



PRESS STATEMENT

FOR IMMEDIATE RELEASE

Friday 30th December 2022

We sincerely wish to thank all our stakeholders and partners for the support rendered to PMRC in 2022.

The year 2022 has been remarkable; it marked ten years of PMRC's existence as a public policy think tank playing a key role in promoting public understanding through research and education. As the institution celebrates a decade of delivering on its mandate, we pledge to continue complementing the Government of the Republic of Zambia with evidence-based social and economic policy research across sectors within our thematic areas. PMRC remains committed to monitoring policy coherence and implementation through collaboration with Government Ministries, Government Agencies, Non-Governmental Organisations (NGOs), and Civil Society Organisations (CSOs), among others.

As we end 2022, we wish to acknowledge some of the milestones achieved during the year. Through the 2022 national budget, the Government announced the recruitment of 30,000 teachers at a cost of K1.7 billion to effectively deliver the Education for All agenda. This was aimed at improving service delivery and reducing the teacher-learner ratio, particularly

in rural areas. In July 2022, the Government allocated 2,056 teachers to Early Childhood Education (ECE), aimed at enhancing the cognitive foundation of children in literacy and numeracy skills; 25,736 teachers were allocated to primary education while 2,694 teachers were recruited for secondary education. This recruitment was a major step towards achieving universal education as espoused by the Convention on the Rights of the Child where every child is guaranteed the right to education. The Government also recruited over 11,000 healthcare personnel aimed at addressing both the high unemployment rates as well as achieving its goal of delivering quality healthcare across the country.

Another great milestone for 2022 was increased CDF allocation through the 2022 budget to take development closer to the people. Despite 100% disbursement of CDF funds by Central Government, the process has been marred with challenges that led to low resource absorption capacity by the end users. It is good to note that the Government has taken positive steps to improve the uptake by the end users. To this effect Government on 2nd December 2022 issued Gazette Notice No. 1683 of 2022 aimed at delegating powers to provincial local government officers to approve CDF applications at the provincial level. In addition to the Gazette, in the 2023 National Budget speech Government pledged to review the CDF Act No.11 of 2018 and the CDF guidelines to make them user-friendly. As an institution, we look forward to having the process of resource utilization quickened in 2023 by expediting the review of the stated legislation and procedures.

The Government launched the Eighth National Development Plan (8NDP) which is the country's medium-term blueprint designed to unlock the country's potential in all sectors of the economy for sustainable, holistic and inclusive national development. As Government aspires to ensure economic growth, it will pursue growth for the transformation of livelihoods. It is noteworthy that the Executive Board of the International Monetary Fund (IMF) approved a 38-month arrangement under the Extended Credit Facility (ECF) in an amount equivalent to SDR 978.2 million (around US\$1.3 billion, or 100 percent of the quota). The programme is based on the authorities' homegrown economic reform plan that aims to restore macroeconomic stability and foster higher, more resilient and more inclusive growth.

On 30th September 2022, the Minister of Finance and National Planning, Dr Situmbeko Musokotwane, unveiled the 2023 National Budget under the theme "*Stimulating Economic Growth for Improved Livelihoods*". This would be the first budget after attaining an IMF Extended Credit Facility, which was announced in September 2022. This facility is critical to help resolve the debt crisis through debt restructuring; which will in turn spur economic growth. Ultimately this will translate into improved livelihoods for citizens.

During the 2023 budget address, it was reported that the stock of public external debt amounted to US \$14.87 billion as of the end of June 2022. Of this amount, 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 domestic arrears or pending bills, excluding fuel and electricity, stood at K44.0 billion as of the end of June 2022. In total, Government's debt is US \$25.2 billion. Against the backdrop of unsustainable debt levels, Zambia's Public Debt Management Act, No. 15 of 2022, was enacted. It makes it mandatory for the National Assembly to approve all borrowing by Central Government and external borrowing by public bodies through an Annual Borrowing Plan (ABP). The 2023 APB had been prepared in compliance with this Act whereby the Minister of Finance and National Planning is expected to present the ABP before the National Assembly in each financial year.

In terms of international cooperation, Zambia has maintained good relationships at multilateral and bilateral levels. One such relationship is with the World Bank, a long-time-standing relationship dating back to 1955. The Bank has partnered with Zambia to support 25 development projects, with a value of US\$3.5 billion across various sectors—energy, transport, agriculture, health, education and cross-cutting projects in gender, climate change, devolution and social protection. The World Bank made US\$740 million in concessional disbursements in 2022 and these are providing strong support to reduce the country's fiscal deficit and implement difficult but sound reforms. It is important to note that during the financial year June 2022 to June 2023, the World Bank approved US\$ 300 million for farm development; US\$200 million for devolution and social protection and US\$175 million for Budget Support.

The recent US\$ 100 million support released by the World Bank for Zambia amid substantial delays in debt restructuring will support macroeconomic stability, growth and competitive programmes and comes at a time when Zambia's currency is experiencing depreciation due to dollar demand for the importation of farming inputs. This money is thus essential for the stabilization of the Kwacha as the Government continues to apply measures towards macroeconomic stability.

Going into 2023, Zambia seeks to continue on a trajectory of enhanced international cooperation and goodwill, critical to addressing concerns of debt restructuring which is at the center of achieving its economic benchmarks as set out in the Eighth National Development Plan (8NDP).

PMRC remains committed to supporting Government institutions, agencies and development partners in developing evidence-based policy recommendations for the effective delivery

of the national development agenda. We are committed to providing quality policy analysis to complement the Government's efforts in the pursuit of economic transformation. In this regard, we shall continue to partner with like-minded institutions to promote and encourage dialogue and debate on social and economic policy issues critical to national development. The PMRC work plan for 2023 therefore, has been developed around key national issues requiring increased public understanding and participation.

We are thankful to all key stakeholders that we have worked with this year and are hopeful that we will pursue more undertakings of mutual benefit in 2023.

We wish you all a prosperous 2023.

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