



Republic of Zambia

2019-2021
MEDIUM TERM EXPENDITURE
FRAMEWORK AND
2019 BUDGET

GREEN PAPER

Ministry of Finance
August, 2018

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FOREWORD

I am pleased to present the 2019 - 2021 *Green Paper* which highlights Government's policy direction over the medium term. This will be the cornerstone for actualising the plans that are laid out in the Seventh National Development Plan (7NDP) which demonstrates the fiscal implications of implementing the 7NDP over the medium term.

The implementation of the reforms under the Economic Stabilization and Growth Programme (ESGP) has resulted in relative macroeconomic stability. In this regard, there is urgent need to safeguard the positive achievements that have been recorded in the previous medium terms such as, stabilization in the exchange rate, reduction in the inflation rate to single digits as well as an improvement in the external current account position. However, challenges still remain with expenditure pressures mainly associated with the rising public debt and the growing public service wage bill.

To this effect, the 2019 – 2021 Green Paper emphasises the need to strengthen macroeconomic resilience by narrowing the fiscal deficit through scaling back on borrowing, increasing domestic revenue mobilisation and realigning expenditures by implementing the austerity measures that were announced by His Excellency the President, Mr. Edgar Chagwa Lungu. However, Government will continue to prioritize the thematic areas of agriculture, mining, manufacturing and tourism as the key strategic sectors for the creation of decent employment opportunities in the spirit of reducing poverty and inequality.

Considering the importance of this document, all stakeholders are encouraged to examine and understand Government's policy direction for the 2019 - 2021 medium term and make informed proposals that may be used in the formulation of the 2019 Budget and the 2019 – 2021 medium term, as it affects the livelihood of all Zambian residents.



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CHAPTER ONE

1.0 INTRODUCTION

1. In line with the Seventh National Development Plan (7NDP), the 2019-2021 MTEF aims at “accelerating development efforts towards Vision 2030 without leaving anyone behind”. This Green Paper provides an opportunity for Government to consult stakeholders on the course of action with regard to Zambia’s development agenda.
2. Having achieved relative macroeconomic stability and steady economic growth above the average for sub-Saharan Africa in recent years, Government is firmly resolved to respond to the current economic challenges that the country is facing. The Government will diligently follow through with the implementation of the austerity measures issued by His Excellency the President, Mr. Edgar Chagwa Lungu. These are centred on achieving fiscal consolidation by limiting expenditure to priority sectors such as health and education; enhancing domestic revenue mobilisation; and scaling down debt contraction.
3. Government remains committed to enhance domestic revenue mobilization through the full implementation of measures already commenced upon, such as installation of fiscal registers in the retail and wholesale sector and the forensic audit of VAT refund claims to reduce cheating and revenue leakages. Tax payer education campaigns will also be enhanced to encourage compliance, while the introduction and roll out of electronic payments will be followed through in order to limit cash transactions and enhance audit trails.
4. Monetary policy will remain focused on maintaining the inflation rate within the 6 to 8 percent band, while continuing to maintain a market determined exchange rate in the medium to long term.
5. Debt sustainability remains key over the medium term. As such, over the medium term, Government will focus on gradually reducing the level of debt distress from high to moderate. Some of the measures to be undertaken during the medium term include; postponement of the contraction of some pipeline debt, cancellation of some of the contracted loans that are yet to be disbursed, refinancing of selected bilateral loans and cessation of the issuance of guarantees and letters of credit.
6. The dismantling of arrears owed to contractors and to suppliers of goods and services, remains key over the 2019-2021 period, as it will improve liquidity in the domestic economy, and so promote economic activity. The Government will continue to implement strategies

which will see arrears being progressively cleared through the use of budgetary provisions while curtailing further accumulation of arrears.

7. In order to support the development trajectory set out for 2019– 2021, the Public Financial Management governance framework needs to be right. In this regard, Government will operationalize the Project Appraisal System, the e-Procurement system and strictly adhere to the provisions of the newly enacted Public Finance Management Act. Further, Government will present the Planning and Budgeting legislation as well as a revised Loans and Guarantees Act to the National Assembly for debate and approval.

CHAPTER TWO

2.0 MACROECONOMIC OVERVIEW

2.1 DEVELOPMENTS IN THE GLOBAL ECONOMY

8. Global growth is projected to strengthen to 3.9 percent in 2018 from 3.7 percent in 2017. Growth is expected to be driven by both advanced and emerging markets and developing economies, though uneven across regions. In advanced economies, growth is projected at 2.4 percent, the same as in 2017. Growth in the United States of America (USA) is projected at 2.9 percent in 2018 compared to 2.3 percent in 2017, explained by a substantial fiscal stimulus and an increase in private consumption. In the Euro area, growth is projected to slow down to 2.2 percent in 2018 from 2.4 percent in 2017, on the back of slower economic activity in the larger economies such as Germany and tight financial conditions in countries such as Italy.
9. Emerging market and developing economies are projected to grow at 4.9 percent in 2018 compared to 4.7 percent in 2017. Chinese economic growth is projected to moderate to 6.6 in 2018 percent from 6.9 percent in 2017, as regulatory tightening of the financial sector takes place. In Sub-Saharan Africa, growth is projected to rise to 3.4 percent in 2018 from 2.8 percent in 2017, supported by the rise in some commodity prices such as petroleum.
10. In line with the general global economic recovery, commodity prices were higher in the first half of 2018 compared to the same period in 2017. Copper prices averaged US \$6,878 per tonne compared to US \$5,827 per tonne in 2017. The prices have moderated post mid-2018 due to the on-going trade dispute between the USA and China. Crude oil prices averaged US \$68 per barrel in the first half of 2018, compared to US \$47 per barrel in 2017. This can largely be explained by the OPEC countries agreement to extend their cut back on the production of crude oil. The upward trend is expected to continue for the rest of 2018, due to the re-imposition of USA sanctions on Iran.

2.2 DEVELOPMENTS IN THE DOMESTIC ECONOMY

11. The domestic economy is expected to grow by 4 percent in 2018 compared to 3.4 percent in 2017. Key drivers will be the mining, construction, manufacturing, wholesale and retail trade sectors, supported by stable electricity supply. The performance of the agricultural sector is expected to be lower in 2018 due to poor rainfall experienced in the southern part of the country mid-way through the farming season.

12. Over the first half of 2018, inflation remained within single digit levels averaging 7 percent, though this was marginally higher than the 6.7 percent recorded during the corresponding period in 2017. This was attributed to increases in both food and non-food inflation. Going forward, it is expected that inflation will close 2018 in the medium-term range of between 6-8 percent.
13. On the foreign exchange front, the Kwacha depreciated by 3.0 percent to an average of K9.8241 in the first half of 2018 compared to an average of K9.5393 against the US dollar in the same period of 2017. The stronger dollar, following the hike in the Federal Funds Rate, and adverse sentiments relating to domestic fiscal challenges were the main drivers.
14. In the external sector, preliminary data shows that in the first half of 2018, the country recorded a Balance of Payments deficit of US\$142.5 million from a surplus of US\$181.4 million in the first half of 2017. The deficit was largely explained by deterioration in the current account which widened to US \$756.5 million compared to US\$340 million in the first half of 2017. The deterioration in the current account was due to a higher growth in imports relative to that in export earnings. Imports registered growth of 27.17 percent, while exports grew by 20.7 percent. The major imports were copper ore, chemicals and iron, food, petroleum, rubber and vehicles.

2.3 MACROECONOMIC OBJECTIVES 2019-2021

15. In the medium term, the overall macroeconomic objective will be to accelerate implementation of reforms as outlined in the Economic Stabilization and Growth Programme (ESGP) and austerity measures announced by His Excellency the President of the Republic of Zambia. The ESGP in line with the Seventh National Development Plan (7NDP), 2017 – 2021 will continue to support fiscal consolidation, debt sustainability and entrenching macroeconomic stability for broad-based and inclusive growth while at the same time protecting the vulnerable.
16. The specific objectives for the 2019-2021 medium term will be to:
 - a) Attain an average annual GDP growth rate of at least 4 percent;
 - b) Sustain inflation within the range of 6 to 8 percent;
 - c) Raise international reserves to at least 4 months of import cover by 2021;
 - d) Increase domestic revenue to not less than 19 percent of GDP by 2021;
 - e) Reduce the fiscal deficit to no more than 5.1 percent of GDP by 2021;
 - f) Prioritize the dismantling of arrears and curtail their accumulation;
 - g) Reduce the pace of debt accumulation and ensure sustainability; and

- h) Accelerate the diversification of the economy supported by the implementation of structural reforms.

Table 1: Macroeconomic Indicators Projections 2019-2021

	2018 Projected Outturn	2019 Projection	2020 Projection	2021 Projection
Real GDP Growth	4.0	4.3	4.5	4.6
Nominal GDP (in millions of Kwacha)	270,125	300,169	330,012	365,641
CPI Inflation (end of period)	6-8			
Budget Deficit (% of GDP)	7.4	6.5	5.5	5.1
Copper prices (in US\$ per MT)	6,454	6,477	6,490	6,490
Copper production (MT)	891,203	924,510	961,822	999,302
Oil price (in U.S. dollar per barrel)	65.6	67.9	69.9	71.9

2.4 ECONOMIC, SOCIAL AND GOVERNANCE POLICIES

17. The economic and social policies for the 2019 -2021 Medium Term Expenditure Framework (MTEF) are drawn from the five clusters outlined in the 7NDP. The clusters are economic diversification and job creation, reducing poverty and vulnerability, reducing developmental inequalities, enhancing human development and creating a conducive governance environment for a diversified economy.

2.4.1 ECONOMIC DIVERSIFICATION AND JOB CREATION

Diversified and Export Oriented Agricultural Sector

18. The Government will continue to promote the diversification of agriculture to high value crops and the further development of the livestock and fisheries sub-sectors. Therefore, facilitation of access to necessary services and support infrastructure will be key to raising production and productivity in the sector.
19. The crop diversification programme will target crops such as rice, cassava, cotton, sorghum, millet, cow peas and cashew nuts so as to intensify diversifying away from the maize monoculture. The production of these crops will be promoted based on their comparative advantage in the different agro-ecological regions, and to support the local agro-processing sector and promote exports. The implementation of the e-voucher system as a principle facilitator of crop diversification will continue.
20. Over the medium term, Government will prioritize the development of five farm blocks, namely Nansanga, Luena, Kalungwishi, Manshya and Luswishi. To facilitate more private

sector investment in the farm blocks, Government will ensure that all signed agreements are operationalised while seeking additional investments through Public Private Partnerships (PPP).

21. The use of mechanisation in agriculture production remains poor with an estimated 5 percent of farmers using improved technology such as tractors and 20 percent using animal draft power. Government will therefore over the medium term, continue to promote agricultural sector mechanization, through facilitating small-holder farmer access to appropriate mechanical equipment, animal draft power and improved production and post-harvest technologies.
22. In the fisheries sub-sector, Government will focus on aquaculture development and capture fisheries management. The major activity will be development of the aquaculture-parks in Rufunsa, Gwembe, Mungwi and Kasempa, combating Illegal, Unreported and Unregulated (IUU) fishing, and review and operationalization of the early warning and monitoring system for climate change and enhancement of fisheries stocks. Further, Government will continue to promote a conducive environment for the private sector to engage in fish production.
23. In the livestock sub-sector, Government will continue with the construction of breeding centres, livestock service centres and establishment of artificial insemination centres. Government will also continue with the livestock stocking and restocking programme as well as improving livestock research and livestock extension outreach to farmers.

Manufacturing

24. Over the medium term, programmes in the manufacturing sector will be aligned towards promotion of both domestic and Foreign Direct Investments (FDI) into the already existing Multi Facility Economic Zones (MFEZ) and industrial parks. The Lusaka South MFEZ, the Kafue Iron and Steel MFEZ and the Kalumbila MFEZ will be fully operationalised.
25. To enhance and improve market access, Government will continue with the establishment of One Stop Border Posts and the successful operationalization of the existing ones at Nakonde and Kasumbalesa to quicken time and flow of goods thereby reducing costs to business.

Diversified Tourism Sector

26. Over the medium term, the key focus in the tourism sector will be the diversification of tourism products and promotion of domestic tourism. Other key interventions will be development of tourism related infrastructure, and improving the regulatory framework.

27. To promote diversification, key interventions will include promotion of theme parks and adrenaline and adventure tourism. The promotion of local festival and fairs will also be done. In order to promote domestic tourism, implementation of a strategy that targets citizens and residents, as well as promotional activities such as the use of lower domestic charges will be encouraged.

Energy

28. The focus in the energy sector will be to continue with the provision of adequate and reliable supply of energy through diversification of energy sources. To support investments into the sector, migration towards cost reflective tariffs in electricity will be implemented in line with the results of the cost of service study. Similarly, petroleum pricing will continue to be cost reflective.

29. In an effort to move towards a reliable electricity supply, the 750 Mw Kafue Gorge power project is expected to be connected to the national grid in 2020 and the construction of the 2400 Mw Batoka hydro power project is expected to commence in 2019. To diversify the energy mix, Government will also continue to facilitate private sector investment in alternative energy sources through implementation of the renewable energy feed-in-tariff regulatory framework. This is expected to add an initial 200 Mw capacity on to the national grid.

Transport Infrastructure

30. Over the medium term, development of various socio-economic infrastructure will continue, guided by the principle of first completing projects which are at least 80 percent complete before reverting to projects that are further from completion. This is to ensure sustainable financing and bringing forward economic returns from the country's infrastructure development projects.

31. In the road sector, the priority will remain the Link Zambia 8000 project, rehabilitation and upgrading of township roads including the C400 and L400 Projects, and the Improved Rural Connectivity Project. For completed projects, greater emphasis will be placed on maintenance so as to avoid early and costly rehabilitation of works. The national road tolling programme will continue to support the financing of the road sector.

32. Other significant infrastructure works will include completion of the expansion of the Kenneth Kaunda International Airport, construction of the Ndola Airport, and housing development in newly created districts.

2.4.2 REDUCING POVERTY AND VULNERABILITY

33. Government will continue to safeguard the allocation of resources to social safety nets, in order to protect the poor and vulnerable from the negative effects of the Economic Stabilisation and Growth Programme. Interventions under this pillar include among others, the Social Cash Transfer programme, the provision of the Food Security Pack to vulnerable but viable farmers and transfers to the pensions funds. As Cooperating Partners downscale their support to the Social Cash Transfer programme, Government will ensure that the level of support to vulnerable families and the number of such families that benefit, will not be reduced.

2.4.3 REDUCING DEVELOPMENT INEQUALITIES

34. Government will accelerate implementation of the National Decentralisation Policy by deconcentrating resources to district offices and facilities within line ministries as an interim step towards the devolution of functions to councils. To strengthen the revenue base and collection efficiencies of councils, Government will review relevant legislation such as the Rating Act to allow for the mass valuation of properties. Additionally, Government will, in the medium term, tighten controls to slow down further local debt accumulation and put in place a debt management strategy to ensure debt sustainability of councils.

2.4.4 ENHANCING HUMAN DEVELOPMENT

Education and Skills Development

35. Over the period 2019-2021, Government will continue to focus on increasing equitable access to quality education and skills training relevant to the needs of society. In order to increase access, completion of ongoing education facility constructions at all levels, including Early Childhood Education (ECE) centres will remain paramount, particularly in the rural areas. To enhance quality of education, the Government has targeted to reduce the pupil teacher ratio and leverage on the use of ICT platforms for primary education and secondary education over the medium term. Further, Government will continue with the redeployment of serving teachers to underserved areas with the right mix that includes Science, Mathematics and ICT in order to improve the quality of education in rural and remote areas. With these interventions, it is expected that the completion rate at Grade 12 will reach 85 percent for both male and female, and the primary school enrolment rate will reach 100 percent over the medium term. Emphasis will be placed on ensuring that children acquire literacy and numeracy skills in early grades.

36. Over the medium term, Government will increase the uptake ratio of school leavers into tertiary education from 19 percent to 30 percent, mainly by providing an enabling

environment for private sector participation in the provision of education and skills training. Emphasis will be placed on prioritizing the attainment of life skills.

Health

37. Over the 2019-2021 medium term, Government will continue to improve health service delivery by accelerating the reduction of maternal, infant and child mortality, improving the nutrition status of infants and children, and reducing the incidence of malaria and malaria deaths. Government will also continue with the focus of reducing new HIV/AIDS infections to less than 5,000 per annum by the end of 2030. Government will also intensify case finding and treatment of TB in special populations such as prisoners, miners and children.
38. Government will optimise placement of clinical specialists in functional frontline areas and the deployment of public health specialists into the community. The Government will also increase the number of specialist doctors and other health workers. Further, the capacities at health training institutions will be expanded in order to increase the number of trained medical personnel to service both public and private health institutions.
39. To improve service delivery and increase access to cost effective health care during the medium term, Government will focus on completing the rehabilitation and construction of health facilities that are already at least 80 percent complete. Further, Government will also continue with the programme of upgrading of provincial hospitals into teaching hospitals.
40. To ensure medical commodity security, Government, in collaboration with cooperating partners, will continue to strengthen and scale up the timely supply of drugs at lower levels of care. This will be achieved through the implementation of a supply chain strategy and continued establishment of regional hubs to address the last mile distribution of drugs and other essential medical commodities.
41. Parliament has enacted the National Health Insurance Act No 2 of 2018 which establishes a compulsory National Health Insurance Scheme. In this regard, Government will operationalise the Scheme following the issuance of subsidiary legislation to the Act with a view of achieving universal health coverage (UHC).
42. Further, Government will exploit the necessary synergies with other stakeholders to provide a healthy environment to the public through the provision of safe drinking water, the prevention of lead poisoning prevention, the adaptation to climate change, the promotion of clean environments and the ensuring of food safety.

Water Resource Management, Water Supply and Sanitation

43. In order to enhance rain water harvesting and catchment protection, Government will continue with the rehabilitation and construction of small and large dams for various water needs particularly for domestic and agricultural use, and for power generation. To promote local and transboundary aquifer water management, Government will promote partnerships with the neighbouring countries through ratification of protocols on information sharing. Government will also continue to promote innovative ways of financing for water development through PPPs and encouraging private sector participation to increase investment in the sector. To this effect, Government will put in place a water resource mobilization strategy.
44. Furthermore, significant progress has been made on the Lusaka Water Supply, Sanitation and Drainage project, with works standing at 86 percent completion as at mid-August. To this effect, Government will continue to engage cooperating partners with a view to secure concessional financing to extend the project to the rest of the city. Government, through the Water Resource Management Authority (WARMA), will strengthen measures for effective water resource management so as to safeguard the country's water resources.

2.4.5 CREATING A CONDUSIVE GOVERNANCE ENVIRONMENT FOR A DIVERSIFIED AND INCLUSIVE ECONOMY

Debt Management

45. The Government will, over the medium term, act decisively to reduce the risk of debt distress. In this regard, Government has undertaken the following measures to ensure debt sustainability:
- (a) Indefinitely postpone the contraction of some pipeline debt until the debt is brought back to moderate risk of distress;
 - (b) Cancel some of the current contracted loans that are yet to be disbursed to reduce the debt service outlays;
 - (c) Undertake refinancing of selected bilateral loans, both local and external, to extend the maturity profile and attain lower costs on debt;
 - (d) Carry out an asset liability management exercise on the debt to ensure sustainability of cash flows;
 - (e) Cease issuance of guarantees to commercially viable projects; and

- (f) Cease the issuance of letters of credit and guarantees to state owned enterprises that are technically insolvent until their balance sheet challenges are resolved.

Monetary and Financial Sector Policies

- 46. Monetary policy will focus on the maintenance of inflation in the 6 to 8 percent band, through the use of market-based instruments to limit money supply growth. In addition, Government will continue to maintain a market determined exchange rate in the medium to long term with the Central Bank intervention limited to containing excessive volatility.
- 47. In order to stimulate lending to the private sector, Government is currently working on measures to reduce the cost of credit. To better align fiscal and monetary policy, it is Government's priority to scale back its domestic borrowing in 2019 and 2020 to help improve monetary conditions and lower the cost of borrowing. The reduction in lending rates will further hinge on implementation of austerity measures that support fiscal consolidation.
- 48. Further, Government will continue implementing the National Financial Inclusion Policy and Strategy which will provide a framework for coordinating efforts of both public and private sector players towards the achievement of effective financial inclusion.

External Sector Policy

- 49. Government policy in the external sector will remain anchored on the maintenance of an open economy with a competitive and market-driven foreign exchange rate regime. The focus will be promoting a diversified export base, increasing foreign direct investment inflows, building up of international reserves to more than four (4) months of import cover by 2021 and maintaining of a market determined, competitive and stable exchange rate.

2.5 STRUCTURAL REFORMS

- 50. As a key element of the Government's Economic Stabilization and Growth Programme, Government will continue with structural reforms across sectors. The reforms will include the following:
 - a) The Public Investment Reforms, which were embarked upon in 2018, will continue. The focus will be on development of a comprehensive system for the appraisal of public investments projects. The successful implementation of the project appraisal system requires a strong legal foundation. To this end, the Planning and Budgeting Bill will be

tabled in Parliament, with provisions that require the appraisal of all major public investments before project commencement.

- b) The Government will establish a multi-sectoral public investment board to scrutinise appraised capital project proposals prior to inclusion in public investment plans;
- c) Land reforms through the National Land Titling Programme will be scaled up. Although some milestones were attained in 2018, including the establishment of a land titling centre, more work is required in coming up with an appropriate institutional framework to undertake land titling; and
- d) The Industrial Development Corporation (IDC) will relook at the portfolio of state owned companies to restructure them and bring in equity participation for those that are viable and look at ways of restructuring those which are not currently viable.

2.6 RISKS TO ATTAINMENT OF THE MACROECONOMIC OBJECTIVES AND TARGETS

- 51. There are a number of risks that could impact on the attainment of the macroeconomic objectives and targets for the 2019-2021 MTEF. On the external front, the trade dispute between the United States and China has already resulted in the decline in copper prices. This could adversely affect copper export earnings thereby putting pressure on the exchange rate and inflation. Oil prices have also been increasing following the re-imposition of sanctions by the United States on Iran. Further increases in oil prices could push up the cost of production and induce inflationary pressure.
- 52. On the domestic front delays in the implementation of structural reforms and austerity measures could undermine the growth projections and macroeconomic stability. Failure to reduce the fiscal deficit to planned levels may constrain credit extension to the private sector, constraining liquidity and increasing lending rates. Delays in dismantling arrears may adversely affect cash flows in the private sector, and therefore constrain economic activity. It is also likely to impact negatively on the health of the financial sector through high non-performing loans. Increased debt service payments, in the absence of undertaking measures such as postponement of pipeline debt could adversely affect the reserve position.
- 53. Failure to address fiscal risks relating to pensions and State Owned Enterprises may also undermine the ability of these institutions to contribute positively to economic growth, and therefore, recourse to public finances. . This will reduce the funds available for other developmental projects. This will be exacerbated by delayed implementation of domestic resource mobilization measures, such as the land titling programme, telecommunications

transaction monitoring system for mobile service providers, reform on fuel levies on importation and RTSA numbering fees.

54. Further to these external and domestic factors, weather experts are predicting a 70 percent chance of El Nino conditions during the 2018/19 farming season. El Nino conditions are normally associated with drier conditions in Southern Africa, which could adversely affect crop production, impact negatively on hydro-power generation and economic growth in general. Over the medium to long term, climate change may indeed trigger more frequent El Nino and La-Nina weather events, both of which have the potential to disrupt economic activity.
55. Government is cognizant of these risks to its macroeconomic objectives and will monitor them through an enhanced risk management framework so that adverse impacts are quickly mitigated and addressed.

CHAPTER THREE

3.0 FISCAL OVERVIEW

3.1 REVIEW OF FISCAL PERFORMANCE 2015-2017

56. Fiscal policy over the last three (3) years concentrated on consolidating the overall fiscal position while mobilising resources for infrastructure development to accelerate economic growth. This was in alignment with the Vision 2030 whose long term objective is to turn Zambia into a prosperous middle-income country.
57. Strategies to contain the levels of budget deficits and rebalance the fiscal position included using information communication technologies to improve efficiency in revenue collection, improvement in enforcement so as to raise compliance, reviewing of fees and fines, prioritising the dismantling of arrears, focusing on completion of on-going projects, limiting public service net recruitments to frontline personnel and removal of subsidies.
58. Total revenues and grants increased in nominal terms from K34.4 billion in 2015 to K43.0 billion in 2017 giving an annual average of K39.0 billion. As a share of GDP total revenue and grants averaged 18.2 percent over the period. Total expenditure (excluding amortisation) averaged K55.1 billion per annum or 25.8 percent of GDP.
59. Financing averaged 7.9 percent of GDP per annum over the period. In line with the fiscal consolidation policy over the last medium term, borrowing reduced to 7.8 percent of GDP in 2017 from 9.4 percent of GDP in 2015.

Table 2: Fiscal Performance 2015 – 2017

	2015		2016		2017	
	Actual	% share of GDP	Actual	% share of GDP	Actual	% share of GDP
Total Revenue and Grants	34,420,591	18.8%	39,409,695	18.2%	43,032,185	17.6%
Domestic Revenue	34,051,244	18.6%	38,884,607	18.0%	42,565,564	17.4%
Tax Revenue	26,436,569	14.4%	28,028,323	13.0%	36,489,972	14.9%
Non Tax Revenue	7,614,675	4.2%	10,856,285	5.0%	6,075,592	2.5%
Grants	369,347	0.2%	525,087	0.2%	466,621	0.2%
Total Expenditure	51,684,781	28.2%	51,827,381	24.0%	61,729,833	25.2%
Expenses	38,075,407	20.8%	43,351,537	20.1%	46,770,586	19.1%
Assets	13,199,938	7.2%	8,357,134	3.9%	12,952,149	5.3%
Liabilities	409,437	0.2%	118,709	0.1%	2,007,098	0.8%
Fiscal Balance: Surplus(+)/Deficit(-)	(17,264,191)	-9.4%	(12,417,686)	-5.7%	(18,697,648)	-7.6%
Changes in Balance	(993,249)	-0.6%	(65,678)	-0.1%	(332,403)	-0.2%
Financing	18,257,440	10.0%	12,483,364	5.8%	19,030,051	7.8%
Net Domestic Financing	3,106,874	1.7%	8,195,274	3.8%	11,889,107	4.9%
Net External Financing	15,150,566	8.3%	4,288,090	2.0%	7,140,944	2.9%
GDP	183,381,100	100.0%	216,098,100	100.0%	245,102,900	100.0%

3.2 2018 FIRST HALF FISCAL PERFORMANCE

60. During the period January to June of 2018, Government raised a total of K25.1 billion in terms of revenues and grants which was 0.9 percent below target. In terms of expenditures, a total of K38.8 billion was released. The shortfall of K13.7 billion was financed from both external and domestic sources.
61. Domestic revenues amounted to K24.9 billion and were above target by 3.3 percent, with tax revenue accounting for K21.2 billion (or 85 percent) and non-tax revenue for K3.7 billion (or 15 percent). The favourable tax performance at 6.2 percent above target was driven by higher collections under VAT as the measure to appoint withholding tax agents continued to yield positive results. Collections from income tax and customs and excise duty were, however, below target by 4.6 percent and 18.7 percent, respectively.
62. Collections under non-tax revenue fell below target by 10.7 percent due to delayed implementation of some revenue enhancing measures which were part of the 2018 Budget under this category. In terms of Grants from co-operating partners, a total of K212.6 million was received representing an outturn of 17.4 percent which was below the first quarter target.
63. During the period under review, total expenditures stood at K38.8 billion and were above target by 13.5 percent. Of this amount, K10.4 billion went towards personal emoluments, K2.9 billion was spent on the use of goods and services, K3.9 billion went towards grants and other payments while K9.7 billion was spent on debt payments. The noted high level of

resources directed toward debt payments is the cardinal reason for His Excellency the President's austerity measures, especially those relating to the contraction of new debt.

64. Releases on the acquisition of assets during the period under review stood at K11.8 billion and were above target by 57.3 percent. This performance is attributed to higher than projected disbursements on foreign financed projects, in view of the policy to complete on-going projects. A further K143.2 million was released towards liabilities against the target of K743.8 million which was lower by 80.8 percent.

3.3 2018 SECOND HALF FISCAL OUTLOOK

65. It is expected that revenue collections for the year will be on target. This will be supported by the rollout of electronic fiscal devices; and the appointment of tax agents to collect base tax and withholding tax on rental income; presumptive tax; and turnover tax. With regard to public expenditure, the disbursements on foreign financed capital projects are projected to be higher than programmed on account of the accelerated implementation of various capital projects across the country. As a result, it is expected that the 2018 budget deficit of 6.1 percent will be exceeded and current projections indicate an outturn of 7.4 percent of GDP.

3.4 FISCAL POLICY FOR THE 2019-2021 MTEF

66. During the 2019-2021 MTEF period, Government's fiscal policy will strengthen its focus on enhancing domestic revenue mobilisation, through interventions aimed at improving compliance levels and improving revenue collection efficiencies. Concurrently, public expenditure will only be incurred if consistent with Government's overarching fiscal consolidation objectives, coupled with a reprioritisation of spending towards areas - outlined in the 7NDP - that will stimulate economic growth and diversification and reduce levels of poverty, vulnerability and inequality, especially in the rural areas. Further, controls over the expenditure commitment process will be strengthened so that the accumulation of new payments arrears will be curtailed and resources used to dismantle the existing stock. With these measures, the overall fiscal deficit will progressively reduce over the medium term.

CHAPTER FOUR

4.0 REVENUE MOBILISATION AND FINANCING

4.1 OVERVIEW OF REVENUE STRATEGY

67. In the medium term, one of the macro-economic objectives of Government is to increase domestic revenue collection by broadening the tax base and enhancing compliance levels. To achieve this objective the Government will implement among others the following:

- i. Digitalisation of Revenue Collection Processes:** To expedite efficient relationships between taxpayers and revenue collecting agencies, Government will increasingly rely on digital tax data gathering and analysis tools and platforms to facilitate real-time revenue collection and assessment of taxpayer data. To this end, all payments for Government services will be migrated to a digital platform.
- ii. Data Matching and Risk Management in Revenue Collection:** To enhance risk management, the Zambia Revenue Authority will continue to strengthen system interfaces with other institutions including among others, the Patents and Companies Registration Agency (PACRA), National Pension Scheme Authority (NAPSA) and the Road Transport and Safety Agency (RTSA), in order to maximize the use of third-party data in taxpayer compliance management.
- iii. Implementation of Customs Valuation Database:** Over the medium term, the Government will establish and regularly update a Customs Valuation Database in order to curb under-declarations of the value for duty purposes of selected imports and, therefore, safeguard Government revenues.
- iv. Property Taxation:** Over the medium term, the Government will review the Rating Act to facilitate for the mass valuation of properties so that all properties can be brought into the tax net. Further, measures taken to accelerate the implementation of the National Land Titling Programme will continue. This will be in addition to the enhancement of payment processes for the collection of ground rent and rates through the use of, among others, mobile money platforms.
- v. Base Erosion and Profit Shifting:** The Government will remain committed to implementing the Base Erosion and Profit Shifting (BEPS) minimum standards as a member of the Inclusive Framework on BEPS. Further, base erosion caused by excessive payments to affiliated entities in respect of payments such as interest, service

charges, management and technical fees will be addressed by implementing the appropriate limitations, in particular, Action 4 of the BEPS Report.

- vi. Enhanced Tax Payer Services:** To increase operational efficiency and effectiveness, ensure fairness of tax administration and reduce the costs of compliance, Government will place prominence on providing quality customer-oriented services to taxpayers. Particular emphasis will be placed on making relevant information readily available. The means to achieve this shall include the enhanced use of electronic enquiry services, such as the interactive telephone answering system or call centre.

4.2 REVENUE FORECAST FOR THE 2019-2021 MTEF

68. Over the medium term, Government will continue to enhance domestic resource mobilisation strategies so as to increase the contribution of domestic revenue to GDP from 18.6 percent in 2019 to 19.1 percent by 2021 as indicated in the Table 3 below:

Table 3: Revenue Projections for the Period 2019-2021

	2018 Budget		2019 Budget		2020 Budget		2021 Budget		2019-2021	
	Approved		Projection		Projection		Projection		Total	Average
	K'thousand	% of GDP	K'thousand	% of GDP	K'thousand	% of GDP	K'thousand	% of GDP	K'thousand	K'thousand
GROSS DOMESTIC PRODUCT	276,823,700	100.0%	300,169,200	100.0%	330,012,700	100.0%	365,641,200	100.0%	995,823,100	331,941,033
TOTAL REVENUE	49,087,018	17.7%	55,844,981	18.6%	62,960,182	19.1%	72,556,439	19.1%	191,361,601	63,787,200
Tax Revenue	40,874,379	14.8%	47,472,283	15.8%	53,327,934	16.2%	60,992,120	15.9%	161,792,337	53,930,779
o/w Income Taxes	20,337,607	7.3%	23,291,352	7.8%	26,004,872	7.9%	29,951,801	8.1%	79,248,025	26,416,008
o/w Mining CIT	1,948,265	0.7%	2,473,513	0.8%	2,651,981	0.8%	2,678,871	0.6%	7,804,366	2,601,455
Excise Duties	4,744,834	1.7%	4,721,020	1.6%	5,473,838	1.7%	6,367,129	1.8%	16,561,986	5,520,662
o/w Fuel Levy	730,660	0.3%	954,276	0.3%	1,053,758	0.3%	1,167,356	0.3%	3,175,390	1,058,463
Value-Added Tax (VAT)	12,369,465	4.5%	15,654,744	5.2%	17,680,178	5.4%	20,091,614	4.9%	53,426,536	17,808,845
o/w Domestic VAT	4,060,441	1.5%	6,082,804	2.0%	7,153,528	2.2%	8,479,425	1.6%	21,715,757	7,238,586
Import VAT	8,309,024	3.0%	9,571,940	3.2%	10,526,650	3.2%	11,612,188	3.3%	31,710,779	10,570,260
Customs Duty	3,302,255	1.2%	3,533,101	1.2%	3,885,494	1.2%	4,286,178	1.2%	11,704,773	3,901,591
Export Duties	51,616	0.0%	163,390	0.1%	169,984	0.1%	176,608	0.0%	509,983	169,994
Insurance Premium	68,601	0.0%	108,676	0.0%	113,567	0.0%	118,791	0.0%	341,034	113,678
Non-Tax Revenue	8,212,639	3.0%	8,372,697	2.8%	9,632,247	2.9%	11,564,319	3.1%	29,569,264	9,856,421
o/w Total User fees, fines and Charges	4,235,361	1.5%	3,643,475	1.2%	4,759,289	1.4%	6,471,681	2.0%	14,874,444	4,958,148
Interest from On-lending/Dividends	90,302	0.0%	40,828	0.0%	42,665	0.0%	44,627	0.0%	128,120	42,707
Mineral Royalty	3,527,743	1.3%	4,351,885	1.4%	4,478,641	1.4%	4,680,182	1.1%	13,510,709	4,503,570
Motor Vehicle Fees	77,439	0.0%	99,580	0.0%	104,061	0.0%	108,848	0.0%	312,489	104,163
FRA-Proceeds from Crop Sales	93,832	0.0%	59,398	0.0%	62,071	0.0%	64,926	0.0%	186,396	62,132
Tourism Levy	11,264	0.0%	13,537	0.0%	14,147	0.0%	14,797	0.0%	42,481	14,160
Skills Development Levy	176,698	0.1%	163,994	0.1%	171,373	0.1%	179,257	0.1%	514,624	171,541

CHAPTER FIVE

5.0 EXPENDITURE POLICY AND STRATEGY

5.1 OVERVIEW

69. Over the 2019 – 2021 medium term, Government’s expenditure policy will be anchored on the precepts of the Economic Stabilisation and Growth Programme with specific focus on enforcing the expenditure measures and reforms contained therein, to attain fiscal consolidation. Further, in line with the austerity measures issued by His Excellency the President of the Republic of Zambia on the 15th of June, 2018, Government will continue to pursue measures and strategies that guarantee a more sustainable fiscal path. Key emphasis will be placed on gradually matching the expenditures to the domestically generated revenues, and concurrently lowering the borrowing levels as a share of GDP from the revised 2018 deficit of 7.4 percent to 5.1 percent in 2021. This will entail among others, refocusing expenditures on key programmes that are directly linked to reducing poverty and vulnerability, creating employment and enhancing domestic revenue mobilization, as espoused in the 7NDP.
70. Over the medium term, Government projects to spend a total of K247.3 billion, excluding amortisation. Of this amount, K75.3 billion will be spent in 2019, K81.0 billion in 2020 and K91.1 billion in 2021. This will average 24.8 percent of GDP per annum. Out of the projected total expenditure of K247.3 billion, 77.4 percent will be financed from domestic revenues and the balance through domestic and external borrowing, primarily for externally financed projects that have already been contracted. Table 4 below shows the budget by economic classification as a share of GDP.

Table 4: Public Expenditure by Economic Classification

	2018 Approved Budget		2019 Budget Projection		2020 Budget Projection		2021 Budget Projection		2019-2021	
									Total	Average
	K'thousand	% of GDP	K'thousand	% of GDP	K'thousand	% of GDP	K'thousand	% of GDP	K'thousand	K'thousand
TOTAL EXPENDITURE (Excl. Amortisation)	68,444,601	24.7%	75,251,740	25.1%	80,967,646	24.5%	91,124,088	24.9%	247,343,474	82,447,825
EXPENSES	52,451,962	18.9%	53,272,986	17.7%	56,589,122	17.1%	61,871,854	16.9%	171,733,962	57,244,654
Personal Emoluments (PEs)	23,103,744	8.3%	25,098,805	8.4%	25,396,842	7.7%	28,308,811	7.7%	78,804,459	26,268,153
Use of Goods and Services	7,340,225	2.7%	4,155,589	1.4%	5,989,932	1.8%	7,767,332	2.1%	17,912,853	5,970,951
Interest Payments	10,923,277	3.9%	14,183,205	4.7%	14,396,846	4.4%	14,480,956	4.0%	43,061,008	14,353,669
Transfers and Subsidies	8,073,388	2.9%	7,213,705	2.4%	7,356,381	2.2%	7,426,871	2.0%	21,996,958	7,332,319
Social Benefits	1,781,730	0.6%	1,760,045	0.6%	1,966,209	0.6%	2,085,101	0.6%	5,811,355	1,937,118
Other Expenses	1,229,598	0.4%	861,637	0.3%	1,482,911	0.4%	1,802,782	0.5%	4,147,330	1,382,443
ASSETS	14,662,904	5.3%	20,850,900	6.9%	22,884,737	6.9%	27,018,475	7.4%	70,754,112	23,584,704
Non Financial Assets	14,201,120	5.1%	20,736,593	6.9%	22,053,270	6.7%	23,100,040	6.3%	65,889,903	21,963,301
Financial Assets	461,784	0.2%	114,307	0.0%	831,468	0.3%	3,918,435	1.1%	4,864,209	1,621,403
LIABILITIES	1,329,734	0.5%	1,127,854	0.4%	1,493,787	0.5%	2,233,759	0.6%	4,855,399	1,618,466

71. In addition, a total of K31.1 billion will be required over the medium term to pay back external and domestic loans as they mature.

5.2 EXPENSES

Personal Emoluments

72. Expenditure on personal emoluments as a share of domestic revenues still remains high at 47.1 percent in 2018, thereby constraining other developmental expenditures. Therefore, over the medium term, Government will ensure that the public service wage bill as a share of domestic revenues is narrowed to not more than 40 percent by 2021. This will be achieved by restricting recruitment to only frontline personnel and ensuring that annual wage adjustments are made in the context of the resource envelope. In this regard, a provision of K808.7 million has been allocated over the medium term to cater for the recruitment of approximately 15,500 frontline personnel.
73. In addition, only positions critical to frontline service delivery, which fall vacant during the period will be considered for replacement. To this end, expenditure on personal emoluments over the medium term will reduce to 7.7 percent of GDP in 2021 from 8.3 percent of GDP in 2018.

Use of Goods and Services

74. Expenditure on goods and services is projected to decline in 2019 as fiscal consolidation measures aimed at reducing the administrative costs of running Government take effect. Expenditure on goods and services will gradually increase from K4.2 billion (1.4 percent of GDP) in 2019 to K7.8 billion (2.1 percent of GDP) in 2021. This increase is due, in part, to the need to operationalise completed social sector infrastructure across the country and the need to facilitate the 2020 Census and the 2021 general elections. Further, expenditure relating to frontline service delivery such as, drugs and medical supplies, school requisites and operations for security wings will be prioritised to support effective and efficient public service delivery.

Interest Payments

75. Over the past few years, Government had embarked on an expansionary fiscal policy in order to develop public infrastructure such as roads, health facilities and schools, which was largely financed by both external and domestic borrowing, resulting in increased debt service obligations. To this effect, expenditure on interest payments is projected to average K14.4 billion or 22.5 percent of domestic revenues per annum, over the medium term.

Transfers and Subsidies

76. Over the medium term, Government projects to spend a total of K22.0 billion on transfers and subsidies. Notable expenditures under this category are K4.3 billion earmarked for full e-voucher under the Farmer Input Support Programme (FISP). This is envisaged to promote diversification in the agriculture sector, reduce administrative costs of running the programme and contribute to food security. Another K10.9 billion will go toward subventions to grant aided institutions and the balance of K6.8 billion will be channelled to local authorities, Zambia Revenue Authority and vulnerable but viable farmers under the Food Security Pack.

Social Benefits

77. Over the medium term, Government remains committed to maintaining expenditure on social safety nets to foster social protection of the vulnerable population. In this regard, K5.8 billion has been provided to protect the vulnerable in society and the retirees. Key expenditures include Social Cash Transfer at K2.2 billion and K3.6 billion for pensions under the Public Service Pension Fund.

Other Expenses

78. Over the medium term, Government projects to spend a total of K4.1 billion on other expenses, which includes an annual average of K1.1 billion to the Food Reserve Agency to maintain the national strategic food reserve requirement of 500,000 metric tonnes of grain. This is aimed at ensuring food security for the country.
79. A further provision of K752.8 million has been set aside over the MTEF period for unforeseen but unavoidable expenditure under the Contingency Vote.

5.3 ASSETS

80. Expenditure on acquisition of assets is projected at a total of K70.8 billion over the MTEF period. Of this amount, non-financial assets will account for K65.9 billion (93.1 percent), while financial assets will account for K4.9 billion (6.9 percent).

Non-Financial Assets

81. Over the medium term, Government will continue to focus on completing existing capital projects, before embarking on new ones. In this regard, projects that are at least 80 percent complete will be prioritised for financing. This will enable Government to sustainably complete all on-going projects and enhance public service delivery. In addition, contraction of commercial foreign debt to finance new projects will be postponed until the debt situation is reduced to moderate risk. Further, some of the negotiated loans that are yet to be disbursed will be cancelled.
82. In this regard, expenditure on non-financial assets is projected to increase moderately from K20.7 billion in 2019 to K23.1 billion in 2021. The nominal increase of K2.4 billion is mainly on account of the projected disbursements on already contracted foreign loans to finance on-going projects. The proposed allocations are consistent with the need to consolidate the fiscal position.
83. Further, within the domestically financed capital allocation, Government proposes to spend K6.4 billion on roads, K554.5 million on the Rural Electrification Programme and K5.4 billion on other infrastructure projects over the medium term.

Financial Assets

84. Government proposes to spend a total K4.9 billion on financial assets over the next three years. The largest expenditure in this category is K4.4 billion for the Sinking Fund, meant to

enable Government meet its future debt obligations. The balance of K490.2 million has been earmarked for empowerment funds. This includes the youth and women empowerment funds; and credit for the Small and Medium Enterprises (SMEs) under the Citizens Economic Empowerment Fund.

5.4 LIABILITIES

85. Over the medium term, Government will strengthen the enforcement of measures aimed at curtailing the accumulation of new arrears and dismantling the stock. Further, all ministries will be required to concentrate their efforts, when dismantling arrears, to local suppliers thereby helping to reduce non-performing loans in the banking sector and ease liquidity for the private sector. To this effect, Government projects an allocation of K4.9 billion towards the dismantling of arrears over the medium term.

CHAPTER SIX

6.0 MEDIUM TERM FUNCTIONAL ALLOCATIONS

6.1 OVERVIEW OF STRATEGY

86. The Classification of Functions of Government (COFOG) is a categorization of all public expenditures in accordance with the purpose for which they are intended to achieve. In the medium term period, Government spending will be in-line with the 7NDP and the ESGP. Therefore, resources have been allocated in an effort to foster economic diversification, job creation and social protection.

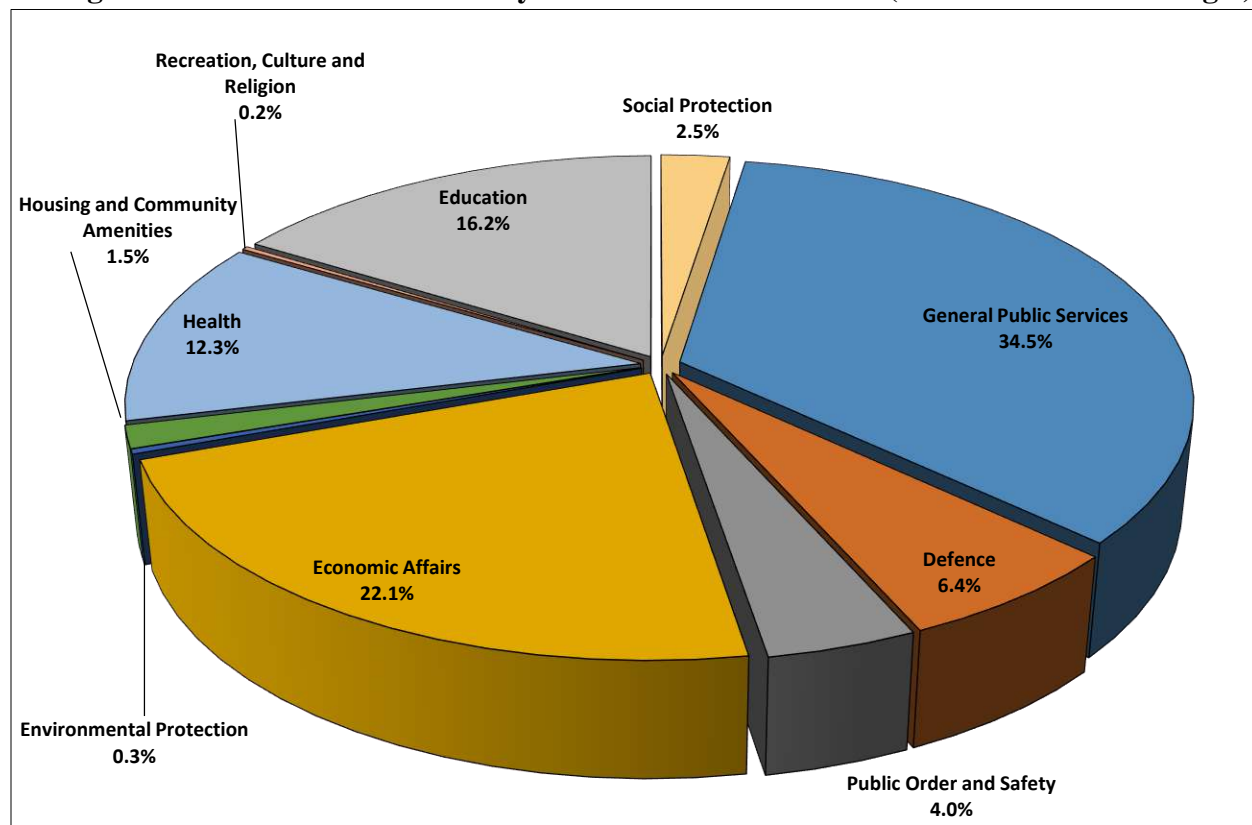
6.2 FUNCTIONAL RESOURCE ALLOCATION PRIORITIES (2019 – 2021)

87. Over the medium term, on average, Government intends to spend 34.5 percent on General Public Services, 22.1 percent on Economic Affairs, 16.2 percent on Education and 12.3 percent on Health per annum. The remaining 14.9 percent will go to other functions of Government which include Defence, Public Order and Safety, Recreation, Culture and Religion, Environmental Protection, Housing and Community Amenities and Social Protection. The Table and Figure below illustrates budget allocations by functions of Government by proportion of the total expenditure over the 2019-2021 medium term.

Table 5: 2018 Budget and 2019-2021 MTEF Allocations by Function of Government (As Share of Total of Budget)

Function	2018 Approved Budget	2019 Projection	2020 Projection	2021 Projection	2019-2021 Average
General Public Services	31.2%	34.8%	33.4%	35.2%	34.5%
Defence	5.5%	6.6%	7.2%	5.3%	6.4%
Public Order and Safety	3.3%	4.4%	4.2%	3.5%	4.0%
Economic Affairs	24.7%	22.5%	22.3%	21.4%	22.1%
Environmental Protection	0.4%	0.3%	0.3%	0.3%	0.3%
Housing and Community Amenities	2.6%	2.7%	1.2%	0.7%	1.5%
Health	10.9%	9.5%	12.5%	14.8%	12.3%
Recreation, Culture and Religion	0.5%	0.2%	0.2%	0.2%	0.2%
Education	17.3%	16.4%	16.1%	16.0%	16.2%
Social Protection	3.6%	2.5%	2.7%	2.5%	2.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Figure 1: 2019-2021 Allocations by Function of Government (As Share of Total Budget)



General Public Services

88. Over the medium term, Government intends to spend an average of K32.0 billion or 34.5 percent of the total projected expenditures on General Public Services per annum. The increase of 3.3 percentage points over and above the 2018 level is mainly attributed to an increase in the projected domestic and external debt obligations arising from the financing obtained to support Government’s infrastructure development agenda which was aimed at unlocking economic growth and enhancing public service delivery. Other key elements under this category include subventions to local authorities under the Local Government Equalization Fund (LGEF) and expenditures relating to Elections. Also included is an average of K308.2 million per annum for the Compensation Fund and K249.6 million for the Constituency Development Fund per annum.

Economic Affairs

89. Government proposes to allocate K20.5 billion per annum during the medium term on Economic Affairs, translating to 22.1 percent of the total expenditure. Notable allocations

under this function include the road sector which accounts for an average of K2.1 billion or 2.3 percent of total expenditure per annum.

90. Further, Government proposes to spend a total of K4.3 billion to support farmers under the e-voucher programme over the medium term to facilitate provision of farming inputs. The programme is envisaged to promote diversification in the agriculture sector. The allocation to procure the national strategic food reserves has been set at a total of K3.4 billion over the medium term.
91. To enhance rural electrification in the country, Government will continue to prioritise access to electricity in rural areas. In this regard, a total of K554.5 million is projected to be spent on the Rural Electrification Programme over the three year horizon.

Education

92. Government proposes to commit a total of K45.1 billion on the Education function, representing 16.2 percent of total expenditure over the medium term. This will encompass expenditure which includes teachers' emoluments, procurement of school requisites, student loans and the school feeding programme. The allocation will also cater for education infrastructure projects which comply with the capital expenditure criteria arising from the austerity measures.

Health

93. To reduce maternal and child mortality rates, high disease burden and improve the health status of the people, Government proposes to spend a total of K34.7 billion or 12.3 percent of total expenditure over the medium term. This will translate to an average of K11.6 billion annually, over the medium term. This allocation will facilitate the procurement of essential drugs and medical supplies and equipment, in turn strengthening health systems and services across the country.

Housing and Community Amenities

94. Expenditure for Housing and Community Amenities over the medium term is projected at a total of K4.0 billion, representing 1.5 percent of the total expenditure and an average of K1.3 billion annually. Within this amount, K1.1 billion is projected to be spent on water supply and sanitation facilities over the medium term, translating to an annual average of K356.7 million. This will complement the interventions being done by water utility companies in the sector.

Public Order and Safety

95. The Government projects to spend at least K11.2 billion to maintain Public Order and Safety in the country, translating to 4.0 percent of total expenditure over the medium term and an average of K3.7 billion per annum. Other key interventions will include continued maintenance of infrastructure and modernisation of the Judiciary, Police and Correctional Services.

Other Functions

96. Lastly, Government proposes to spend an average of 9.4 percent, translating to K26.2 billion of the total medium term allocation to the remaining functions of Defence, Environmental Protection, Social Protection and Recreation, Culture and Religion. Notable allocations under this category include social safety nets such as the Social Cash Transfer programme with an allocation of K2.2 billion, the Public Service Pension Fund which has a total allocation of K3.6 billion and the Food Security Pack programme with K321.5 million over the medium term.

2019 - 2021 PERSONAL EMOLUMENTS EXPENDITURE CEILINGS

2018 APPROVED BUDGET	HEAD	INSTITUTION	2019 PROJECTIONS	2020 PROJECTIONS	2021 PROJECTIONS
23,259,620	01	Office of the President - State House	24,870,693	25,368,107	25,368,107
		o/w Other emoluments	724,389	738,877	738,877
9,362,090	02	Office of the Vice President	12,151,182	12,394,206	12,394,206
		o/w Other emoluments	353,918	360,996	360,996
297,520,750	03	National Assembly	552,290,839	373,938,537	576,011,957
		o/w Other emoluments	7,188,361	7,332,128	7,332,128
		MP's Gratuity	185,684,430	-	202,073,420
7,999,890	04	Ministry of Gender	8,685,936	8,859,655	8,859,655
		o/w Other emoluments	252,988	258,048	258,048
41,825,290	05	Electoral Commission of Zambia	43,686,507	44,560,237	44,127,613
		o/w Other emoluments	1,272,423	1,297,871	865,247
5,056,950	06	Civil Service Commission - Office of the President	6,732,922	6,867,581	6,867,581
		o/w Other emoluments	196,105	200,027	200,027
52,829,970	07	Office of the Auditor General	65,320,966	66,627,385	66,627,385
		o/w Other emoluments	1,902,552	1,940,603	1,940,603
29,173,810	08	Cabinet Office - Office of the President	34,036,070	34,716,792	34,716,792
		o/w Other emoluments	991,342	1,011,169	1,011,169
4,255,890	09	Teaching Service Commission - Office of the President	5,057,730	5,158,884	5,158,884
		o/w Other emoluments	147,313	150,259	150,259
4,387,510	10	Zambia Police Service Commission	4,569,359	4,692,997	4,676,597
		o/w Other emoluments	191,690	195,524	195,524
1,147,858,060	11	Zambia Police - Ministry of Home Affairs	1,256,990,575	1,282,130,386	1,369,572,002
		o/w Other emoluments	36,611,376	37,343,603	39,890,447
3,336,270	12	Office of the Public Protector	3,598,851	3,670,828	3,670,828
		o/w Other emoluments	104,821	106,917	106,917
39,027,180	13	Ministry of Chiefs and Traditional Affairs	39,981,907	40,781,545	40,781,545
		o/w Other emoluments	1,164,522	1,187,812	1,187,812
23,766,990	14	Ministry of Mines and Minerals Development	27,607,843	28,160,000	28,160,000
		o/w Other emoluments	804,112	820,194	820,194
272,708,250	15	Ministry of Home Affairs	312,947,873	319,206,830	319,206,830
		o/w Other emoluments	9,114,987	9,297,286	9,297,286
49,396,830	16	Drug Enforcement Commission	54,924,212	56,022,696	56,022,696
		o/w Other emoluments	1,599,734	1,631,729	1,631,729
680,714,671	17	Ministry of Foreign Affairs	673,362,150	697,560,852	729,950,395
		o/w Other emoluments	621,162,304	644,317,009	676,706,552
		<i>o/w Overseas Allowances</i>	619,596,308	642,719,693	675,109,236
327,689,460	18	Judiciary	368,145,550	374,656,251	374,656,251
		o/w Other emoluments	52,092,103	52,281,735	52,281,735
		Judges Fuel	42,610,500	42,610,500	42,610,500
5,751,510	19	Disaster Management and Mitigation Unit	6,301,953	6,427,992	6,427,992
		o/w Other emoluments	183,552	187,223	187,223
5,861,750	25	Local Government Service Commission	7,005,850	7,145,967	7,145,967
		o/w Other emoluments	204,054	208,135	208,135
24,122,450	26	Ministry of Information and Broadcasting Services	27,086,086	27,627,808	27,627,808
		o/w Other emoluments	788,915	804,693	804,693
26,675,040	27	Public Service Management Division	28,820,362	29,396,770	29,396,770
		o/w Other emoluments	839,428	856,217	856,217
14,856,510	29	Ministry of Local Government	17,979,615	18,339,207	18,339,207
		o/w Other emoluments	523,678	534,152	534,152
32,521,110	31	Ministry of Justice	35,120,132	35,822,534	35,822,534
		o/w Other emoluments	1,022,916	1,043,375	1,043,375
7,819,640	32	Ministry of National Guidance and Religious Affairs	9,208,727	9,392,902	9,392,902
		o/w Other emoluments	268,215	273,580	273,580
27,545,700	33	Ministry of Commerce, Trade and Industry	29,957,848	30,557,005	30,557,005
		o/w Other emoluments	872,559	890,010	890,010
10,364,820	34	Human Rights Commission	11,214,780	11,439,076	11,439,076
		o/w Other emoluments	219,898	224,296	224,296
3,978,610	36	Zambia Correctional Service Commission	2,012,010	2,020,000	2,036,400
1,258,699,720	37	Ministry of Finance	1,661,251,516	1,788,261,726	1,961,252,502
		o/w Other emoluments	2,458,447	2,507,616	2,507,616
		PAYE & Employers Share-Pension, Funeral & Other	921,223,554	939,648,026	969,908,555
		National Health Insurance Scheme - Employers Share	222,615,773	239,009,036	252,979,753
		Centralised Recruitments	168,000,000	256,473,864	384,197,848
		Retirees & Separatees Payroll	101,523,971	103,554,451	104,589,995
		Constitutional Posts	139,481,547	139,481,547	139,481,547
		Contract Gratuity	24,000,000	24,000,000	24,000,000

52,651,460	38	Ministry of National Development Planning	59,769,079	60,964,460	60,964,460
		o/w Other emoluments	1,740,847	1,775,664	1,775,664
8,735,030	39	Smart Zambia Institute	13,536,703	13,807,437	13,807,437
		o/w Other emoluments	595,326	402,158	402,158
18,270,410	44	Ministry of Labour and Social Security	20,439,513	20,848,303	20,848,303
		o/w Other emoluments	394,273	607,232	607,232
56,412,770	45	Ministry of Community Development and Social Services	61,856,278	63,093,403	63,093,403
		o/w Other emoluments	1,801,639	1,837,672	1,837,672
3,675,803,230	46	Ministry of Health	4,449,982,489	4,677,414,138	5,027,180,602
		o/w Other emoluments	129,611,140	136,235,363	146,422,736
23,133,410	51	Ministry of Transport and Communication	24,551,631	25,042,664	25,042,664
		o/w Other emoluments	715,096	729,398	729,398
20,528,520	52	Ministry of Water Development, Sanitation and Environmental Protection	14,377,968	14,665,527	14,665,527
		o/w Other emoluments	418,776	427,151	427,151
24,796,200	54	Ministry of Housing and Infrastructure Development	25,888,736	26,406,510	26,406,510
		o/w Other emoluments	754,041	769,122	769,122
14,508,700	62	Ministry of Energy	17,200,597	17,544,609	17,544,609
		o/w Other emoluments	500,988	511,008	511,008
54,758,260	64	Ministry of Works and Supply	41,645,764	42,478,679	42,478,679
		o/w Other emoluments	1,212,983	1,237,243	1,237,243
10,614,497	65	Ministry of Higher Education	11,251,776	11,476,811	11,476,811
		o/w Other emoluments	327,722	334,276	334,276
130,203,400	68	Ministry of Tourism and Arts	169,584,778	172,976,474	172,976,474
		o/w Other emoluments	4,939,362	5,038,150	5,038,150
15,675,390	76	Ministry of Youth, Sport and Child Development	16,537,315	16,868,061	16,868,061
		o/w Other emoluments	481,669	491,303	491,303
3,022,297,680	77	Ministry of Defence	3,341,196,113	3,476,564,035	3,476,564,035
		o/w Other emoluments	65,513,649	68,167,922	68,167,922
494,314,340	78	Zambia Security Intelligence Services - Office of the President	537,646,688	548,399,622	548,399,622
		o/w Other emoluments	10,542,092	10,752,934	10,752,934
8,115,546,801	80	Ministry of General Education	9,120,878,789	9,441,728,365	9,878,936,445
		o/w Other emoluments	265,656,664	275,001,797	287,736,013
41,319,400	85	Ministry of Lands and Natural Resources	50,866,423	51,883,752	51,883,752
		o/w Other emoluments	1,481,546	1,511,177	1,511,177
50,804,070	86	Ministry of Fisheries and Livestock	194,355,014	198,242,114	198,242,114
		o/w Other emoluments	5,660,826	5,774,042	5,774,042
59,390,020	87	Anti-Corruption Commission	59,120,144	60,893,748	60,302,547
		o/w Other emoluments	1,159,219	1,773,604	1,182,403
67,712,160	88	Office of the President - Muchinga Province	41,219,027	42,043,407	42,043,407
		o/w Other emoluments	1,200,554	1,224,565	1,224,565
133,757,010	89	Ministry of Agriculture	457,936,290	467,095,016	467,095,016
		o/w Other emoluments	13,337,950	13,604,709	13,604,709
93,131,900	90	Office of the President - Lusaka Province	66,084,074	67,405,756	67,405,756
		o/w Other emoluments	1,924,779	1,963,274	1,963,274
109,522,110	91	Office of the President - Copperbelt Province	66,971,761	68,311,196	68,311,196
		o/w Other emoluments	1,950,634	1,989,646	1,989,646
98,725,020	92	Office of the President - Central Province	66,892,587	68,230,439	68,230,439
		o/w Other emoluments	1,948,328	1,987,294	1,987,294
100,406,360	93	Office of the President - Northern Province	58,227,127	59,391,670	59,391,670
		o/w Other emoluments	1,695,936	1,729,854	1,729,854
107,976,980	94	Office of the President - Western Province	78,093,607	79,655,480	79,655,480
		o/w Other emoluments	2,274,571	2,320,063	2,320,063
92,319,350	95	Office of the President - Eastern Province	57,916,870	59,075,207	59,075,207
		o/w Other emoluments	1,686,899	1,720,637	1,720,637
84,772,710	96	Office of the President - Luapula Province	58,655,248	59,828,352	59,828,352
		o/w Other emoluments	1,708,405	1,742,573	1,742,573
80,412,830	97	Office of the President - North-Western Province	61,078,539	62,300,110	62,300,110
		o/w Other emoluments	1,778,987	1,814,566	1,814,566
95,307,480	98	Office of the President - Southern Province	69,021,935	70,402,374	70,402,374
		o/w Other emoluments	2,010,348	2,050,555	2,050,555
1,711,569,970	99	Constitutional and Statutory Expenditure	455,102,415	-	1,631,122,692
		o/w Public Service Pay Policy	455,102,415	-	1,631,122,692
23,103,743,809		Total	25,098,805,321	25,396,842,476	28,308,811,242

2019 - 2021 NON-PERSONAL EMOLUMENTS EXPENDITURE CEILINGS					
2018 APPROVED BUDGET	HEAD	INSTITUTION	2019 PROJECTIONS	2020 PROJECTIONS	2021 PROJECTIONS
47,249,130	01	Office of the President - State House	47,249,130	70,440,452	102,379,378
		o/w Grant	6,562,600	6,562,600	6,562,600
		Other Programmes	40,686,530	63,877,852	95,816,778
51,478,060	02	Office of the Vice President	51,213,150	53,495,402	71,638,502
		o/w Grant	2,209,200	2,209,200	2,209,200
		Other Programmes	4,003,950	6,286,202	9,429,302
		Vice President's Bureau	45,000,000	45,000,000	60,000,000
226,275,470	03	National Assembly	225,605,270	257,579,454	353,196,941
		o/w Other Programmes	329,800	517,786	776,679
		Grant	66,344,480	66,344,480	66,344,480
		Sitting of the House and Committees	158,930,990	190,717,188	286,075,782
19,943,960	04	Ministry of Gender	16,224,465	19,540,518	22,604,179
		o/w Other Programmes	2,511,961	3,943,778	5,915,668
		Economic Empowerment of Women	13,712,504	15,596,739	16,688,511
53,695,340	05	Electoral Commission of Zambia	87,683,484	685,518,621	1,253,195,081
		o/w Other Programmes	22,517,784	35,352,921	53,029,381
		Other Payments	165,700	165,700	165,700
		Elections	10,000,000	650,000,000	1,200,000,000
		Delimitation	55,000,000	-	-
6,135,930	06	Civil Service Commission - Office of the President	3,681,558	5,780,046	8,670,069
		o/w Other Programmes	3,681,558	5,780,046	8,670,069
40,899,080	07	Office of the Auditor General	26,342,874	35,298,747	47,374,671
		o/w Other Programmes	14,238,374	22,354,247	33,531,371
		Grants/Other Payments	104,500	104,500	104,500
		Auditor General's Reports	12,000,000	12,840,000	13,738,800
302,851,470	08	Cabinet Office - Office of the President	197,986,388	232,754,002	262,242,753
		o/w Other Programmes	19,730,893	30,977,502	46,466,253
		Public Affairs and Summit Meetings	176,478,995	200,000,000	214,000,000
		Grants	1,776,500	1,776,500	1,776,500
5,420,050	09	Teaching Service Commission	3,240,030	5,086,847	7,630,271
		o/w Other Programmes	3,240,030	5,086,847	7,630,271
3,970,940	10	Zambia Police Service Commission	2,398,164	3,742,887	5,594,831
		o/w Other Programmes	2,359,164	3,703,887	5,555,831
		Grants/Other Payments	39,000	39,000	39,000
243,888,170	11	Zambia Police - Ministry of Home Affairs	178,468,252	197,129,579	332,632,258
		o/w Other Programmes	33,588,274	51,725,941	77,588,912
		Operations	70,042,320	70,042,320	126,076,176
		Rations	53,023,990	53,023,990	95,443,182
		Utilities	13,282,930	13,282,930	23,909,274
		Grant/Other Payment	1,049,890	1,049,890	1,049,890
		Appropriation-In-Aid (AIA) - Revenue Mobilisation Activities	7,480,849	8,004,508	8,564,823
6,510,710	12	Office of the Public Protector	6,210,710	9,564,493	14,346,740
		o/w Other Programmes	6,210,710	9,564,493	14,346,740
110,900,390	13	Ministry of Chiefs and Traditional Affairs	75,797,796	79,983,140	88,055,012
		o/w Other Programmes	8,216,235	12,899,489	19,349,233
		Grant	64,917,330	64,917,330	64,917,330
		Infrastructure Development	2,664,231	2,166,321	3,788,448
21,104,220	14	Ministry of Mines and Minerals Development	11,716,085	14,594,451	18,558,517
		o/w Other Programmes	5,049,765	7,928,131	11,892,197
		Grant	6,666,320	6,666,320	6,666,320
291,009,780	15	Ministry of Home Affairs	221,121,563	240,814,268	377,589,019
		o/w Other Programmes	58,071,565	89,430,210	134,145,315
		Operations	26,091,260	26,091,260	46,964,268
		Rations	46,397,300	46,397,300	83,515,140
		Utilities	4,676,060	4,676,060	8,416,908
		Infrastructure Development	50,864,668	41,358,728	72,327,878
		EDRMS	10,000,000	7,000,000	5,460,000
		Appropriation-In-Aid (AIA) - Immigration	7,000,000	7,490,000	8,014,300
		Appropriation-In-Aid (AIA) - Passport& Citizenship	5,000,000	5,350,000	5,724,500
34,536,590	16	Drug Enforcement Commission	30,134,060	46,406,452	69,609,679
		O/w Other Programmes	14,174,060	30,446,452	52,532,479
		Operations	15,960,000	15,960,000	17,077,200

60,017,790	17	Ministry of Foreign Affairs	36,464,618	56,602,580	84,336,440
		o/w Other Programmes	35,329,758	55,467,720	83,201,580
		Grant	1,134,860	1,134,860	1,134,860
141,268,860	18	Judiciary	147,595,388	166,468,907	280,638,401
		o/w Other Programmes	34,950,960	53,824,478	80,736,718
		Court Circuiting	62,107,580	62,107,580	111,793,644
		Judges Rentals	46,963,988	46,963,988	84,535,179
		Grants	3,572,860	3,572,860	3,572,860
48,736,310	19	Disaster Management and Mitigation Unit	21,570,345	33,865,442	50,798,163
		o/w Other Programmes	21,570,345	33,865,442	50,798,163
47,016,650	20	Ministry of Local Government - Loans and Investments	10,710,104	16,431,293	24,310,475
		o/w Grant	672,930	672,930	672,930
		Other Programmes	10,037,174	15,758,363	23,637,545
4,099,200,250	21	Ministry of Finance - Loans and Investments	2,470,447,160	2,654,838,259	2,922,035,683
		o/w Other Payments	211,193,470	211,193,470	211,193,470
		Other Programmes	88,964,674	139,172,610	248,216,809
		GRZ Roads	2,005,572,386	2,124,092,920	2,254,363,664
		Budget Reforms	10,193,197	13,000,020	15,000,000
		Citizens Economic Empowerment Funds	46,681,002	53,095,438	56,812,119
		Projects	21,842,432	24,843,801	26,582,867
		Infrastructure Development Fund	86,000,000	89,440,000	95,700,800
4,794,400	25	Local Government Service Commission	2,876,640	4,516,325	6,774,487
		o/w Other Programmes	2,876,640	4,516,325	6,774,487
101,079,030	26	Ministry of Information and Broadcasting Services	44,525,302	63,098,069	88,676,354
		o/w Other Programmes	32,583,802	51,156,569	76,734,854
		Other Payments	22,810	22,810	22,810
		Grants	11,918,690	11,918,690	11,918,690
20,752,140	27	Public Service Management Division	13,020,461	19,005,057	27,247,000
		o/w Other Programmes	10,499,291	16,483,887	24,725,830
		Other Payments	200,000	200,000	200,000
		Grant	2,321,170	2,321,170	2,321,170
1,413,549,780	29	Ministry of Local Government	1,517,237,370	1,675,712,201	1,721,084,620
		o/w Other Programmes	45,287,153	71,100,831	106,651,246
		Local Government Equalisation Fund	1,164,567,612	1,300,243,616	1,300,243,616
		Constituency Development Fund	249,600,000	249,600,000	249,600,000
		Grants	23,828,030	23,828,030	23,828,030
		Markets and Bus Stations	17,822,620	17,822,620	17,822,620
		Infrastructure Development	16,131,955	13,117,104	22,939,107
518,786,820	31	Ministry of Justice	398,236,654	552,961,899	585,869,549
		o/w Other Programmes	8,750,454	13,475,699	20,213,549
		Grant	187,398,950	187,398,950	187,398,950
		Compensation and Awards	200,000,000	350,000,000	374,500,000
		Court Operations	2,087,250	2,087,250	3,757,050
16,250,010	32	Ministry of National Guidance and Religious Affairs	9,750,006	15,307,509	22,961,264
253,862,210	33	Ministry of Commerce Trade and Industry	256,385,678	261,034,816	267,437,576
		o/w Other Programmes	8,156,383	12,805,521	19,208,281
		Grants	248,229,295	248,229,295	248,229,295
		o/w AIA- PACRA	63,294,695	63,294,695	63,294,695
		AIA - ZMA	32,376,340	32,376,340	32,376,340
		AIA - ZABS	25,150,000	25,150,000	25,150,000
		AIA - ZCSA	35,376,340	35,376,340	35,376,340
		AIA - CCPC	32,456,920	32,456,920	32,456,920
3,444,470	34	Human Rights Commission	2,039,562	3,129,608	4,630,813
		o/w Other Programmes	1,912,362	3,002,408	4,503,613
		Other Payments	127,200	127,200	127,200
3,600,290	36	Zambia Correctional Service Commission	2,179,774	3,394,315	5,066,973
		o/w Other Programmes	2,130,774	3,345,315	5,017,973
		Grants/Other Payments	49,000	49,000	49,000
2,144,645,330	37	Ministry of Finance	2,203,779,226	2,393,622,866	2,567,004,573
		o/w Grants	142,099,450	142,099,450	142,099,450
		Public Service Pension Fund	267,750,000	267,750,000	267,750,000
		Other Programmes	51,129,564	80,273,415	120,410,123
		Financing Gap	792,800,212	950,000,000	1,016,500,000
		Zambia Revenue Authority	900,000,000	900,000,000	963,000,000
		Suppliers of Goods & Services	50,000,000	53,500,000	57,245,000
159,107,750	38	Ministry of National Development Planning	213,692,520	377,139,559	153,209,993
		o/w Grants	94,228,850	94,228,850	94,228,850
		Other Programmes	19,463,670	30,557,962	45,836,943
		Population Census	100,000,000	252,352,747	13,144,200

67,485,570	39	Smart Zambia Institute	32,925,576	43,423,174	58,391,972
		Other Programmes	19,439,996	29,937,594	44,906,392
		o/w Grants	13,485,580	13,485,580	13,485,580
24,423,290	44	Ministry of Labour and Social Security	16,321,832	20,796,867	26,787,825
		o/w Other Programmes	6,868,482	10,783,517	16,175,275
		Labour Inspections & Survey	8,000,000	8,560,000	9,159,200
		Grants	1,453,350	1,453,350	1,453,350
792,474,362	45	Ministry of Community Development and Social Services	851,926,855	918,810,642	993,730,590
		o/w Grants	33,276,000	33,276,000	33,276,000
		Other Programmes	19,156,455	30,075,634	45,113,451
		Social Cash Transfer	699,494,400	748,459,008	800,851,139
		Food Security Pack	100,000,000	107,000,000	114,490,000
2,349,006,650	46	Ministry of Health	1,908,881,550	2,318,762,024	2,895,270,142
		o/w Drugs and Medical Supplies	900,000,000	1,217,470,921	1,490,965,105
		Grants	138,493,070	138,493,070	138,493,070
		Operations for Hospitals	725,884,552	776,696,471	927,037,679
		Other Programmes	28,773,869	44,887,236	91,819,578
		Infrastructure Development	115,730,059	141,214,326	246,954,710
323,546,390	51	Ministry of Transport and Communication	409,284,722	403,742,176	493,786,402
		O/w Other Programmes	27,109,803	42,562,391	63,843,586
		Infrastructure Development	112,790,855	91,711,722	160,384,872
		Maritime & Inland Waters - AIA	1,200,000	1,284,000	1,373,880
		Grants	268,184,064	268,184,064	268,184,064
		o/w AIA - ZICTA	115,420,594	115,420,594	115,420,594
		AIA - Civil Aviation	32,400,000	32,400,000	32,400,000
597,626,920	52	Ministry of Water Development, Sanitation and Environmental Protection	547,838,583	395,109,247	607,231,909
		O/w Water and Sanitation	415,000,000	250,000,000	405,200,000
		o/w Millenium Challenge	175,000,000	-	-
		Other Programmes	36,676,525	57,582,143	86,373,215
		Infrastructure Development	46,204,173	37,569,218	65,700,808
		Grants	49,957,886	49,957,886	49,957,886
		o/w AIA - ZEMA	32,163,296	32,163,296	32,163,296
		AIA - WARMA	15,785,590	15,785,590	15,785,590
258,911,870	54	Ministry of Housing and Infrastructure Development	239,129,467	266,329,951	326,904,301
		o/w Grants	125,181,250	125,181,250	125,181,250
		Other Programmes	38,948,217	61,148,701	91,723,051
		Infrastructure Development	75,000,000	80,000,000	110,000,000
348,092,390	62	Ministry of Energy	261,526,004	281,840,861	305,730,863
		o/w Rural Electrification	166,634,091	184,005,465	203,841,723
		Other Programmes	5,164,005	8,107,488	12,161,232
		Grants	89,727,908	89,727,908	89,727,908
		o/w AIA - ERB	70,069,908	70,069,908	70,069,908
49,318,410	64	Ministry of Works and Supply	29,560,620	44,740,742	65,626,916
		o/w Grants	2,121,810	2,121,810	2,121,810
		AIA - Revenue Mobilisation Activities	920,000	984,400	1,053,308
		Other Programmes	26,518,810	41,634,532	62,451,798
1,939,769,958	65	Ministry of Higher Education	1,508,066,063	1,557,480,927	1,719,661,410
		Grants	1,147,340,271	1,147,340,271	1,147,340,271
		o/w Student Loans and Scholarships Fund	557,000,000	557,000,000	557,000,000
		Skills Levy	163,993,697	171,373,414	179,256,591
		Other Programmes	105,507,003	164,590,925	263,345,481
		Infrastructure Development	91,225,091	74,176,316	129,719,067
173,466,470	68	Ministry of Tourism and Arts	153,032,499	191,156,890	243,137,860
		o/w Tourism Levy	13,537,397	14,146,580	14,797,322
		Other Programmes	63,900,366	100,323,575	150,485,362
		Tourism Marketing	16,600,000	16,692,000	17,860,440
		Grants	59,994,736	59,994,736	59,994,736
170,063,580	76	Ministry of Youth,Sport and Child Development	114,614,197	140,651,818	181,651,796
		o/w Grants	12,262,480	12,262,480	12,262,480
		Other Programmes	37,121,278	58,280,407	87,420,610
		Action Plan on Youth Employment and Empowerment	52,634,506	59,867,014	64,057,704
		Infrastructure Development	12,595,933	10,241,918	17,911,001

494,724,880	77	Ministry of Defence	383,469,420	399,573,509	606,662,097
		o/w Grants	7,864,800	7,864,800	7,864,800
		Operations	98,528,450	98,528,450	177,351,210
		VVIP Movements	50,000,000	50,000,000	50,000,000
		Rations	130,938,730	130,938,730	235,689,714
		Utilities	3,239,540	3,239,540	5,831,172
		Rural Roads Connectivity	50,000,000	50,000,000	50,000,000
		Youth Skills	17,538,381	19,948,330	21,344,713
		Other Programmes	25,359,519	39,053,659	58,580,488
261,794,710	78	Zambia Security Intelligence Services - Office of the President	251,569,420	339,732,552	514,324,201
		o/w Grants	27,207,420	27,207,420	27,207,420
		Operations	61,096,940	61,096,940	109,974,492
		Other Programmes	163,265,060	251,428,192	377,142,289
1,386,242,084	80	Ministry of General Education	806,764,355	805,881,897	1,048,886,869
		o/w Grants	454,865,440	454,865,440	454,865,440
		Other Programmes	85,447,504	133,298,106	213,276,970
		Infrastructure Development	266,451,411	217,718,351	380,744,460
135,606,700	85	Ministry of Lands and Natural Resources	97,179,276	101,199,375	134,245,773
		o/w Grants	3,818,170	3,818,170	3,818,170
		Other Programmes	35,931,116	35,931,116	64,676,008
		Land Titling	30,000,000	32,100,000	34,347,000
		Forestry Management	20,000,000	21,400,000	22,898,000
		AIA - Revenue Mobilisation Activities	7,429,990	7,950,089	8,506,596
140,334,700	86	Ministry of Fisheries and Livestock	127,254,573	197,955,725	293,737,787
		o/w Grants	4,080,060	4,080,060	4,080,060
		Other Programmes	65,438,281	102,738,101	154,107,152
		AIA - Revenue Mobilisation Activities	1,850,000	1,979,500	2,118,065
		Provincial and District Fisheries & Livestock Offices	55,886,232	89,158,064	133,432,510
		o/w AIA - Revenue Mobilisation Activities	6,620,000	10,393,400	15,590,100
18,261,930	87	Anti-Corruption Commission	13,900,174	18,783,196	29,632,057
		o/w Other Programmes	9,042,634	13,925,656	20,888,485
		Operations	4,857,540	4,857,540	8,743,572
65,160,210	88	Office of the President - Muchinga Province	25,119,676	37,903,160	56,090,054
		o/w Other Programmes	23,457,676	36,124,820	54,187,231
		AIA - Lands & Natural Resources	1,662,000	1,778,340	1,902,824
3,540,150,610	89	Ministry of Agriculture	2,448,538,586	3,199,927,040	3,589,700,832
		o/w Grants	91,454,330	91,454,330	91,454,330
		Other Programmes	186,850,132	293,354,707	469,367,532
		Farmer Input Support Programme	1,428,000,000	1,428,000,000	1,428,000,000
		Strategic Food Reserve	672,000,000	1,280,000,000	1,440,000,000
		Infrastructure Development	2,500,000	775,903	1,356,894
		Provincial and District Agric. Coordinating Offices	67,734,124	106,342,100	159,522,076
51,876,570	90	Office of the President - Lusaka Province	20,337,565	30,538,710	45,043,379
		o/w Other Programmes	18,675,565	28,760,370	43,140,556
		AIA - Lands & Natural Resources	1,662,000	1,778,340	1,902,824
50,996,010	91	Office of the President - Copperbelt Province	20,065,364	30,081,720	44,322,894
		o/w Grants	70,000	70,000	70,000
		Other Programmes	18,333,364	28,233,380	42,350,070
		AIA - Lands & Natural Resources	1,662,000	1,778,340	1,902,824
56,365,110	92	Office of the President - Central Province	21,953,440	33,027,157	48,776,049
		o/w Other Programmes	20,291,440	31,248,817	46,873,225
		AIA - Lands & Natural Resources	1,662,000	1,778,340	1,902,824
62,425,410	93	Office of the President - Northern Province	24,135,148	97,913,471	95,540,939
		o/w Other Programmes	22,473,148	96,135,131	93,638,115
		AIA - Lands & Natural Resources	1,662,000	1,778,340	1,902,824
73,827,960	94	Office of the President - Western Province	28,496,066	42,886,801	63,365,515
		o/w Grants	400,000	400,000	400,000
		Other Programmes	26,434,066	40,708,461	61,062,692
		AIA - Lands & Natural Resources	1,662,000	1,778,340	1,902,824
52,418,070	95	Office of the President - Eastern Province	20,532,505	30,838,918	45,493,691
		o/w Other Programmes	18,870,505	29,060,578	43,590,867
		AIA - Lands & Natural Resources	1,662,000	1,778,340	1,902,824
56,813,190	96	Office of the President - Luapula Province	22,286,409	33,395,091	49,193,841
		o/w Grants	268,220	268,220	268,220
		Other Programmes	20,356,189	31,348,531	47,022,797
		AIA - Lands & Natural Resources	1,662,000	1,778,340	1,902,824

61,292,280	97	Office of the President - North-Western Province	23,727,221	35,758,780	52,873,484
		o/w Other Programmes	22,065,221	33,980,440	50,970,660
		AIA - Lands & Natural Resources	1,662,000	1,778,340	1,902,824
74,188,130	98	Office of the President - Southern Province	28,369,727	42,908,239	63,597,673
		o/w Other Programmes	26,707,727	41,129,899	61,694,849
		AIA - Lands & Natural Resources	1,662,000	1,778,340	1,902,824
16,131,030,830	99	Constitutional and Statutory Expenditure	23,762,991,838	25,079,605,494	30,478,690,218
		o/w Domestic Debt Interest (Including Amortisation)	8,623,368,613	8,134,474,398	8,083,043,143
		External Debt Service (Including Amortisation)	14,949,986,598	16,084,103,578	18,316,929,990
		Contingency Vote	189,636,628	202,911,191	362,782,194
-		Sinking Fund	-	658,116,328	3,715,934,892
40,309,676,624		Total	42,735,382,517	47,395,614,224	57,025,489,602

2019-2021 MEDIUM-TERM EXPENDITURE FRAMEWORK

2018 DOMESTIC BUDGET AND 2019-2021 INDICATIVE EXPENDITURE ALLOCATIONS

2018 APPROVED BUDGET	HEAD	INSTITUTION	2019 PROJECTIONS	2020 PROJECTIONS	2021 PROJECTIONS
70,508,750	01	Office of the President - State House	72,119,823	95,808,559	127,747,485
60,840,150	02	Office of the Vice President	63,364,332	65,889,608	84,032,708
523,796,220	03	National Assembly	777,896,109	631,517,991	929,208,898
27,943,850	04	Ministry of Gender	24,910,401	28,400,173	31,463,834
95,520,630	05	Electoral Commission of Zambia	131,369,991	730,078,858	1,297,322,694
11,192,880	06	Civil Service Commission - Office of the President	10,414,480	12,647,627	15,537,650
93,729,050	07	Office of the Auditor General	91,663,840	101,926,132	114,002,056
332,025,280	08	Cabinet Office - Office of the President	232,022,458	267,470,794	296,959,545
9,675,940	09	Teaching Service Commission - Office of the President	8,297,760	10,245,731	12,789,155
8,358,450	10	Zambia Police Service Commission	6,967,523	8,435,884	10,271,428
1,391,746,230	11	Zambia Police - Ministry of Home Affairs	1,435,458,827	1,479,259,965	1,702,204,260
9,846,980	12	Office of the Public Protector	9,809,561	13,235,322	18,017,568
149,927,570	13	Ministry of Chiefs and Traditional Affairs	115,779,702	120,764,685	128,836,556
44,871,210	14	Ministry of Mines and Minerals Development	39,323,928	42,754,451	46,718,517
563,718,030	15	Ministry of Home Affairs	534,069,436	560,021,098	696,795,849
83,933,420	16	Drug Enforcement Commission	85,058,272	102,429,149	125,632,375
740,732,461	17	Ministry of Foreign Affairs	709,826,768	754,163,432	814,286,835
468,958,320	18	Judiciary	515,740,938	541,125,158	655,294,652
54,487,820	19	Disaster Management and Mitigation Unit	27,872,298	40,293,434	57,226,156
47,016,650	20	Loans and Investment - Ministry of Local Government and Housings	10,710,104	16,431,293	24,310,475
4,099,200,250	21	Loans and Investment - Ministry of Finance	2,470,447,160	2,654,838,259	2,922,035,683
10,656,150	25	Local Government Service Commission	9,882,490	11,662,292	13,920,454
125,201,480	26	Ministry of Information and Broadcasting Services	71,611,388	90,725,877	116,304,161
47,427,180	27	Public Service Management Division	41,840,823	48,401,826	56,643,770
1,428,406,290	29	Ministry of Local Government and Housing	1,535,216,985	1,694,051,409	1,739,423,828
551,307,930	31	Ministry of Justice	433,356,786	588,784,434	621,692,084
24,069,650	32	Ministry of National Guidance and Religious Affairs	18,958,733	24,700,411	32,354,166
281,407,910	33	Ministry of Commerce, Trade and Industry	286,343,525	291,591,820	297,994,580
13,809,290	34	Human Rights Commission	13,254,342	14,568,684	16,069,888
7,578,900	36	Zambia Correctional Service Commission	4,191,784	5,414,315	7,103,373
3,403,345,050	37	Ministry of Finance	3,865,030,742	4,181,884,592	4,528,257,075
211,759,210	38	Ministry of National Development Planning	273,461,599	438,104,019	214,174,453
	39	Smart Zambia	46,462,279	57,230,611	72,199,409
42,693,700	44	Ministry of Labour and Social Security	36,761,345	41,645,170	47,636,128
848,887,132	45	Ministry of Community Development and Social Services	913,783,133	981,904,045	1,056,823,993
6,024,809,880	46	Ministry of Health	6,358,864,039	6,996,176,163	7,922,450,745
346,679,800	51	Ministry of Transport and Communication	433,836,353	428,784,840	518,829,066
618,155,440	52	Ministry of Water Development, Sanitation and Environmental Protection	562,216,551	409,774,775	621,897,437
283,708,070	54	Ministry of Housing and Infrastructure Development	265,018,203	292,736,461	353,310,811
362,601,090	62	Ministry of Energy	278,726,600	299,385,470	323,275,472
104,076,670	64	Ministry of Works and Supply	71,206,384	87,219,421	108,105,595
1,950,384,455	65	Ministry of Higher Education	1,519,317,839	1,568,957,738	1,731,138,221
303,669,870	68	Ministry of Tourism and Arts	322,617,277	364,133,364	416,114,334
185,738,970	76	Ministry of Youth, Sport and Child Development	131,151,512	157,519,880	198,519,857
3,517,022,560	77	Ministry of Defence	3,724,665,533	3,876,137,544	4,083,226,133
756,109,050	78	Zambia Security Intelligence Services - Office of the President	789,216,108	888,132,174	1,062,723,822
9,501,788,885	80	Ministry of General Education	9,927,643,145	10,247,610,263	10,927,823,314
176,926,100	85	Ministry of Lands and Natural Resources	148,045,699	153,083,127	186,129,525
191,138,770	86	Ministry of Fisheries and Livestock	321,609,587	396,197,839	491,979,901
77,651,950	87	Anti-Corruption Commission	73,020,318	79,676,945	89,934,603
132,872,370	88	Office of the President - Muchinga Province	66,338,702	79,946,568	98,133,462
3,673,907,620	89	Ministry of Agriculture	2,906,474,876	3,667,022,056	4,056,795,847
145,008,470	90	Office of the President - Lusaka Province	86,421,639	97,944,466	112,449,135
160,518,120	91	Office of the President - Copperbelt Province	87,037,124	98,392,916	112,634,090
155,090,130	92	Office of the President - Central Province	88,846,027	101,257,596	117,006,488
162,831,770	93	Office of the President - Northern Province	82,362,275	157,305,141	154,932,609
181,804,940	94	Office of the President - Western Province	106,589,673	122,542,281	143,020,995
144,737,420	95	Office of the President - Eastern Province	78,449,375	89,914,125	104,568,898
141,585,900	96	Office of the President - Luapula Province	80,941,657	93,223,444	109,022,193
141,705,110	97	Office of the President - North-Western Province	84,805,760	98,058,890	115,173,594
169,495,610	98	Office of the President - Southern Province	97,391,662	113,310,613	134,000,046
17,842,600,800	99	Constitutional and Statutory Expenditure	24,218,094,253	25,079,605,494	32,109,812,911
63,337,199,833		Total	67,834,187,838	72,792,456,700	85,334,300,845

2018 BUDGET & 2019-2021 MTEF ALLOCATIONS BY FUNCTIONS OF GOVERNMENT

Function	2018 Approved Budget	2019 Projection	2020 Projection	2021 Projection	2019-2021 Total	2019-2021 Average
	K	K	K	K	K	K
General Public Services	22,364,857,007	29,429,487,556	30,353,209,296	36,229,866,694	96,012,563,546	32,004,187,849
Public Affairs and Summit Meetings	235,305,460	176,478,995	200,000,000	214,000,000	590,478,995	196,826,332
MPs Gratuity	-	185,684,430	-	202,073,420	387,757,850	129,252,617
Elections	16,000,000	10,000,000	650,000,000	1,200,000,000	1,860,000,000	620,000,000
Domestic Debt	6,972,268,260	8,623,368,613	8,134,474,398	8,083,043,143	24,840,886,154	8,280,295,385
External Debt	7,168,795,020	14,949,986,598	16,084,103,578	18,316,929,990	49,351,020,165	16,450,340,055
Local Government Equalization Fund	1,078,428,000	1,164,567,612	1,300,243,616	1,300,243,616	3,765,054,844	1,255,018,281
Constituency Development Fund	249,600,000	249,600,000	249,600,000	249,600,000	748,800,000	249,600,000
Compensation Fund	303,363,990	200,000,000	350,000,000	374,500,000	924,500,000	308,166,667
Defence	3,955,632,228	5,615,598,606	6,495,593,048	5,485,310,880	17,596,502,535	5,865,500,845
Public Order and Safety	2,195,799,153	3,740,416,932	3,809,955,440	3,636,751,711	11,187,124,084	3,729,041,361
Economic Affairs	17,683,033,090	19,076,261,085	20,257,090,193	22,044,223,251	61,377,574,528	20,459,191,509
Farmer Input Support Programme	1,785,000,000	1,428,000,000	1,428,000,000	1,428,000,000	4,284,000,000	1,428,000,000
Strategic Food Reserves	1,051,200,000	672,000,000	1,280,000,000	1,440,000,000	3,392,000,000	1,130,666,667
Rural Electrification Fund	251,331,670	166,634,091	184,005,465	203,841,723	554,481,280	184,827,093
Roads Infrastructure (GRZ Contribution)	3,516,714,682	2,005,572,386	2,124,092,920	2,254,363,664	6,384,028,970	2,128,009,657
Environmental Protection	302,816,833	264,823,635	257,352,721	327,128,448	849,304,804	283,101,601
Housing and Community Amenities	1,857,641,857	2,270,253,152	1,049,210,677	672,413,438	3,991,877,268	1,330,625,756
Water Supply and Sanitation (GRZ Contribution)	479,208,860	415,000,000	250,000,000	405,200,000	1,070,200,000	356,733,333
Health	7,833,876,412	8,067,929,381	11,310,735,247	15,295,282,194	34,673,946,823	11,557,982,274
Drugs and Medical Supplies	1,200,000,000	900,000,000,000	1,217,470,921,000	1,490,965,105,200	3,608,436,026,200	1,202,812,008,733
Recreation, Culture and Religion	323,503,729	182,979,947	211,680,123	256,262,328	650,922,398	216,974,133
Education	12,415,900,992	13,912,270,665	14,632,088,162	16,523,658,546	45,068,017,372	15,022,672,457
Social Protection	2,564,325,005	2,081,868,878	2,412,462,793	2,572,207,354	7,066,539,026	2,355,513,009
Public Service Pension Fund	1,060,550,000	1,060,550,212	1,217,750,000	1,284,250,000	3,562,550,212	1,187,516,737
Social Cash Transfer	721,180,000	699,494,400	748,459,008	800,851,139	2,248,804,547	749,601,516
TOTAL	71,662,386,306	84,641,889,838	90,789,377,700	103,043,104,845	278,474,372,383	92,824,790,794