



**PMRC'S SUBMISSION TO THE EXPANDED PLANNING AND BUDGETING
COMMITTEE: ESTIMATES OF REVENUE AND EXPENDITURE FOR THE
FINANCIAL YEAR ENDING 31ST DECEMBER, 2022.**

OCTOBER 2022

PMRC'S ROLE IN THE BUDGET PROCESS

- Pre Budget submissions to the Ministry of Finance.
- Working with the Ministry of Finance on the Citizens Budget.
- Producing infographics for easy understanding of the Budget.
- Simplified analysis of the Budget for the public.
- Appearance before the Budget Committee.
- Public lectures.

BUDGET OVERVIEW

- The Minister of Finance and Development Planning unveiled a K167.3 billion or 31.4% share of GDP budget compared to a 172.9 billion or 37.1 % share of GDP budget released in 2022.
- The theme of this budget is “Stimulating Economic Growth for Improved Livelihoods”.
- The 2023 budget was delivered in an environment characterized by anxiety considering it is the first budget to be presented after Zambia reached an Extended Credit Facility (ECF) Arrangement with the International Monetary Fund (IMF) which approved a SDR 978.2 million (about US\$1.3 billion) 38-month ECF arrangement for Zambia to help restore macroeconomic stability and foster higher, more resilient, and more inclusive growth.

BUDGET OVERVIEW

Tighter financial conditions in Developed countries, a partial lock down in China because of COVID-19, and the Russian invasion of Ukraine have resulted in a contraction of the global economy by 2.9% - a reduction from the 6.1% recorded in 2021 to 3.2% in 2022. Consequently, this has resulted in the price decline of commodities such as copper, from US \$9,550 per metric tonne in December 2021 to US \$7,422 per metric tonne as of September 2022. In addition to this, the Russo-Ukraine conflict has orchestrated supply-side upsets - crucially in the prices of key commodities such as fertilizer and petroleum.

DOMESTIC ECONOMIC OVERVIEW

The domestic economic overview gives a snapshot of Zambia's economic growth prospects, debt position, domestic arrears, monetary and fiscal performance and its external sector performance.

Economic Growth

- It is estimated that GDP will increase by 3% in 2022 - a slower rate than in 2021 which saw GDP grow by 4.6%. This has been attributed to the downturn in performance of the agricultural and construction sectors.
- The increase in average crude oil price in the first half of 2022 by \$35.97 in comparison

to the same period in 2021 resulted in diesel prices peaking at K28.01/ litre in July.

- Fertilizer prices as measured by the Fertilizers Price Index grew by over 60% between August 2021 and August 2022.

Debt Position

- Public external debt amounted to US \$14.87 billion as at end-June 2022.
- Of this amount, Central Government external debt was US \$13.25 billion while guaranteed and non-guaranteed external debt for State Owned Enterprises was US \$1.50 billion and US \$113.69 million, respectively.
- Government external debt increased by 1.6 percent to US \$13.25 billion as at end-June 2022 from US \$13.04 billion as at end-December 2021.
- Stock of Government guarantees was US \$1.50 billion as at end-June 2022. ZESCO and Kafue Gorge Lower Hydropower Project accounted for 93 percent of these guarantees.
- Stock of domestic debt, that is, Treasury bills and Government bonds, increased by 5.3 percent to K203.9 billion as at end August 2022 from K192.9 billion as at end-December 2021.

Domestic Arrears

- The stock of audited central Government domestic arrears or pending bills, excluding fuel and electricity, decreased by 8.4 percent to K44.0 billion as at end-June 2022 from K48.1 billion as at end-December 2021.
- The stock of domestic arrears decreased by 4.4 percent to K76.4 billion as at end-June 2022 from K79.9 billion as at end- December 2021.

Monetary and Financial Performance

- Growth in consumer prices, as measured by the inflation rate, has slowed to single digits.
- For September 2022, inflation was recorded at 9.9 percent from 22.1 percent in September last year.
- Key drivers of lower inflation have been the appreciation of the Kwacha and improved supply of food items.

External Sector Performance

- Preliminary data indicates that exports were US \$5.964 billion during the first half of 2022 compared to US \$5.216 billion during the same period last year, a growth of 14.3 percent.
- This outturn was largely explained by the increase in copper exports earnings that rose by 12 percent to US \$4.4 billion, driven by higher copper prices
- Imports also increased by 41.5 percent to US \$4.3 billion, supported mostly by the appreciation of the Kwacha against the US dollar and improved e US \$1.6 billion

- As at end-August 2022, gross international reserves were US \$3.0 billion, representing 3.5 months of import cover.
- The Kwacha has appreciated by 5.2 percent to approximately K15.79 per US dollar, largely been on account of improved supply of foreign exchange mainly owing to increased inflows from the mining sector and greater confidence in the Government, particularly commitment to reforms.
- The exchange rate of the Kwacha against major currencies has been relatively stable over this period.

2022 BUDGET PERFORMANCE

- The overall budget performance in 2022 was one of the most favourable in many years. Revenues had far exceeded the target while expenditures were contained within the target.
- There had been a high degree of credibility and certainty in the release of funds. Deviations from the Budget were within the permissible 15 per cent variation.
- Unlike in the past, the Government had consistently made monthly budgetary releases per the requirements of Ministries, Provinces and Agencies.
- Total revenues and grants for January to August 2022 amounted to K72.1 billion and were 3.5 per cent above the budget target of K69.7 billion.
- Tax revenue stood at K54.4 billion, non-tax revenue at K13.5 billion, and grants were at K4.2 billion. The positive performance was mainly attributed to increased collections in corporate tax and Pay as You Earn. By the end of the year, total revenues and grants are expected to be K101.04 billion against the budget target of K100.7 billion.
- Total expenditure for January to August 2022 amounted to K94.3 billion against the target of K110.2 billion. Of the total spending, K85.1 billion was financed from domestic resources, while K9.2 billion was foreign-financed.
- Notable expenses were the 2022 Census of Population and Housing, Constituency Development Fund, and dismantling of arrears. Others were payment of retirement benefits and Government contributions under the Public Service Pensions Fund and the Local Authorities Superannuation Fund.
- The budget deficit for 2022 was projected at 6.7 per cent of GDP. The year-end debt is, however, now projected to be higher at 9.8 percent of GDP.

2022 BUDGET PERFORMANCE

	Amount		Share of Budget		Share of GDP	
	2023	2022	2023	2022	2023	2022
Government Expenditure	167,321,733,563	172,987,077,535	100%	100%	31.4%	37.1
Domestic Revenue	111,643,321,261	98,859,157,828	66.7%	57%	20.9%	21.2
Domestic Financing	15,575,869,900	24,458,940,993	9.3%	14%	2.9%	-
Foreign Financing and Grants	40,102,542,402	49,668,978,774	24%	29%	7.6%	10.7

EXPENDITURE ESTIMATES BY FUNCTION

Functions	2023 Budget		2022 Budget	
	Amount ZMW	% of Budget	Amount ZMW	% of Budget
General Public Services	66.17 Billion	39.5%	86.4 Billion	49.9%
Defence	8.15 Billion	4.9%	7.6 Billion	4.4 %
Public Order and Safety	5.19 Billion	3.1%	3.5 Billion	2%
Economic Affairs	35.01 Billion	20.9%	33.7 Billion	19.5%
Environmental Protection	1.06 Billion	0.6%	971.9 Million	0.6%
Housing and Community Amenities	2.58 Billion	1.5%	2.4 Billion	1.4 %
Health	17.40 Billion	10.4%	13.9 Billion	8%
Recreation, Culture and Religion	444 Million	0.3%	156.4 Million	0.1%
Education	23.19 Billion	13.9%	18.1 Billion	10.4%
Social Protection	8.13 Billion	4.9%	6.3 billion	3.6%
Total	167.32 Billion	100.00%	172.9 Billion	100.00%

2023 KEY SECTOR BUDGET ALLOCATION AGAINST INTERNATIONAL PROTOCOLS

Zambia is a signatory to a number of international standards such as the **Maputo and Abuja Declarations**. Both these agreements require member countries to allocate at least **10% of their National Budgets towards Agriculture and at least 15% towards Health**. The 2023 budget falls short of these requirements, however, there is a significant improvement in the percentage allocation towards education, health and agriculture respectively (see figure above). PMRC would however like to commend Government for meeting international best practice in its budget allocation to the water and sanitation and social protection sectors.

Sector	International Budget Allocation	2023 National Budget Allocation	2022 National Budget Allocation	Score
Education	20%	13.9%	10.4%	X
Health	15%	10.4%	8%	X
Social Protection	3.5%	4.9%	3.6%	✓
Agriculture	10%	6.7%	3.7%	X
Water and Sanitation	1% to 3%	1.5%	1.4%	✓

KEY TAX MEASURES

The total revenue gains from the measures proposed in the 2023 budget is K9.2 billion, while the total revenue loss is K4.3 billion. The result in a net revenue gain of K4.9 billion.

Value Added Tax (VAT) in the 2023 budget will contribute approximately K6.8 billion (over 70%) to the total revenue gains from the proposed tax measures. Part of what the IMF deal seeks is to bring about is policy changes that will increase revenues from Corporate Income Tax, VAT and excises. To this end, and amongst others, Government has proposed to reinstate VAT and excise duty on petrol and diesel. PMRC welcomes this measure because it will result in additional revenue being channeled to critical areas of the economy, such as health, education and CDF.

Government has proposed to increase the Pay-As-You-Earn (PAYE) exempt threshold to K4,800 per month from K4,500 and to adjust the income tax bands accordingly. Further, it has proposed reducing the second band's tax rate to 20% from 25%. These measures will add 21,509 more workers to the PAYE exempt list and increase disposable income for salaried households by K1 billion. PMRC commends the Government for these timely adjustments, which will translate into families having higher income to save or spend.

A notable proposal under customs and excise is to reduce customs duty on electric vehicles to 15% from 30%. This is particularly commendable as the country seeks to become a green economy. In particular, toxic emissions from petrol and diesel vehicles leads to long-term adverse effects on public health. The emissions impact of electric

vehicles is much lower than that of petrol or diesel vehicles. PMRCs concern surrounding this measure remains the affordability of electric vehicles as well as the promotion of their use amongst citizens.

I. ECONOMIC TRANSFORMATION AND JOB CREATION AGRICULTURE

- The share of the budget toward the agriculture sector has increased from **3.7%** in 2022 to **6.7%** in 2023. There has also been an increase in the amount allocated towards the farmer's support program from **K5.4 Billion** in 2022 to **K9.1 Billion** in 2023.
- Prior budgets focused mainly on the Farmer Input Support Programme and the Food Reserve Agency, leaving out other priority areas such as extension services and Research and Development.
- PMRC is elated that Government intends to spend a total of **K11.2 billion** on various interventions in the agriculture, fisheries and livestock sub-sectors in line with the Comprehensive Agriculture Support Programme. **K9.1 billion** has been allocated towards farming inputs, whereas **K789.5 million** for extension services, including motorbikes, extension kits and rehabilitating camp houses across the country.
- Government has proposed spending K426.6 million on farm block development and irrigation and support agricultural activities all year round. Further, **K52.7million** has been allocated towards recruiting at least 500 extension officers in the livestock, fisheries and agriculture sub-sectors.
- Lastly, the government proposes to spend K274.4 million on animal disease control, which will facilitate the procurement of animal vaccines and the construction of an animal vaccine plant at Balmoral in the Chilanga District.
- Government will construct forty dams across the country over the medium term, whereas sixteen dams will be built in 2023.
- Further, to actualise the Chianti Irrigation Scheme in Kafue District, the Government has secured \$10 million from the African Development Bank (AfDB) to cover 600 hectares in- field irrigation by smallholder farmers. The financing will also be used to establish storage facilities and a youth skills development centre, which will benefit over 12,000 people.
- PMRC would like to commend Government on this pronouncement as it is one of the climate-innovative agricultural technologies and practices that reduces overdependence on rain-fed agriculture and provides water resources in situations of inadequate rainfall. Investment in irrigation is vital as we endeavour to boost our Agriculture Sector.
- Government has committed to improving extension service delivery and has commenced the recruitment of 256 extension officers. Additional officers will be recruited in 2023.
- Government has shown commitment to livestock disease control, which has significantly increased from **K96.4 million** in the 2022 budget to **K274.4 million in the 2023 budget**. The increase in budget allocation will facilitate interventions such as constructing bio-security infrastructure on trunk roads and completing laboratories.”
- Regarding the fisheries subsector, Government will continue to support the aquaculture value chain players through the Aquaculture Seed Fund, as well as promote and enforce

sustainable fishing practices in the capture fisheries. Government will also formulate the National Animal Health and National Aquaculture and Fisheries policies.

- Further, Government will review and amend the Animal Health Act No. 27 of 2010 and Animal Identification Act No. 28 of 2010.
- The formulation of the two policies and the amendment of the Acts will ensure that the subsector has an adequate legal and policy framework that will govern Government's efforts toward improving productivity within the subsector.
- Lastly, Government will seek to reduce business costs by automating applications and issuing licenses, permits, certificates and other authorizations through a single electronic window.

Recommendations

- Smallholder farmers often face many challenges accessing buyers; PMRC recommends that extension services should not only be a product but market-oriented. This will help ensure that smallholder farmers perceive agriculture as a money-making venture instead of a source of livelihood.
- Government needs to explore PPPs to leverage finances, share risk fairly, develop innovations and create market access for the players within the sector.
- Government is urged to ensure timely disbursement of the budgetary allocation towards extension services to facilitate the enhancement of farmers agricultural production.

MINING

- Government aspires to ramp up copper production to 3 million metric tons in a decade while diversifying the mineral resource subsector through harnessing and developing the non-copper subsector within the mining value chain.
- Government has re-introduced deductibility of Mineral Royalty Tax payable under the Minerals and Mines Development Act of 2015 for income tax purposes.
- Government has proposed additional tax measures and strategies to promote the development of the copper and non-copper subsectors, including;
 1. Restructuring the mineral royalty regime concerning copper
 2. Reducing property transfer tax to 7.5 per cent from 10 percent on mining rights held by exploration companies to encourage mining exploration.
 3. Establishing a mining regulatory institution to regulate the oversight of the sector.
- The 8NDP aspires to develop the artisanal and small miners' subsector. To actualise the 8NDPs ambitions to develop the artisanal and small-scale miners subsector, the 2023 budget has proposed progressive measures that promote its growth, including;
 1. Formalising key players in this subsector that will assist with access to affordable financing and foreign investment through joint ventures.
 2. Provision of support through the supply of the necessary equipment and training to increase production.
- ***To achieve this, Government has allocated k50 million towards the subsector to facilitate artisanal and small-scale miners access to equipment and training.***

Recommendations

- There is a need for timely and adequate funding of mining regulatory institutions to enable them to carry out their mandate and bring sanity to the sector concerning licensing and oversight of various mining activities.
- The Ministry of Mines and Mineral Development needs to formulate an Exploration Strategic plan as a guide for mineral exploration in the country which can be used to attract funding towards exploration.
- To actualize the 2022 and 2023 proposed tax changes, the Ministry of Mines and Mineral Development needs to expedite the review of the Mines and Minerals Development Policy as well as review and amend the Mines and Minerals Development Act.

MANUFACTURING

- Zambia's manufacturing sector remains a necessary means of promoting strong backward and forward linkages with other sectors such as agriculture and mining, which are catalysts for sustainable economic growth. Manufacturing can contribute more to economic transformation and job creation with enhanced support.
- Government has continued to promote the multi-facility economic zones to broaden the country's industrial and manufacturing base.
- The Lusaka South MFEZ has been a success story, attracting more than 30 companies with a total pledged investment of US \$230 million and 4,000 jobs in the last year. However, PMRC holds that the US \$50,000 threshold required to operate in an MFEZ or industrial yard remains a barrier to entry for potential Zambian investors. We recommend that Government prescribe a lower point for local investors in Kwacha. This would have the dual benefit of attracting more Zambian investors and protecting them from exchange rate risk.
- Further, intervention in the MFEZ and industrial yards should form infrastructure support. The minimum infrastructure required in all the zones and not just some includes energy (electricity or power distribution), telecommunications, roads, water and sewage. This will mainly be key as Government expands the number of MFEZ.
- The following revenue concessions were also put forward
 1. A proposal to increase the surtax on the imported floor and wall tiles to 20% from 5%. This is a welcome move that will support the local production of tiles.
 2. A proposal to suspend excise duty on clear beer made from cassava to 5% from 10% and excise duty on clear beer made from malt to 20% from 40% for production levels to be specified and for a period of 3 years. These measures will promote value addition to cassava and malt, support out-grower schemes and enhance job creation.
- Promoting value-addition and manufacturing has been identified as a critical strategy contributing to an industrialised and diversified economy per Eighth National Development Plan (8NDP).
- The above-listed measures are notable scores concerning this particular strategy African Continental Free Trade Area (ACFTA) was a notable absence from the budget speech). Having now come into force, PMRC expected the 2023 National Budget to contain an

allocation dedicated toward the local implementation of this initiative.

- The ACFTA continues to hold much potential to aid the growth of Zambia's trade in the medium to long term and will provide the kind of market linkages that the 8NDP mentions.

TOURISM

- Government has proposed a waiver on visa requirements for tourists from the United Kingdom, United States of America, Canada, Norway, Australia, China, Japan, South Korea, the Gulf States and the European Union.
- The purpose of this measure is to facilitate an increase in tourist arrivals. While this motive is both understandable and commendable, PMRC is of the view that the process of applying for a visa is what ought to have been targeted.
- Furthermore, it needs to be made clear what the revenue impact of this measure will be. There is a need to quantify the overall revenue benefit by considering how much those tourists will spend and how long they will be in the country against the loss in revenue from visa fees.
- Lastly, such a measure ought to be bilateral in nature, i.e. Zambian citizens should equally be able to enter the countries mentioned above under the same terms.
- To stimulate growth in the sector, the Government will continue to bid to host **meetings, international conferences** and **events**. In this regard, Zambia will host the 45th annual association meeting of African Central Banks. In addition, the convenience and cost of international flights are considered for tourists aiming for a long haul in Zambia.
- The Government has commenced works to develop the **Northern Circuit** called **Kasaba Bay Tourism project** and invest in the **Southern Circuit** called **Liuwa National Park**. The Government also has started the rehabilitation of infrastructures such as **airports, roads and communication facilities**.
- Other measures that Government will take include:
 1. Piloting the tourism single licence system in Livingstone.
 2. Promoting tourism development by providing incentives to attract more investment into the sector.
 3. Working towards increasing direct international flight options from key tourism markets in Europe and the United States.
 4. Streamlining the legal framework by reviewing the Zambia Wildlife Act, Tourism and Hospitality Act and the National Heritage and Conservation Commission Act.

Recommendations

- Government is urged to provide additional promotional packages to bolster tourists traffic as well as eliminate the high-cost tourist destination status. This will not only attract tourists but also promote tourism in general.
- PMRC urges the Government to expand the quality of tourism training in the sector by diversifying the types of training offered and encouraging players in the industry to sign international partnership agreements for training in tourism and hospitality.

- Government is further urged to adopt new measures to incentivize and support investors in existing and new facilities to stimulate tourist investment.

II. HUMAN AND SOCIAL DEVELOPMENT

HEALTH

- Government has allocated K17.4billion to the health sector, representing 10.4% of the 2023 total budget.
- Compared to the 2022 budget, which had an allocation of K13.9billion, there is a difference of 3.5Billion in nominal terms representing a 25% increment.
- Drugs and medical supplies have a portion of at K4.6billion, which is an increase of about 35% compared to the 2022 allocation of 3.4Billion.
- This is a critical measure as it will reduce the drug and supply shortages which have been a massive challenge in the health sector. Medical equipment has also been allocated K900million. This measure is a gigantic step towards achieving access to adequate quality health care for all while ensuring that Government saves on monies spent on evacuations for medical attention abroad.
- The allocation towards health infrastructure has been reduced by a K0.5billion representing a 31% decrease compared to the 2022 allocation of K1.6billion. Despite the decline, it is hoped that the measure will address the challenges of inadequate health infrastructure, especially for our people in rural Zambia.
- Further, Government intends to recruit 3,000 health care personnel in 2023. This measure not only addresses the goal of enhancing the quality of health care by improving the health worker-to-patient ratio but also the high unemployment rate. Collectively, all these measures align with the aspirations of the 8NDP of enhancing access to quality health services.

Recommendations

- PMRC commends Government for an increased budgetary allocation towards the provision of health services, and for setting up measures to improve supply management systems that will ensure the availability of essential medicines and medical supplies. However, Government is urged to continue striving toward attaining the 15% target set in the Abuja Declaration on Health.
- PMRC urges Government to urgently strengthen procurement systems and reinforce accountability in the health sector to resolve the various challenges in the procurement and disbursement of supplies to curb the wastage of resources.
- In addition, Government needs to exploit public-private partnerships in this sector.
- PMRC urges the Government to increase funding towards ICT for service delivery in the health sector.
- In the same vein, it is hoped that the SMART CARE project will be developed into an integrated health system for easy information sharing and be decentralised for more effective public service delivery.

- Finally, Government is urged to increase allocation towards research and development in the health sector for better emergency preparedness in the face of emerging pandemics.

EDUCATION

- In line with Government's aspirations to make quality education accessible to all, the 2023 budget has allocated K23,188,742,594 to the Education sector of which 1,504,847,894 is for school infrastructure, K871,448,712 is for the provision of secondary school and skills development bursaries under CDF, and K220,830,254 is for the Skills Development Fund. This accounts for 4.9% of the budget and is an increase from K18.1 billion allocated in 2022.

In 2023, Government intends to:

- Recruit an additional 4,500 teachers.
- Respond to the increased demand for secondary school education which has partly been influenced by the provision of bursaries and free education, Government is set to complete 115 secondary schools, construct an additional 120 new secondary schools and complete an additional 56 Early Childhood Centres with support of the World Bank through a concessional loan.
- Government will re-introduce student meal allowances on Government loan schemes in 2023, a significant step toward making education affordable and bridging inequality gaps for vulnerable students.
- Regarding TEVET, the Government's move to review the curricula and syllabi of the programmes on offer is crucial to address the skills gap.
- PMRC urges the Government to develop indicators that will assess how well the spending in social sectors is responding to the needs of the people
- There is a need to strengthen the targeting and selection criteria of social protection programme beneficiaries and improve the monitoring of the Keeping Girls in School initiative to ensure that beneficiaries are reaping the intended benefits of these programmes.
- There is a need to invest more in special education for children facing various cognitive and learning challenges, such as autism, by decentralising assessment facilities and improving staffing levels to ensure they are not left behind. Similarly, curriculum development should take care of the needs of these children.

WATER AND SANITATION

- In this sector, Government has embarked on the National Urban and Rural Water Supply Programme. The Program scope includes; Kafue, Nakonde, Chinsali, Chongwe, Lusaka, Kafulafuta, Serenje and Mufumbwe districts.
- The 2023 budgetary allocation to water and sanitation has increased by 8%, from K2.4billion in 2022 to K2.6 billion in 2023. External financing of K135million has also been provided under the Millennium Challenge Account.
- PMRC urges Government is to improve drainage and solid waste management systems

to address the challenges faced during the rainy season, especially of flooding.

- Government is urged to increase funding for water and sanitation to enhance expansion and improve water resources and infrastructure management and last monitor climate-related risks to water management.
- Furthermore, given the recently launched Water Investment Programme, PMRC urges Government to prioritise investment in modern water technology such as water harvesting; this will have the dual benefit of providing increased access to water and sanitation services while also building climate change resilience.

III. ENVIRONMENTAL SUSTAINABILITY

- Environmental protection in the 2023 budget has been allocated K1,059,981,064 - an increase of approximately 8.3% from 2022's allotment of K971,923,264. Barring 2020, there has been an upward trend in the financing of this sector over the last five years.
- The Government has also reiterated its resolve to promote green growth - a concept that has emerged as a new approach to reframe the conventional growth model and to re-assess many of the investment decisions in meeting energy, agriculture and water needs, as well as the resource demands of economic growth without compromising future growth and poverty reduction goals.
- Innovative financing for climate change interventions have been prioritised in the 2023 budget, with green bonds and carbon trading taking centre stage in facilitating the inflow of Foreign Direct Investment.
- Further, the 2023 budget provides for a 50% customs duty tax cuts of to 15% on electric car importation, 10% increase in surtax for carbon emissions and 15% excise tax on plastic articles. The budget also provides for zero withholding tax on investments in green bonds listed on the Lusaka Stock Exchange.
 - PMRC urges government to develop a monitoring tool necessary in ensuring that the measures pronounced are strictly adhered to.
 - Further, government is urged to ensure accompanying policy and legislation are aligned to facilitate the smooth execution of proposed reforms

IV. GOOD GOVERNANCE ENVIRONMENT

- Government will by end of 2022 publish the Governance Diagnostic Assessment Report. This Assessment will identify the main governance weaknesses and corruption vulnerabilities as well as measures to address them.
- Government will implement fiscal, debt management. Monetary and external sector policies that will stimulate growth and improvements livelihoods.
- To show commitment to reforms and fight against corruption, Government will increase funding towards law enforcement agencies and oversight institutions.
- So far K3 billion, representing 75 percent of the allocation, has been released. However, utilisation has been unsatisfactory as less than 10 percent of the released amount has been utilised. The underutilisation has been due to administrative challenges such as highly centralised approval processes required under the law; cumbersome

procurement procedures; and limited capacity in project preparation, among others.

- Government will amend the Constituency Development Fund Act to streamline the approval processes and give more decision-making powers to the local communities.