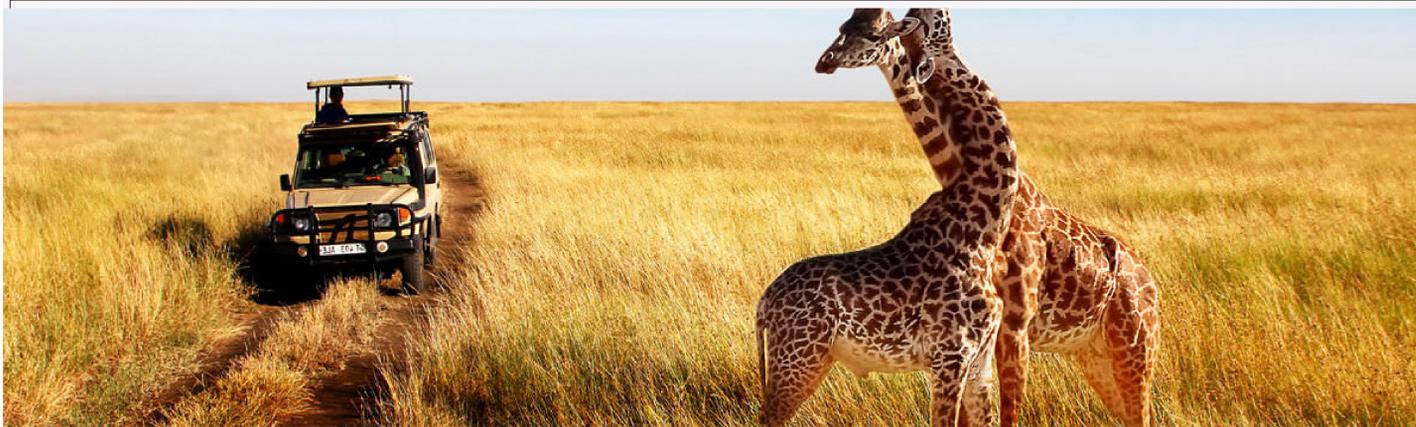
2022 FIRST QUARTER STATE OF THE ECONOMY INFOGRAPHIC

PART
TWO



MEASURES TO ENHANCE ECONOMIC GROWTH

AGRICULTURE AND TOURISM



- Government has made progress in securing financing to establish large agricultural estates and complete developments at Kasaba Bay and Liuwa National Parks from its development partners, to complement provisions made in the 2022 Budget.
- In the second half of the year, works will commence for the development of some selected farm blocks, under the Growth Poles Project to be supported by the World Bank.
- Developments in the Tourism Sector will also commence in 2022. Government is undertaking a review of incentives in consultation with stakeholders to promote growth of the sector.

- The **building of new fertilizer production plants** such as the one in Chilanga is one such measure that will help streamline the procurement process and cushion fertilizer prices.

MINING



- Government is working to encourage expansion of the existing mines and open new ones.
- Government is resolving legacy issues at KCM and Mopani so that the mining assets come to production as quickly as possible.

PUBLIC PRIVATE PARTNERSHIPS

- Government is pursuing the use of **Public Private Partnerships (PPPs)** mode of financing to facilitate **infrastructure and other developmental projects**.
- The PPP Council has approved the Lusaka-Ndola dual-carriage way to be developed as a PPP, at a fraction of the cost earlier announced under loan financing.



ENERGY

- Government is making progress on the conversion of Tazama Pipeline Limited to pump finished petroleum products and is expecting to complete this June.



Tazama Pipeline Limited to pump finished petroleum products

LEGISLATIVE REFORMS

- Public Private Partnership Act will be reformed in order to make it easier to use this financing mode, while strengthening the framework for managing risks associated with it. The draft **Public Private Partnership Act is undergoing final consultations** and should be submitted to the National Assembly in the next sitting.



Public Private Partnership Act
undergoing final consultations

- Loans and Guarantees (Authorization) Act to align it with the constitutional requirement for parliamentary oversight on loan contraction and management. The draft **Loans and Guarantees (Authorisation) Act is undergoing final consultations** and should be submitted to the National Assembly in the next sitting.

- Bank of Zambia Act** to enhance the operational independence of the Bank of Zambia. The draft Bank of Zambia Act has been approved by Cabinet and has been submitted to Parliament and went through first reading before the House adjourned.

- Amendment of the **National Pensions Scheme Act Cap 256 of the Laws of Zambia** to make the penalty regime less punitive to employers.

- Review the law so that **employees can access part of their pension before reaching retirement age**.

DOMESTIC ECONOMIC OUTLOOK

- Growth is expected to remain on a positive trajectory in 2022 and the medium term premised on a **continued pick-up in economic activity and high copper prices**.

- The **agriculture, mining, tourism, manufacturing and information and communications sectors** are expected to drive the growth.

- The economic outlook is uncertain due to the ongoing **Ukraine conflict and the lingering COVID-19 Pandemic**.

- The effect on the Zambian economy has been an increase in fuel pump prices. This in turn will pose challenges in meeting our inflation and growth targets.

- Government will, therefore, continue to monitor global risks closely and work to mitigate these risks to the greatest extent possible.

PMRC KEY OBSERVATIONS

The picture from the first quarter clearly shows that some progress has been made from some areas of the reform programme.

- Budget performance was positive with total revenue and grants growing by 1.5%. Total revenues amounting to k23.8billion against a projection k23.4 billion.
- Positive signs of fiscal discipline in the first quarter as expenditure was within target, which offers a great opportunity for restoration of fiscal fitness.
- Stock of Government securities rose by 4.3% showing that Government is still borrowing from the local market and consequently crowding out the private sector.
- Zambia's economy has not been spared from the effects of the Ukraine-Russia conflict leading to increase in essential commodities.

PMRC RECOMMENDATIONS

- Government is urged to expedite talks with IMF and other creditors for debt restructuring.
- Government must consider prioritizing the dismantling of domestic arrears owed to suppliers of goods and services in order to free up money for investments in the economy.
- Government is urged to consider re-aligning expenditure in the agricultural sector to more productive sub-sectors such as agricultural mechanization and irrigation to ensure increased productivity that will fill the food crisis gap caused by the Ukraine-Russia conflict.



PREPARED BY
Research and Analysis Division
www.pmrzambia.com

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

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