



Grant Thornton



2025 Budget Bulletin

TAZAMA PIPELINES LIMITED

PROFILE

TAZAMA Pipelines Limited was incorporated in 1968 and owns and operates a finished petroleum product oil pipeline that runs through Dar-es-salaam in Tanzania to Ndola in Zambia. Previously TAZAMA Pipelines used to pump Crude Oil but was converted to pumping finished product (Low Sulpha Gas Oil) on 16th March 2023.

The pipeline covers a distance of 1,710 Kilometres comprising of 954km of eight (8) inch diameter pipeline and 798 kilometres of twelve (12) inch diameter pipeline. The pipeline has an installed transportation capacity of 1.1 million metric tons per annum. Currently it has an annual throughput of 800,000 metric tons. The company also operates a tank farm facility situated at Kigamboni in Dar-es-salaam which comprises of six tanks with a total holding capacity 231,000 cubic meters. Pumping is achieved through seven (7) pump stations, Five (5) of which are in Tanzania and two (2) in Zambia.

TAZAMA also operates and maintains the Ndola Fuel Terminal through a subsidiary company, TAZAMA Petroleum Products which manages the Lusaka Fuel Depot, Mpika Fuel Depot, Solwezi Fuel Depot, Mongu Fuel Depot, Mansa Fuel Depot and the Chipata Depot on behalf of Government.

The Government of the Republic of Zambia with two thirds of the share capital, and the Government of the United Republic of Tanzania, which holds one third of the share capital, own the pipeline. The company operates under a convention between the Governments of Zambia and Tanzania which regulates on ownership, tax status, land ownership including right of way and any other issues affecting the smooth operations of the pipeline.



Construction of the new three (3) kilometre pipeline from the main line to Mpika Depot



Fuel Tankers Off-Loading at Ndola Fuel Terminal



Kigamboni Pump Station, Kilometre Zero (Km 0) this is where It starts from.



Feedstock Tanker Off-Loading at the SPM

Disclaimer

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The Cover

Our **CLEARR** values enable us to operate with collaboration in the global village as represented by the ribbon on the cover.

Acknowledgment

We would like to acknowledge the following Institutions for providing valuable reports and information to enable us prepare this budget bulletin:

- Bank of Zambia (BOZ)
- Chamber of Mines
- Energy Regulation Board (ERB)
- Lusaka Securities Exchange (LuSE)
- Ministry of Agriculture
- Ministry of Community Development and Social Security
- Ministry of Finance & National Planning
- Ministry of Health
- Ministry of Infrastructure, Housing and Urban Development
- Ministry of Labour and Social Security
- Ministry of Livestock and Fisheries
- Ministry of Mines & Minerals Development
- Ministry of Tourism
- Ministry of Transport and Logistics
- Ministry of Information and Media
- Ministry of Water Development and Sanitation
- Securities and Exchange Commission (SEC)
- Zambia Development Agency (ZDA)
- Zambia Information and Communications Technology Authority (ZICTA)
- Zambia National Farmers Union (ZNFU)
- Zambia Statistics Agency (ZSA)
- Zambia Revenue Authority (ZRA)

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2025 Budget Commentary

The 2025 National Budget was presented by the Honourable Minister of Finance to the National Assembly on 27 September 2024.

The theme of the 2025 budget is “Building Resilience for Inclusive Growth and Improved Livelihoods”.

The country is projected to achieve a positive 2.3% of Gross Domestic Product (GDP) growth in 2024, compared to 5.4% in 2023.

The slowdown in growth is mainly attributed to:

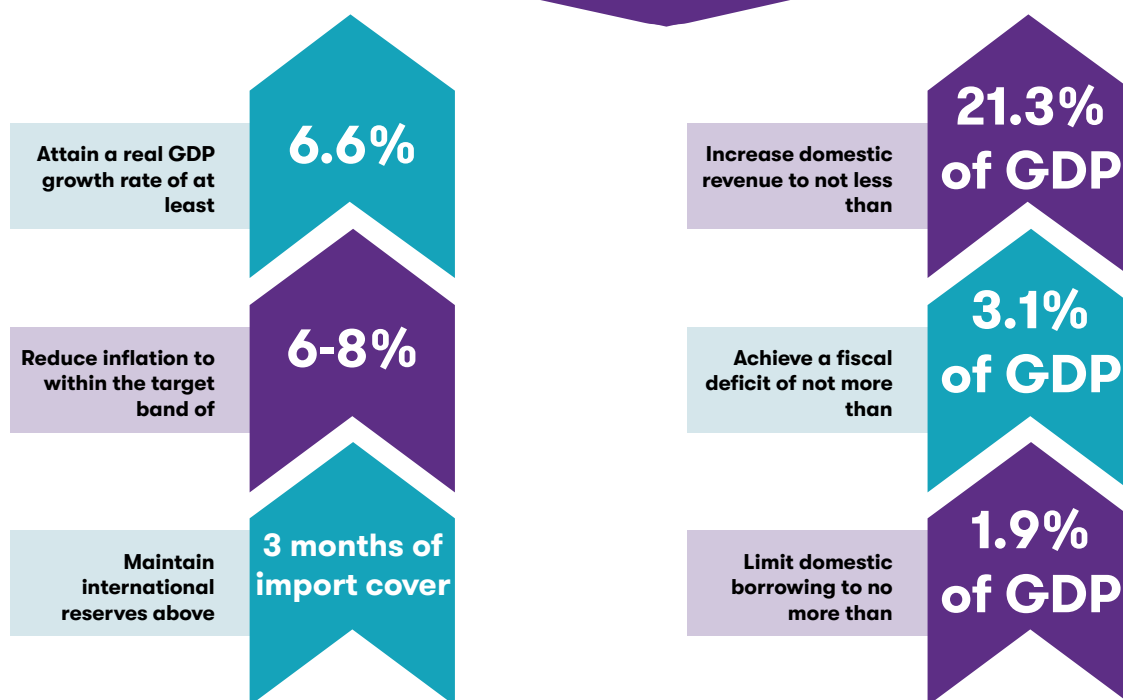
- Impact of the drought which has significantly reduced agriculture production and electricity generation; and
- Challenges arising from the Russia-Ukraine war.

Projected GDP Growth in 2025

- The strategy to achieve the growth objectives will be founded on four thematic areas as outlined in the Presidential Address delivered on the Official Opening of the Fourth Session of the Thirteenth National Assembly. The Address provided the policy direction as laid out in the Eighth National Development Plan and the 2025 budget. The four thematic areas are:
 - Economic transformation and job creation;
 - Human and social development;
 - Environmental sustainability; and
 - Good governance environment.
- In order to achieve the budget objectives and targets for 2025, Government has proposed to spend K217.1 billion (2024:K177.9 billion).

	2024 Budgeted outturn	2024 Projected outturn
GDP growth rate	4.8%	2.3%
Inflation rate (30 September 2024)	6 - 8%	15.6%
Overall fiscal deficit to GDP	4.8%	6.4%
Gross International reserves of import cover (31 July 2024)	3 months	4.3 months
Domestic debt (K billion – 30 June 2024)	232.6	225.5
Central Government external debt (US\$ billion – 30 June 2024)	14.57	15.17
Government guaranteed debt (US\$ billion – 30 June 2024)	1.4	1.39
Domestic arrears, including fuel and electricity (K billion – 30 June 2024)	97.7	79.8

Government has set the following macroeconomic objectives for 2025:



In order to achieve the budget objectives and targets for 2025, the Government has proposed to spend K217.1 billion (2024: K177.9 billion)



K174.19 billion
Total Domestic Revenue (21.3% of GDP)



K15.36 billion
Domestic Financing (1.9% of GDP)



K137.41 billion
Tax Revenue (16.8% of GDP)



K8.17 billion
Foreign Grants (1% of GDP)



K19.39 billion
Foreign Financing (2.4% of GDP)

The allocation of the budgeted expenditure in percentage terms is as follows:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	%	%	%	%	%	0%	%	%	%	%	%	%
General Public Service	25.1	25.8	36.1	27.9	36.1	36.0	41.5	48.3	49.9	39.5	33.1	34.0
Economic Affairs	28.0	27.3	24.9	31.1	24.1	23.8	20.6	18.0	19.5	20.9	22.3	22.4
Education	20.2	20.2	17.2	16.5	16.2	15.4	12.4	11.5	10.4	13.9	15.4	14.5
Health	9.9	9.6	8.3	8.9	9.5	9.3	8.8	8.1	8.0	10.4	11.8	10.7
Defence	6.4	6.9	5.9	5.0	4.9	5.8	6.2	4.7	4.5	4.9	5.6	4.7
Public Order and Safety	5.0	4.7	3.5	3.6	3.0	3.3	3.8	2.6	2.0	3.1	3.8	3.9
Environmental Protection	0.4	0.4	0.3	1.0	1.3	1.0	0.6	0.8	0.6	0.6	0.8	0.7
Housing and Community Amenities	1.5	1.7	0.9	1.3	1.1	2.6	3.3	1.9	1.4	1.5	1.5	1.4
Recreation, Culture and Religion	0.7	0.7	0.5	0.5	0.6	0.3	0.4	0.1	0.1	0.3	0.3	0.3
Social Protection	2.8	2.7	2.4	4.2	3.2	2.5	2.4	4.0	3.6	4.9	5.4	7.4
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0



Overall Comments

- Social Sector spending on social security has seen an increase in proposed spending.
- The New Dawn Administration has produced a budget that aims to continue to empower people at the constituency level by increasing the Constituency Development Fund (CDF) from K30.6 million in 2024 to K36.1 million per constituency in 2025.
- Furthermore, people at the local level will continue to make decisions on how to spend the CDF.
- The need for efficient and effective procurement of goods and services so as to achieve the right price, right quality and delivery on time continues to be emphasised.
- Completion of the restructuring of the external debt remains an urgent objective to deal with the principal and interest arrears as well as have an agreed way forward with the remaining lenders.
- Job creation for the youth continues to be a priority with the intended recruitment of 2,000 teachers and 2,000 health workers in 2025.
- Mining continues to receive particular attention so as to increase production from 800,000 tonnes currently to 3,000,000 tonnes per annum in 7 years.



Challenges

- The implementation of the Budget is dependent on Government continuing to meet its revenue targets.
- The Budget faces the following risks:
 - Increased infrastructure development costs;
 - Any slowness in mindset change by the implementors of projects at the local level under CDF;
 - Continuation of the Russia/Ukraine conflict and the consequential impact on oil and gas prices, higher interest rates and food prices;
 - Exchange rate fluctuations on account of high demand for importation of commodities and foreign debt service;
 - Climate change effects that pose a risk in terms of both food security and hydropower generation;
 - Inflationary pressures due to exchange rate pass through effects and climate induced events such as food shortages; and
 - Subdued global growth due to geopolitical tensions, climate change events, and relatively tight financial conditions.

Presidential Comment on opening of Parliament

On the 13th September 2024, The Republican President addressed the Thirteenth National Assembly to open the Fourth Session. The speech was delivered at a time when Zambia is going through a very challenging period due to the severe drought experienced caused by EL Nino weather conditions. A declaration of the drought as a national disaster and emergency was made, resulting into a drought response plan.

Due to the drought:

- There is a negative impact on most sectors of our economy, especially the agriculture, water and energy sectors.
- Food security has been threatened.
- Our water levels are at a record low.
- Electricity generation is at its lowest, resulting in long hours of load shedding to completely no power for days for some.

The Government is implementing recovery and resilience interventions to mitigate the impact of climate change.

It is against this background that the theme for this year's address was **"Enhancing National Resilience: Sustaining Socio-Economic Gains in the face of adverse effects of climate Change."**

The President commended the citizens for their resilience and patience and the church and the international community for their support.

“

**Enhancing National Resilience:
Sustaining Socio-Economic
Gains in the face of adverse
effects of climate Change.”**

IDC TO ESTABLISH ZAMBIA'S FIRST WEALTH FUND

The Industrial Development Corporation (IDC) is set to launch Zambia's first-ever Wealth Fund in 2025, as part of its 2024-2035 Strategic Plan. This initiative aims to manage and grow Zambia's wealth for future generations, expanding IDC's mandate beyond managing State-Owned Enterprises (SoEs) and leading industrialization efforts.

Zambia is following the lead of countries like Norway, Singapore, Botswana, and India, which have successfully implemented wealth funds to support their economies.

IDC CEO Mr. Cornwell Muleya stresses the importance of the Wealth Fund for Zambia's economic future, emphasizing that the Fund will allow the nation to invest a portion of revenues from its natural resources, particularly mineral resources, to ensure financial stability for future generations. Mr Muleya says among the primary goals of the Fund is to provide a safety net during periods of financial volatility as well as to fund long-term projects that support critical sectors like health, education, agriculture, infrastructure and energy.

Funding for the Wealth Fund will come from multiple revenue streams:



“The Wealth Fund will allow us to invest the surplus revenues from our natural resources and other sources, ensuring financial stability for both current and future generations.”

**Mr. Cornwell Muleya,
Chief Executive Officer of
the Industrial Development
Corporation (IDC)**

Proceeds from Natural Resources:

A major contributor will be revenue from Zambia's mineral sector, with a portion of receipts providing the source of capital.

Specialised Mineral Licensing:

As in India's centralized mineral licensing system, IDC plans to consolidate and streamline the country's licensing processes. This initiative is expected to generate over US\$1 billion.

Specialised Procurement Programs:

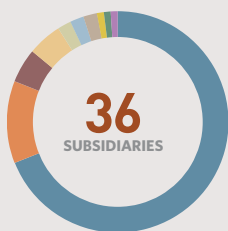
IDC will also leverage revenue from international procurement deals through a structured off-set program similar to the Philippines. This has potential to bring in over US\$600 million.

Investment Dividends:

IDC plans to channel dividends from its investment holdings in SoEs and private companies into the Wealth Fund. Over the past few years, IDC has collected dividends from some of its subsidiaries, and these are expected to increase as IDC's portfolio expands.

Revenue from Strategic Partnerships:

Like Malaysia's Khazanah Nasional, proceeds from strategic Equity Partnerships will also be key in helping to convert Zambia's non-renewable assets into financial assets.



- ENERGY
- MINING
- INFORMATION & COMMUNICATION
- INFRASTRUCTURE
- FINANCIAL SERVICES
- TRANSPORTATION & LOGISTICS
- MANUFACTURING
- TOURISM & REAL ESTATE
- AGRICULTURE
- HEALTH & EDUCATION



- Agriculture
- Energy
- Manufacturing
- Mining
- Tourism

2025 Sectoral Impact

Agriculture, Livestock and Fisheries

- The agriculture sector remains imperative for the growth of the economy.
- 2023/2024 farming season crop production was severely affected by the EL Nino Phenomenon in seven (7) of the ten (10) provinces. This resulted into reduced production of:
 - a) Soya beans by 77.7%;
 - b) Rice by 60.8%;
 - c) Maize by 53.6%; and
 - d) Other crops such as cassava, millet, sorghum, wheat and groundnuts.
- The consequence was a deficit in the national food balance sheet of 2.1 million metric tonnes of maize grain equivalent.
- Government launched the Comprehensive Agriculture Transformation Support Programme which included:
 - a) Irrigation;
 - b) Mechanisation financing;
 - c) Farm blocks;
 - d) Extension services;
 - e) Input support;
 - f) Agro-processing; and
 - g) Infrastructure development.
- The objective is to increase food security, improve nutrition, create jobs and increase agricultural export.
- Government is to continue promoting irrigation development and construction of new dams, namely:
 - i. Chinkhombe in Katete.
 - ii. Kashambana in Nkeyema.
 - iii. Mulemba in Kalomo.
 - iv. Namakala in Mulobezi.
 - v. Pemba in Pemba.

Agriculture, Livestock and Fisheries (continued)

- Government intends to improve performance of the Farmer Input Support Programme (FISP) to ensure that only eligible farmers benefit.
- In 2025, Government will fully migrate FISP from Direct Input Support to E-voucher modality. The E-voucher will help eliminate ghost farmers, promote efficiency and real time settlement of agro-dealer payments.
- Government has continued with farm block development at Luena, Nansanga and Shikabeta. About 350 farms have been demarcated and 36 co-ventures approved at Kalumwange, Kalungwishi, Luena, Luswishi, Manshya, Musokotwane, Shikabeta and Solwezi farm blocks.
- 275 hectares is under avocado production and the first harvest is expected in October 2024 at Luena. An anchor farm has also commenced maize production.
- 50 kilometers of road network at Nansanga and 30 kilometers at Luena farm blocks were completed.
- Government will enhance stocking and restocking programmes and targets to distribute 6,000 heifers, as well as 300 superior bulls for both artificial insemination and natural mating amongst community herds.
- National fish deficit reduced to 51,000 metric tonnes from 74,000 metric tonnes in 2023.
- Government fish farms and greenhouses are under construction at Chadiza, Kaoma, Mwenda, Mwinilunga and Sinda fish farms to ensure all year round production of fingerlings.
- Three (3) hatcheries are being established in Kasempa, Mushindamo and Samfya aqua parks in 2025. This will bring the total to 84.
- Fingerling production is expected to increase to 460 million in 2025 from the current 433.4 million in 2024.

Agriculture, Livestock and Fisheries (continued)

- K15.4 billion has been allocated to support interventions in the agriculture, fisheries and livestock sub sectors. Of the amount, K9.3 billion is for the Farmer Input Support Programme. The amount to benefit over one (1) million farmers.
- Proposed to increase allocation to K2.4 billion in 2025 from K1.7 billion for strategic food reserve.

Constituency Development Fund (CDF)

- CDF remains a game changer in the development of the country.
- To improve the enrolment of learners, Government plans to procure one million desks under CDF.
- Government will construct 30 maternity annexes using CDF in 2025.
- Government will align the CDF guidelines to the new Act (Constituency Development Fund Act, 2024) to accelerate the uptake of the CDF.
- Government is enhancing the management and monitoring of the CDF implementation through a robust information, communication and technology system being developed with support from Co-operating Partners.
- Proposed increase in CDF allocation to K5.6 billion in 2025 from K4.8 billion in 2024.
- Allocation to each constituency therefore increases to K36.1 million from K 30.6 million.
- K3.3 million of the CDF allocation is earmarked for grading and compacting feeder roads.

Environmental Sustainability

- Government proposes to allocate a total of K1.5 billion to the functions of environmental protection.
- Continue to expand, modernise and maintain meteorological equipment such as automatic weather stations.

Construction

- K12.0 billion allocated for construction, upgrade and rehabilitation of roads.
- K3.3 million is earmarked for grading and compacting feeder roads.
- Proposed to spend K700.7 million on construction, upgrade and rehabilitation of provincial aerodromes.
- K2.6 billion allocated to education infrastructure of which K1.6 billion is for construction of 120 secondary schools while K300.5 million is for completion of the hostel projects at the Copperbelt University, the University of Zambia and other public universities.
- K1.9 billion has been allocated for various health infrastructure.

Decentralisation

- To continue with the directive to take services closer to the people, Government will devolve the following 4 functions in 2025:
 - Livestock and fisheries;
 - Agriculture;
 - Community development; and
 - Social welfare services.
- Government, through the Constituency Development Fund (CDF) Act 2024, will streamline the approval processes and expand the participation of marginalised groups such as women, youths and persons living with disabilities.
- Look to enhance the management of the CDF implementation by using a robust information, communication and technology system being developed with the support of the Cooperating Partners.

Energy

- Government is promoting the use of off-grid solutions such as industrial generators and solar systems. These are being installed in markets, public hospitals and schools.
- Construction of an additional 300 megawatt thermal power plant in Maamba by next year. ZESCO and private investors are investing in solar power stations at several strategic locations including the following:

Chisamba	-	100 megawatt
Choma	-	50 megawatt
Kasama	-	100 megawatt
Kariba	-	100 megawatt
- Government is implementing the Net Metering Initiative to encourage consumers to generate power and supply excess to the national grid.
- Government will continue implementing the Rural Electrification Programme.
- 15 new solar projects are expected to be completed by the end of the year under the Rural Electrification Programme.
- Proposed an automatic annual adjustment on excise duty on fuel indexed to the average inflation rate for the proceeding year, to be capped at 20 percent.
- The Bank of Zambia will roll out a support facility to mitigate the impact of the drought.

Education

- Government will continue to improve access to quality education through infrastructure development, teacher recruitment, curriculum development and the provision of teaching requisites.
- 2,000 additional teachers will be recruited in 2025 as a major driver of ensuring quality education through increased teacher – pupil contact time. K80.3 million has been allocated for the recruitment of the 2,000 teachers.
- K2.3 billion has been allocated to grants for early childhood education, primary and secondary schools to continue providing free education to children.

Education (continued)

- Government intends to locally procure one million desks under CDF.
- Government increased the allocation to the School Feeding Programme to K534.4 million in 2025 to keep learners in school and improve learning outcomes.
- K150 million has been allocated to implementation of the new national education curriculum, which will promote life-long learning, entrepreneurship and practical skills required by the Industry.
- K2.6 billion has been allocated to education infrastructure, of which K1.6 billion is for construction of 120 Secondary Schools while K300.5 million is for completion of the stalled hostel projects at the Copperbelt University, the University of Zambia and other public universities.

Fiscal Policy and Measures

- Government to establish a Stabilisation Fund to meet disasters.
- Revenues from mineral royalty in excess of the projection will be channeled to the Stabilisation Fund.
- Government is also working with the Development Finance Institutions to access contingent financing immediately a natural disaster occurs.
- Government to continue to implement policy and administrative interventions to broaden the tax base and curb revenue leakages. This will include the integration of the Zambia Revenue Authority systems to the Government Service Bus and other third parties.
- Government in collaboration with Local Authorities will implement measures to enhance revenue collection, particularly property taxes. The collaboration will include integrating systems, building capacities, reviewing and amending existing laws, and reassigning responsibilities for the collection of revenues.



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Sustainability is at the heart of everything we do, and as the pioneering issuer of Zambia's first Green Bond, we are leading the way in the generation and delivery of energy from green sources to Zambia and the Southern African region.

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Driven by our ambition, we are scaling our Solar PV projects to generate 250 MW of solar energy by the end of 2025.

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CEC Renewables Limited ("CEC Renewables") is a subsidiary of the Copperbelt Energy Corporation (CEC) Group that is leading the Group's strategy of implementing clean and sustainable energy solutions, underpinned by the Global and Zambian green energy transition agenda in the generation and consumption of power from clean and renewable sources such as solar and wind.

Fiscal Policy and Measures (continued)

- Following the debt restructuring agreement reached with its official creditors in June 2023, and further to the MoU signed in October 2023, the Government has now reached an agreement with France on the terms of the bilateral agreement to implement the MoU and are now in the process of going through the necessary formalities required for execution. It is expected that this agreement will serve as a model for negotiations with other official creditors.
- The different stages of the debt restructuring negotiations with other commercial creditors are:
 - (a) Concluded negotiations with Paramount and Huawei Technologies and have since executed the agreements;
 - (b) Recently reached an agreement in principle with Industrial and Commercial Bank of China and China Development Bank;
 - (c) Reached agreement in principle with Nedbank and ZTE Technologies; and
 - (d) In active engagement with the remaining commercial creditors and are at different stages of negotiation.
- The key objective of fiscal policy in 2025 will be to provide measures that will build the resilience of the economy and promote inclusive growth.
- Government will implement policies to:
 - Achieve a real GDP growth rate of 6.6%;
 - Decrease the inflation rate to between 6% and 8% in the medium term;
 - Increase domestic revenue to a minimum of 21.3% of GDP;
 - Lower the fiscal deficit to 3.1% of GDP; and
 - Cap domestic borrowing to a maximum of 1.9% of GDP.
- Maintain commitment to providing a conducive environment through which economic affairs can be conducted in a transparent and efficient manner.

Fiscal Policy and Measures (continued)

- Debt restructuring has continued to reap benefits for Zambia as Government will only pay US\$599 million (i.e. K16.6 billion) in 2025, as apposed to an assessed debt service of US\$1.38 billion if debt was not restructured.
- Government will continue to implement policies aimed at price stability, robust growth and the enhancement of Zambians' living standards, utilising the forward-looking monetary policy framework as the main indicator of the monetary policy stance.
- In 2025, BOZ will establish a Deposit Protection Fund to safeguard depositors in the event of insolvency.
- Through the Financial Inclusion Strategy II, launched in March 2024, Government will continue to respond to low utilisation of financial services in rural areas and inadequate financial inclusion for women and micro, small and medium enterprises. A FinScope Survey to be undertaken in 2025 to assess progress against financial inclusion targets.
- As part of Government's movement towards a cashless economy (focused more on digital financial platforms), they will repeal and replace the National Payment Systems Act 2007, to more closely align with current payment systems.
- In maintaining a flexible exchange rate regime, and to enhance foreign exchange earnings, Government will continue to accumulate reserves, provide market support to avoid exchange rate volatility, foster diversification of exports and sustain foreign investment flows.
- To operationalise the Fiscal Risk Statement, a Fiscal Risk Management Framework will be developed to outline the roles and responsibilities of ministries, provinces and agencies.
- Government proposes the following for 2025:
 - Spend K217.1 billion (26% of GDP)
 - Finance K174.2 billion of this spend with domestic revenues and K8.2 billion through grants from cooperating partners.
 - Finance K34.7 billion through borrowing (K15.4 billion domestic, K19.4 billion external sources).

Health

- Government will continue providing quality and affordable healthcare services by strengthening the health system, recruiting health personnel, providing drugs and medical supplies, as well as developing infrastructure, especially in rural areas. K23.2 billion will be allocated to support the delivery of these services as follows:
 - K5.0 billion for the procurement of medicines and medical supplies.
 - K718.2 million for the procurement of medical equipment.
 - K1.9 billion for various health infrastructure.
 - K156.9 million for the recruitment of 2,000 frontline health personnel.
 - K120.0 million for continued improvement of the healthcare management information system.
- 30 maternity annexes to be constructed in 2025 using CDF.
- An additional 1,600 facilities will be rolled out under the Smartcare Pro System to bring the total to 3,543 health facilities by 2026.

Monetary and Financial Sector Policies

- Government will continue to implement policies aimed at achieving and maintaining price stability to promote robust growth and enhance the living standards of the citizens.
- Monetary policy will best support these efforts by guiding inflation back to the 6-8 percent target range.
- Financial Stability Committee operationalised in April 2024 in line with the Bank of Zambia Act, 2022 to enhance financial system surveillance.
- The Bank of Zambia to establish a deposit protection fund in 2025 to safeguard depositors in the event of insolvency.
- The target is to achieve 85 percent financial inclusion by 2028 from 69.4 percent recorded in 2020.
- Government to undertake a FinScope Survey in 2025 to ascertain progress made in the attainment of financial inclusion targets.

Monetary and Financial Sector Policies (continued)

- In moving towards a cashless economy and to enhance financial inclusion, Government is to repeal and replace the National Payment Systems Act, 2007 to align with the current payment systems landscape which has undergone significant transformation.
- To support a 24-hour digital Economy, the Bank of Zambia will extend the operating hours for the Real Time Gross Settlement (RTGS) with a 6-month pilot set to commence on 1st October 2024.
- On weekdays, the RTGS will operate from 07:00 hours to 19:30 hours and on Saturdays from 10:00 hours to 14:30 hours.

Mining Sector

- Government has identified key critical minerals essential for the global transition to clean energy, including cobalt, lithium and rare earth elements among others.
- In this regard, a national inventory of these minerals is currently being developed.
- A draft legal framework for local content in the mining sector has been developed and is currently undergoing stakeholder validation.
- The legislation aims to ensure that mining companies prioritise:
 - a) The use of local goods, services and labour in operations.
 - b) Mandatory training and employment of local workers.
 - c) Implementation of skills development programmes and creation of job opportunities for Zambian nationals.
 - d) Mechanisms for monitoring and enforcing local content requirements.
- The Minerals Regulation Commission (MRC) will play a key role in ensuring compliance through regular audits and reporting requirements.
- To achieve the production target of three (3) million tonnes per annum by 2031, Government has set a goal to increase copper production from the current average of 800,000 tonnes.

Mining Sector (continued)

- This aligns with Government's broader program to reorganise the mining sector as outlined in the Eighth National Development Plan (8NDP).
- To achieve this, Government has developed a comprehensive strategy with key interventions and strategic objectives which include:
 - a) To maintain a stable fiscal regime.
 - b) To create an enabling environment to attract investments.
 - c) Expediting arbitration of mining-related matters.
 - d) Country-wide geological mapping and mineral exploration.
 - e) Formalising Artisanal and Small-scale Mining (ASM).
 - f) Enhancing the regulatory framework for transparency and efficiency.
- Government to formalise trading in gold marketing centres with pilot projects in Mumbwa and Rufunsa districts. Ministry of Mines to provide details in due course.

Manufacturing and Industrialisation

- Government will continue to develop multi-facility and special economic zones.
- The Government is in the process of establishing special economic zones for beef in Kafue Flats and crop production in Kafulafuta, Lufwanyama, Masaiti, Mpongwe and Ngabwe districts.
- Zambia-China Mulungushi Textiles reopened in August 2024 with a planned investment of US\$170 million. The development of the Textile will be done in four phases:
 - i. Phase I is the printing of fabrics and garments;
 - ii. Phase II is the solar panel assembly;
 - iii. Phase III is the installation of a spinning facility and 20 megawatt solar plant; and
 - iv. Phase IV will be the development of the cotton value chain which will engage small-scale farmers through an out-grower scheme.
- Construction of urea plant with a production capacity of 300,000 metric tonnes per annum is expected to be commissioned by early 2025.

Information Communication Technology

- Following the granting of a low-earth orbit satellite licence to Starlink, unserved areas are now being connected.
- Government has so far procured 525 Starlink kits to be installed in the following:
 - 109 post offices
 - 23 Youth Resource Centres
 - All the 156 constituencies
 - 237 will be installed in agriculture camps, selected Local Authorities and border facilities among others.
- These installations are expected to improve public service delivery.
- Government has embarked on the rehabilitation of post offices which will be established as Digital Transformation Centres.
- So far 48 Digital Transformation Centres have been established, out of which 23 are located in Youth Resource Centres and 25 in rural post offices.
- A further 75 post offices will be repurposed into Digital Transformation Centres with full internet connectivity by the end of 2024.
- An additional 25 post offices are expected to be repurposed into Digital Transformation Centres in 2025.
- Government will continue to prioritise investment in research and development to enhance the country's innovation capacity.
- To provide improved technologies and advisory services to farmers and other stakeholders by the Zambia Research Institute, there is a proposal to introduce licencing fees for crop variety, basic and certified seed sales and parental line sales as follows:

Information Communication Technology (continued)

	Category	Proposed
1	Crop variety licensing (Royalties)	3% of net sales of certified seed from crop hybrids
		2.5% of net sales of certified seed for open-pollinated varieties
2	Basic and certified seed sales	Cereals K35 per kg
		Legumes K45 per kg
		Cassava cuttings K110 per bundle
		Sweet potato vines K35 per bundle
3	Parental line sales	K15 per kg

- 53 innovation hubs and 21 incubators have been established to nurture start-ups, promote entrepreneurship and accelerate the growth of tech-based businesses.

Public Sector

- Government will revise the State-Owned Enterprises Policy to strengthen the regulatory framework, reduce fiscal risks and costs by establishing fiscal discipline rules.

Tourism

- Government has continued to boost tourism since the effects of the Covid – 19 pandemic.
- Tourism sector is expected to contribute K74.4 million to the resource envelope through tourism levies.
- Allocation of K1.3 billion to tourism subsector and K700.7 million to provincial aerodromes infrastructure.
- Plans are underway to operate the Victoria Falls Border for 24 hours.
- Development of Transfrontier Conservation Areas for conservation of biodiversity and transboundary management through continued collaboration with neighbouring countries.

Tourism (continued)

- The Kavango-Zambezi Transfrontier Conservation Area has been implemented while agreements have been signed with Malawi, Mozambique and Zimbabwe.
- Commencement of the US\$100 million Green, Resilient and Transformational Tourism Development Project. This will support the development of tourism infrastructure at Kasaba Bay, Liuwa National Park, and the source of the Zambezi River.
- Continued prioritisation of investments to enhance the country's innovation capacity which is essential in driving economic growth in the tourism sector, among others.
- Installation of Starlink kits at border facilities among other areas to improve public service delivery.

Micro Small and Medium Enterprises (MSME's) and the Capital Markets

- Government will continue to support MSMEs through interventions that will focus on facilitating access to affordable financing and provision of infrastructure.
- Government will continue implementing empowerment programmes such as the Citizens Economic Empowerment Fund, as well as the Women and Youth Empowerment Fund under the Constituency Development Fund (CDF).
- Allocation to the Zambia Credit Guarantee Scheme to increase to K851.7 million in 2025 from K386.0 million in 2024 to enable more of small and medium enterprises to access affordable financing.
- Allocation for CDF increased to K5.6 billion in 2025 from K4.8 billion in 2024. Allocation to each constituency will now be K36.1 million from K30.6 million in 2024.
- To provide appropriate infrastructure for MSME operations, construction of the second phase of yards is earmarked to commence in 2025 and will focus on constructing industrial yards in the remaining three provinces of Central, Muchinga and Southern.

Micro Small and Medium Enterprises (MSME's) and the Capital Markets (continued)

- The Bank of Zambia will roll out a support facility to mitigate the impact of the drought on the agriculture and energy sectors. Funds will be provided to eligible financial institutions to on-lend at concessional interest rates.
- Bank of Zambia is collaborating with the private sector to establish a credit guarantee scheme to facilitate affordable credit to micro, small and medium enterprises.

Youth

- Government has allocated K2 billion for the Cash for Work Programme.
- K300 million has been allocated for the completion of the stalled Hostel projects at the Copperbelt University, the University of Zambia and other public universities.

Water and Sanitation

- In 2025, Government will construct 12 dams, rehabilitate 14 and maintain 385.
- In 2025 the target is to construct 947 boreholes and 500 piped water schemes, as well as rehabilitate 500 boreholes.
- Under the Food Security and Drought Response Plan a total of 1,835 water points will be constructed countrywide in 2025.
- Of these water points, 1,500 will be piped water schemes for rural communities, 110 commercial boreholes to support water utilities, 150 boreholes to support livestock and 75 boreholes to support wildlife.
- Works on the Integrated Small Towns Water Supply and Sanitation Project in Western Province are at 78 percent and will be completed in 2025.
- Construction of 155 waterborne sanitation facilities is ongoing and scheduled for completion in 2025.
- In 2025, the target is to construct an additional 100 waterborne sanitation facilities across the country.
- K2.3 billion has been allocated to water supply and sanitation projects.

Social Protection

- Government will continue to keep girls in school and empower women under the Girls Education and Women Empowerment and Livelihoods Project. This will be expanded to support 262,444 girls in response to increased demand following the implementation of the Free Education Policy.
- The Women's Empowerment and Livelihoods component will be scaled up to all the 116 districts, covering 200,000 beneficiaries.
- Government will continue to dismantle pension arrears under the Public Service Pension Fund and Local Authorities Superannuation Fund.
- Government through National Pension Scheme Authority will continue implementing partial withdrawal of pension benefits to help improve people's livelihood and empower individuals for their immediate investment needs.
- K8.3 billion has been allocated to the Social Cash Transfer Programme which includes the Drought Emergency Social Cash Transfer Programme and K2.0 billion for the Cash For Work Programme.
- Government has increased the allocation to the Public Service Pension Fund to K4.2 billion from K3.9 billion in 2024.
- K400 million has been allocated to the Local Authorities Superannuation Fund.

Transport

- Government has secured funding from Cooperating Partners for the rehabilitation of 162 kilometers of the Chinsali - Mpika road.
- Government through the Transport Corridor for Economic Resilience Project will rehabilitate 238 kilometers of road network from Serenje to Mpika. The design review process has been completed and works will commence in 2025.
- Government is rehabilitating and upgrading the 71 kilometer Monze-Niko road. Works commenced in 2023 and are scheduled to be completed in 2025.
- Rehabilitation of the Lusaka-Mongu road from Tateyoyo gate in Katundu/Lukulu junction, covering a distance of 87 kilometers commenced in August 2024 and works are scheduled to be completed in 2026.

Transport (continued)

- Rehabilitation of the 88 kilometer Batoka – Maamba road commenced in March 2024 and is scheduled to be completed in 2026.
- Government concluded negotiations with Millenium Challenge Corporation, an agency of the United States Government for a grant of US\$458 million. The funds will, among others be used to rehabilitate and maintain 222 kilometer Chipata-Lundazi - old Magodi road. Detailed designs will be undertaken in 2025 and works will commence thereafter.
- In 2025 government will upgrade and rehabilitate more urban roads in Choma, Kitwe, Luanshya, Lusaka, Mazabuka, Ndola, Sinazongwe and Solwezi.
- Works on the Lusaka-Ndola dual carriageway including the rehabilitation of the Masangano – Fisenge - Luanshya road are progressing well and are ear marked to be completed in 2026.
- 85 kilometers of the Lumwana -Kambimba road in Northwestern province will commence in the last quarter of 2024.
- Government has signed a Memorandum of Understanding with the Governments of China and Tanzania to rehabilitate and modernize TAZARA Railway infrastructure and equipment. Once rehabilitated, tonnage on the railway line will increase to 2.5 million metric tonnes.
- Government aims to accelerate the acquisition of an additional grant financing for the long-term rehabilitation of the railway system from Chingola to Livingstone. In addition, the Government is in discussion with Cooperating Partners for possible support with railway wagons and locomotives.
- Upgrade and rehabilitate provincial aerodromes. This will improve airport infrastructure and boost tourism.

Review of 2024 Economic Performance

Overview

- In the domestic economy, real GDP growth is projected at 2.3% in 2024, down by 3.1% points compared to 2023. The global economies are expected to grow by 3.2 % in 2024, compared to 3.3 % in 2023. Three notable events that dragged global growth down were the Russia - Ukraine conflict, adverse effects of climate change and tighter financial conditions in advanced economies.
- The agriculture, livestock, forestry and fisheries sectors were generally below potential. This was mainly due to adverse effects of drought, high cost of inputs, unaffordable finance, inadequate irrigation and other agricultural support infrastructure, poor livestock and crop management practices, as well as inadequate mechanisation.
- The Kwacha exchange rate depreciated from around K25.72 per United States dollar as at 31 December 2023 to about K26.13 by 30 September 2024. This was attributed to strong demand for foreign exchange while inflows, especially from the mining sector, reduced.
- The stock of Government securities reduced to K225.5 billion as at 30 June 2024 from K232.6 billion as at 31 December 2023. The decrease of 3.1% was on account of tight money market liquidity conditions, which constrained commercial banks lending to Government.
- The 2024 budget deficit is expected to be at 6.4% of GDP from the target of 4.8 % of GDP. This is due to the realignment of the budget to take account of the necessary economic responses to the drought.
- The goal of the monetary policy in 2024 was anchored on bringing back inflation to the target range of 6-8 % in the Medium Term. As at 30 September 2024, the inflation rate increased to 15.6 % from 13.1% as at 31 December 2023.
- The total exports in the period 1 January 2024 to 30 June 2024 were US\$5.3 billion whilst the imports for the same period were US\$4.5 billion. Overall the trade balance remained in surplus.
- The amount of money lent by the banking system grew by 36.9% in the first seven months of 2024 against a growth of 34.2% in the seven months to 31 July 2023. The increase was due to reduced borrowing by Government.

Key Performance Indicator	31 Dec 2024 Projected	31 Dec 2023 Actual
Gross Domestic Product (GDP)	2.3%	5.4%
Inflation (30 September 2024)	15.6%	13.1%
Commercial bank average lending rate (31 August 2024)	28.7%	26.6%
US\$ Exchange rate (30 September 2024)	26.13	25.72
Foreign debt stock (US\$bn) – (30 June 2024)	15.17	14.57
Government guaranteed debt (US\$ billion -30 June 2024)	1.39	1.41
Domestic Government debt stock (Kbn) (31 August 2024)	225.5	232.6
Government arrears to suppliers (Kbn) (30 June 2024)	79.8	97.7
Monetary Policy Rate (31 August 2024)	13.5%	11.0%
Statutory reserve ratio (31 August 2024)	26.0%	17.0%



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All employers are required to do assessments for 2025 Financial Year in line with the Workers' Compensation Act of 1999 of the Laws of Zambia.

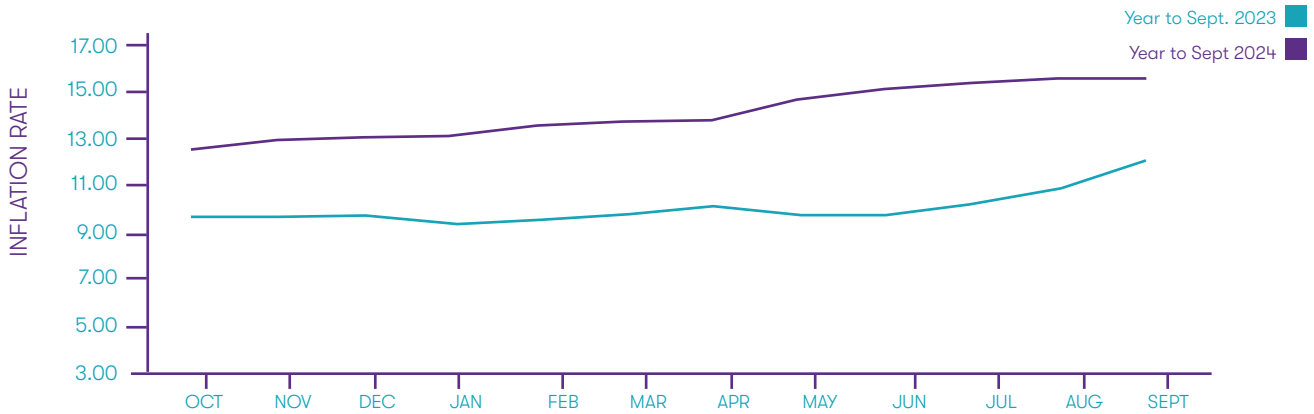
Please log onto <https://eworkers.workers.com.zm> for registration and assessments.
For further information, kindly visit the nearest Workers' Compensation office or contact our Customer Call Centre on Toll-Free line 708.

Dial *543# then follow the prompt

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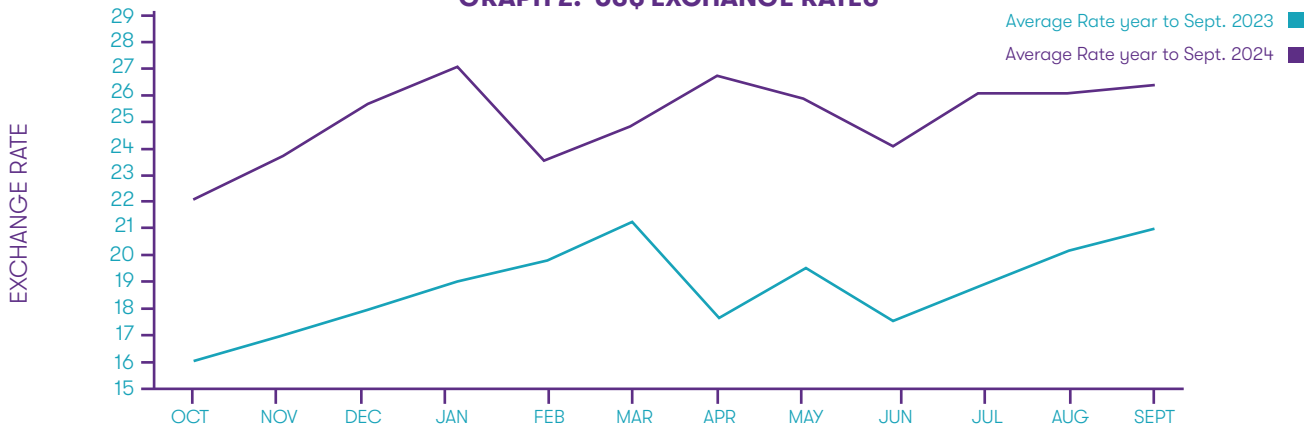


GRAPH 1: INFLATION



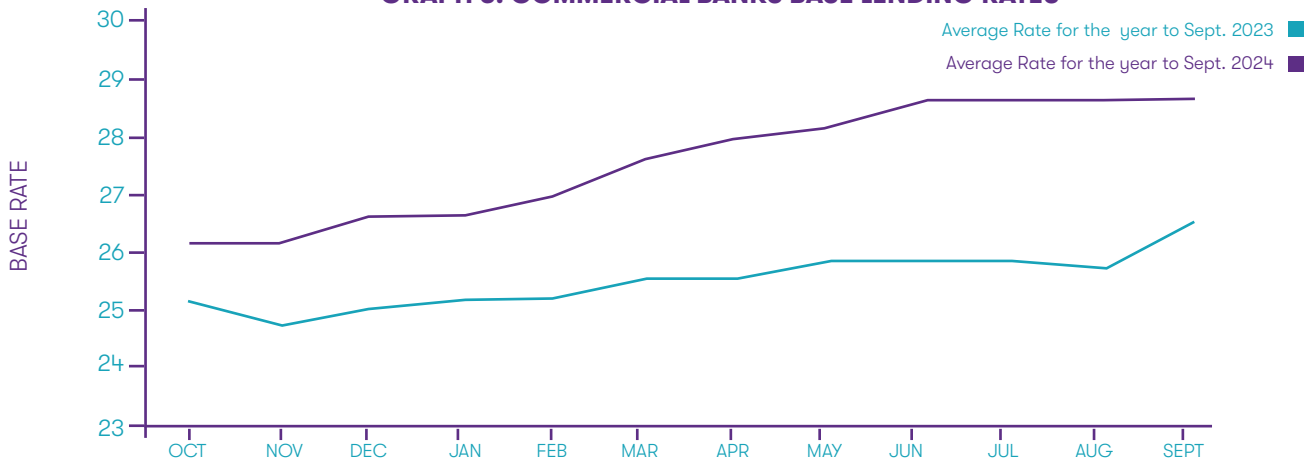
Source: Central Statistical Office

GRAPH 2: US\$ EXCHANGE RATES



Source: Bank of Zambia

GRAPH 3: COMMERCIAL BANKS BASE LENDING RATES



Source: Bank of Zambia

Agriculture, Fisheries and Livestock

- Crop production for the 2022 /2023 Agriculture Season and 2023/2024 Agricultural Season by Area planted, Area expected to be Harvested, Expected production and Crop Yield.

Crop	Area planted (Ha)			Area expected to be harvested (Ha)			Expected production (MT)			Expected yield (MT/Ha)		
	CFS 2023	CFS2024	% change	CFS 2023	CFS2024	% change	CFS 2023	CFS2024	% change	CFS 2023	CFS2024	% change
Maize (for grain)	1,896,482	2,209,160	16.49	1,418,369	684,402	(51.75)	3,261,686	1,511,143	(53.67)	1.72	0.68	(60.47)
Sorghum (for grain)	42,557	42,372	(0.43)	13,749	4,524	(67.10)	6,836	2,865	(58.09)	0.16	0.07	(56.25)
Rice	85,511	86,832	1.54	49,414	23,162	(53.13)	62,680	24,566	(60.81)	0.73	0.28	(61.64)
Millet	53,829	41,712	(22.51)	42,566	18,220	(57.20)	46,753	15,390	(67.08)	0.87	0.37	(57.47)
Sunflower	255,005	463,107	81.61	190,385	103,777	(45.49)	91,607	44,128	(51.83)	0.36	0.10	(72.22)
Groundnuts (Unshelled)	367,108	353,441	(3.72)	603,903	129,357	(78.58)	235,446	87,655	(62.77)	0.64	0.25	(60.94)
Soya beans	701,227	376,051	(46.37)	603,903	157,796	(73.87)	760,067	169,700	(77.67)	1.08	0.45	(58.33)
Seed Cotton	94,196	32,370	(65.64)	67,607	10,367	(84.67)	55,971	9,072	(83.79)	0.59	0.28	(52.54)
Irish Potatoes	2,843	2,401	(15.55)	2,650	1,631	(38.45)	65,082	34,153	(47.52)	22.89	14.23	(37.83)
Tobacco (Virginia)	17946	10,214	(43.08)	16,880	8,073	(52.17)	28,930	14,190	(50.95)	1.61	1.39	(13.66)
Tobacco (Burley)	2,997	6,226	107.74	2,885	4,764	65.13	3,519	6,578	86.93	1.17	1.06	(9.40)
Mixed beans	140,374	85,674	(38.97)	131,840	69,668	(47.16)	88,095	38,937	(55.80)	0.63	0.45	(28.57)
Bambara nuts	7,169	7,810	8.94	6,640	2,897	(56.37)	7,294	2,154	(70.47)	1.02	0.28	(72.55)
Cow peas	16,093	42,793	165.91	10,004	3,584	(64.17)	5,701	1,083	(81.00)	0.35	0.03	(91.43)
Sweet potatoes (for Tuber)	106,590	49,200	(53.84)	96,150	29,784	(69.02)	234,631	83,542	(64.39)	2.20	1.70	(22.73)
Cassava	380,344	267,331	(29.71)	380,344	267,331	(29.71)	4,450,019	3,127,778	(29.71)	11.70	11.70	-
Wheat (for Grain)	36,547	28,052	(23.24)	36,551	28,052	(23.25)	277,492	198,886	(28.33)	7.59	7.09	(6.59)
Barley (for Grain)	2,520	1,261	(49.96)	2,520	1,261	(49.96)	19,561	8,154	(58.32)	7.76	6.47	(16.62)

Source: 2022/2023//2024 MoA/ZAMSTAT Crop Forecasting Survey

Agriculture, Fisheries and Livestock (continued)

- National (Cereals and Tubers) Food balance for Zambia for the 2024/2025 Agricultural Marketing Season Based on the 2023/2024 MoA/ZAMSTAT Crop Forecasting Survey and MoA/ZAMSTAT/Private Sector Utilisation Estimates (MT).

		Maize	Paddy Rice	Wheat (Preliminary)	Sorghum & Millet	Sweet and Irish potatoes	Cassava flour	Total (maize equivalent)
A. Availability								
(i) Opening stocks (1 st May 2024)	1/	408,679	315	79,948	1,335	0	0	489,070
(ii) Total production (2023/24)	2/	1,511,143	24,566	198,886	18,254	117,695	781,945	2,511,534
Total availability		1,919,822	24,880	278,835	19,589	117,695	781,945	3,000,604
B. Requirements								
(i) Staple food requirements								
Human consumption	3/	1,868,288	75,642	494,187	14,676	111,810	1,245,291	3,633,716
Strategic Reserve Stocks (net)	4/	500,000	0	0	0	0	0	500,000
(ii) Industrial requirements								
Stock feed	5/	376,192	0	0	0	0	40,950	414,174
Breweries	6/	144,322	0	0	4,000	0	5,250	153,076
Grain retained for seed and other uses	7/	28,751	3,147	0	0	0	0	31,808
(iii) Losses	8/	75,557	1,228	9,944	913	5,885	39,097	125,577
(iv) Structural cross – border trade	9/	250,000	-	-	-	-	-	250,000
Total		3,243,110	80,018	504,131	19,589	117,695	1,330,588	5,108,350
C. Surplus/deficit (A-B)	10/	-1,323,288	-55,138	-225,296	0	0	-548,644	-2,107,745
Potential Commercial								
D. imports/exports	11/	1,323,288	55,138	225,296	0	0	548,644	2,107,745
Food aid import								
E. requirements	12/	0	0	0	0	0	0	0

Agriculture, Fisheries and Livestock (continued)

- During the year, the sector suffered greatly from the effects of drought.
- In the 2023/2024 planting season, the farmers responded favourably by planting a record 2.2 million hectares of land under maize cultivation, compared to 1.8 million hectares in the previous season.
- The severe drought reduced the area harvested to only 684,000 hectares (31%) of the area planted.
- Maize production reduced to 1.5 million tonnes from an expected harvest of 4.4 million tonnes.
- Cultivation of winter and early maize was encouraged by Government, with a ready market being promised through the Food Reserve Agency (FRA).
- Government is providing affordable financing for mechanisation and irrigation through the Sustainable Agriculture Financing Facility.
- In the 2024/2025 agriculture season, the Financing Facility will be enhanced to the tune of over K1.2 billion from K400 million Financing Facility provided in the 2023/2024 agricultural season.
- The Financing Facility will include additional crops, livestock and aquaculture.
- The number of participating banks has increased from five (5) to nine (9), with more banks being expected to come on board.
- In the 2024/2025 season, the distribution of inputs under the Farmer Input Support Programme (FISP) will be carried out using the E-Voucher system in 74 districts and the Direct Input Supply (DIS) system in 42 districts.
- 880,400 doses of Anthrax Vaccine had been produced locally by mid-August 2024.
- Government is to work with traditional leaders to ensure that all land, whether state or traditional, is protected from encroachment and other vices.
- Productivity in this sector was affected negatively by the shortage of water and electricity.

Agriculture, Fisheries and Livestock (continued)

- In the first half of 2024, fish production recorded an increase of 13.4 % from 75,172 metric tonnes during the first half of 2023 to 85,271 metric tonnes in the same period of 2024. Production from aquaculture increased from 32,612 metric tonnes in June 2023 to 38,031 metric tonnes in June 2024 representing 16.6% increase. Under capture fisheries, production increased from 42,560 metric tonnes in 2023 to 47,240 metric tonnes during the same period of the year 2024 representing 11 % increase.
- Cattle recorded an increase of 3.2 % from 5,115,495 as at 30 June, 2023 to 5,280,154 as at 30 June 2024.
- The number of pigs slightly increased by 0.2 % from 1,579,287 to 1,582,019.
- Goat production increased from 5,522,772 to 5,524,967 in the same period of reporting.
- Chicken production declined by 14.8 % from 38,615,719 during the first half of the year 2023 to 33,616,750 in the same period of 2024.
- Beef recorded 0.3% increase from 38,053 metric tonnes to 38,164 metric tonnes from January to June 2023 compared to the same period of year 2024. There was a reduction in milk production by 0.2 % from 119,999,591 litres during the first half of 2023 to 119,781,786 litres during the same period of 2024.
- To control and prevent animal disease, a total of 128,824 cattle, 53,257 goats and 3,940 sheep were vaccinated in Sinazongwe District, Central and Western Provinces against anthrax.
- With regards to Foot and Mouth Disease (FMD), a total of 437,051 cattle were vaccinated against the disease in Itezhi Tezhi, Namwala, Kalomo and Mkushi against the target of 1,000,000.
- During the same period, a total of 380,783 cattle were vaccinated against Contagious Bovine Pleuro Pneumonia (CBPP) against the target of 750,000 in Western, North Western, Muchinga and Northern Provinces.

Agriculture, Fisheries and Livestock (continued)

- A total of 1,213 export permits were issued to facilitate the exportation of 21,025,453 metric tonnes of fish and livestock products while 2,660 import permits were issued to facilitate the importation of 29,740,945 metric tonnes of fish and livestock products.

Livestock challenges

- The livestock sub-sector was affected by various challenges that include high cost of production arising from high prices of feed, outbreak of diseases and prolonged drought that affected pasture production as well as grazing land for animals.
- With regards to disease outbreak, there were reported 683 cases of suspected African Swine Fever (ASF) in 15 districts of Eastern Province and 3 cases of FMD in Sinda District. The following control measures were implemented:
 - i) No pigs or pig products or by-products were being allowed to move within, in or out of Eastern Province;
 - ii) No pigs were being allowed to be slaughtered within the province; and
 - iii) Awareness was conducted at all positive, and neighbouring farms
- During the period under review, a total of 3,965 households received 8,146 various livestock packages through pass on the gift programme.
- Enhanced Smallholder Livestock Investment Project: The objective is to sustainably improve incomes of rural poor household through improved production and productivity of key livestock systems of targeted smallholder producers. The project which, started in 2015 is scheduled to end in 2026. It is funded by GRZ, IFAD, OFID and beneficiaries.
- Various projects continued to be implemented as follows:

Agriculture, Fisheries and Livestock (continued)

- The Zambia Aquaculture Enterprise Development Project. The objective is to advance the aquaculture sub-sector as a viable and inclusive business opportunity through enhanced production and productivity in order to improve the livelihoods of beneficiaries along the aquaculture value chain. The project which started in 2017 and is scheduled to end in June 2025 is funded by African Development Bank (AfDB).
- The Sustainable Livestock Infrastructure Management Project (SLIMP): The objective is to contribute to poverty reduction through enhanced sustainable use of livestock infrastructure for improved livestock production and productivity, commercialization and institutional capacity building. This will lead to improved household food and nutrition security, and incomes. The project which started in 2021 is scheduled to end in June 2025 and is funded by African Development Bank.
- The Zambia Aquaculture Project (ZAP): The objective is to support the Government of Zambia's policy to reduce rural poverty and malnutrition and to improve rural livelihoods. The project which is funded by European Union (EU) is scheduled to run from 2022 to 2026.
- There are six main fish feed plants that are mainly located along the line of rail which provide the source of feed to aquaculture farmers. These include; Aller aqua, Tiger, Fount feed, Novatec, National Milling and Olympic Milling.
- Zambia Growth Opportunities Programme (ZAMGROW) is a programme whose objective is to promote diversification, sustainability and jobs in the agri-food sector of Zambia.
- Programme for Integrated Development and Adaptation to Climate Change (PIDACC) Zambezi with the objective of strengthening regional cooperation in building the resilience of the Zambezi River Basin communities to climatic and economic shocks through promoting inclusive, transformative investments, job creation, and ecosystem-based solutions.

Agriculture, Fisheries and Livestock (continued)

- African Emergency Food Production Facility (AEFPF) ADB has the objective of building resilient farming livelihoods and increase food and nutrition security in the face of the Russia-Ukraine Conflict.
- Chiansi Smallholder Outgrower Support Project (COSP) is a project that aims at developing Infield Irrigation for Smallholder Farmers.
- Coalition for African Rice Development (CARD) Initiative is a project that aims at strengthening the system of disseminating rice cultivation technologies and the capacity for the production of quality seeds through the construction of building facilities and procurement and installation of research equipment for training and seed production.
- Science and Technology Research Partnership for Sustainable Development (SATREPS) with the objective of establishing an immediate breeding variety development and dissemination system using the citizen science approach.

Energy

- The severe drought caused by El Nino weather conditions has had a negative impact on the energy sector.
- The electricity sub-sector, which is predominantly hydroelectric has experienced a significant decline in electricity generation.
- The total national installed electricity generation capacity stood at 3,869.64 megawatts from 3,809.64 megawatts in 2023. The increase was attributed to the commissioning of the Copperbelt Energy Corporation PLC (CEC)'s 60 megawatt Itimpi solar power plant in Kitwe.
- In May 2024, as dictated by water availability in the reservoirs, the electricity generation was 900 megawatt against the average demand of 2,400 megawatts resulting in a power deficit of 1,500 megawatts. To manage the electricity deficit, ZESCO implemented load management.

Energy (continued)

- Water levels are at a record low and electricity generation is at its lowest resulting in long hours of load shedding, to there being completely no power for days in some areas.
- Government is implementing the following interventions:
 - Importing power from Mozambique, Namibia, South Africa and Zimbabwe.
 - Promoting alternative sources of electricity generation, and commissioned the construction of a 300 megawatt Thermal Power Plant in Maamba. The plant is expected to be operational by mid 2026.
 - ZESCO Limited and various partners, including those from China, are spearheading the development of several solar electricity projects. This is in addition to a number of private sector initiatives.
 - In July 2024, the Government enacted the Electricity (Open Access) Regulations 2024 (Open Access Regulations). One of the objectives of the Act is to allow for non-discriminatory access to electricity networks by participants in the Electricity Supply Industry (ESI). Further, the approved policy focuses on attracting Independent Power Producers (IPPs) to invest in the energy sector in view of the electricity deficit the country is experiencing.
 - In line with the Open Access Regulations, the Minister of Energy issued the Net Metering Regulations of 2024. This will allow customers who produce their own electricity to feed excess electricity generated into the national grid.
 - 9 out of the planned 23 diesel generators procured as at 31 August 2024 are to be installed at critical stations such as hospitals and markets to provide 60 megawatts of power.
- Construction of the first phase 60 megawatt single axis tracking solar PV at Itimpi was completed in March 2024. CEC plans to construct an additional power plant at Itimpi under Phase II of the Itimpi Solar Development Project. The plant will have nameplate DC rating capacity of 136 MW.

Energy (continued)

The following table shows the consumption by product type for 2024 and 2023 (January – June):

Product	Unit	2024 Consumption	2023 Consumption	Change (%)
Liquified Petroleum Gas (LPG)	Million Kgs	6.18	4.69	31.8%
Low Sulphur Gas Oil (LSG)	Million Litres	699.22	614.09	13.9%
Jet A-I	Million Litres	28.21	24.97	13.0%
Heavy Fuel Oil (HFO)	Million Kgs	5.37	11.25	(52.3)%
Kerosene	Million Litres	1.81	2.14	(15.4)%
Petrol	Million Litres	285.68	285.76	(0.03)%
Aggregate	MT	835,154.12	766,344.20	9.0%

- On 1 May 2024, the Energy Regulations Board (ERB) approved migration of the ZESCO Multi-Year Tariff to the 2024 pre-approved level. The migration resulted into a nine (9) % average adjustment of the electricity tariffs.
- The Energy Single Licensing System (ESLS) for the electricity sub-sector was launched in June 2024. This is aimed at reducing duplicity and improving response times whilst enhancing coordination among the Agencies, thereby reducing the period the applicants take to obtain licences and permits for power development.
- An implementation agreement for a 50 megawatt solar plant was signed in July 2024. This will be constructed by Wendit Group in Kafue Town.
- The Energy Forum for Africa (EFFA) was held for the first time in Zambia in August 2024. This was aimed at addressing the energy challenges and opportunities facing the African continent.
- Government, through the Ministry of Health released K1.2 million for the connection of solar energy at the new Gwembe Hospital in Southern Province.
- In the petroleum sub-sector, the Government continued to ensure security of the supply of petroleum products.
- In the first half of the year, ZESCO imports significantly increased to 538,575.66 megawatt hours from 51,832 megawatt hours of energy in the same period in 2023. Meanwhile, ZESCO exports of power declined from 1,788,357 megawatt hours in 2023 to 1,605,811 megawatt hours in 2024.
- Preliminary statistics show that the aggregate national consumption of petroleum products increased by 9 % from 766,344.20 Mt in the first half of 2023 to 835,154.12 Mt in the same period in 2024. Liquified Petroleum Gas (LPG) recorded the highest increase, rising by 31.8% to 6.18 million kgs in the first half of 2024 compared to 4.69 million kgs in the same period of 2023.

Monetary and Financial Sector

- Monetary Policy continued to focus on containing persistent inflationary pressures and addressing rising inflation expectation.
- The Monetary Policy Committee, at its 12 - 13 August 2024 meeting decided to maintain the Monetary Policy rate at 13.5%.
- This rate had been previously raised by 100 basis points to 13.5% at the 13-14 May 2024 meeting and by 150 basis points to 12.5% at the 13 -14 February 2024 meeting.
- The decision on the policy took into account the impact of the drought as well as that of the past successive increases in the policy rate, the increases in reserve ratios and the reforms in the foreign exchange market. The committee also took into account the impact on the stability of the financial system and growth.
- The statutory reserve ratio was increased to 26% in 2024 from 17%.



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Monetary and Financial Sector (continued)

- Inflation rose to 15.6% in September 2024 from 13.1% in December 2023.
- The average overall inflation rate for quarter 1 of 2024 was 13.5%.
- Inflation for 2024 is projected at 15.3% against 13.7% in May 2024 due to the persistent depreciation of the Kwacha and adverse impact of the drought. However, inflation for 2025 is now forecast at 12.7% and 10.8% for the first half of 2025.
- The upside risk to inflation includes:
 - Extended hours of electricity load management;
 - Geopolitical conflicts; and
 - Financial conditions.
- The depreciation of the Kwacha against the US\$ was 3.8% in the second quarter from 10.6% in the first quarter. The improvement was due to improved supply of foreign exchange particularly from the mining sector. The kwacha was further supported by positive market sentiments following further progress on external debt restructuring and the successful Third Review of the Extended Credit Facility (ECF) arrangement by IMF Board on 28 June 2024.
- Mining tax receipts remitted to the Bank of Zambia were at US\$252.5 million in the second quarter compared to US\$190.8 in the first quarter.
- The market support by the Bank of Zambia was down to US\$275 million from US\$369 million in the first quarter due to improved supply.
- International reserves increased to US\$3.9 billion (equivalent to 4.3 months of import cover) at 30 June 2024 from US\$3.6 billion (equivalent to 3.9 months of import cover) at 31 March 2024.
- The improvement was on account of the US\$569.6 million disbursement by the International Monetary Fund (IMF) under the Extended Credit Facility (ECF) arrangement.

Monetary and Financial Sector (continued)

- The Bank of Zambia purchased gold amounting to US\$8.6 million in the second quarter of 2024 bringing the total holdings to US\$176.7 million.
- Private sector credit expanded by 35.8% in June 2024 in nominal terms compared to 30.5% in March 2024.
- The overnight interbank, six (6) months deposit and Government bond yield rates declined while lending and treasury bill yield rates increased.
- The overnight interbank rate declined to 13.5% at 30 June 2024 from 17.5% at 31 March 2024 whilst commercial bank average lending rate rose by 0.8% to 28.7% due to further hike in policy rate.
- The weighted average composite yield rate for treasury bills rose by 247 basis points to 15.4%. However, the weighted average composite bond rate declined by 104 basis points to 23.4% at 30 June 2024.
- Growth in domestic credit was 11.7% at 30 June 2024 from 10.5% at 31 March 2024.
- The current account balance turned positive in the second quarter as net exports expanded and the secondary income rose. The current account balance was US\$0.2 billion in the second quarter from US\$0.1 billion in the first quarter. This was as a result of the net exports expanding and secondary income rising.
- In 2025, the current account surplus is expected to moderate to US\$1.4 billion from US\$2.2 billion reported in May due to relatively lower copper prices.
- In May, Zambia restructured its Eurobonds resulting in the exchange of the 2022, 2024 and 2027 with two bonds maturing in 2033 and 2053. The yield rate on the 2023 rose to 8.9% at 30 June 2024 from 6.9% when trading opened on 13 June 2024.
- The overnight interbank rate declined slightly to 13.50% at 30 June 2024 from 17.5% at 31 March 2024.

Micro Small and Medium Enterprises (MSME's) and the Capital Markets

- The total corporate bond debt outstanding rose to K2.5 billion from K627 million, representing an increase of 301%.
- The LuSE All Shares Index (LASI) increased by 68% on an annual basis at end of June 2024 to 13,873.85 from 8,236.86 basis points at end of June 2023. The largest increases were recorded by Pamodzi Hotel (551%) and Standard Chartered Bank (133%). Other notable gains during the first half were Zanaco (65%), Bata (63%), REIZ (54%) and Copperbelt Energy (42%).
- Market capitalisation including Shoprite closed the first half of 2024 at K114.4 billion compared to June 2023 when it closed at K76.8 billion. This represents an increase of 49%. Similarly, the market capitalisation excluding Shoprite increased by 69% in the half year to 2024 (K70.9 billion) compared to the half year to June 2022 (K42 billion).
- The market recorded a decrease in the net outflows from foreign investors of US\$205,000 in the first half to June 2024 compared to a net inflow of US\$18.9 million in the first half of 2023.
- The table below summarises the performance of the Lusaka Securities Exchange for the period January – June 2024:

Equity

	June 2023	June 2024	% change
Market Cap (Inc. Shoprite (K'-billion)	76.8	114.4	49
Market Cap (Exc. Shoprite) K'-billion)	42	70.9	16.9
LASI	8,238.86	13,873.85	69
Net foreign portfolio flow (US\$) (6 months)	18,909,779	(204,791)	(101)
Number of listed firms	22	22	0
Equity turnover (K)	692,473,539	586,203,994	(15)
Equity Turner Ratio (%)	0.0029	0.0016	(45)
Number of trade (6 months)	8,920	15,343	72
Shoprite to market Capitalisation (K'million)	34,783	43,478	25
Top 5 firms to market capitalization (Kmillion)	28,805	50,914	77

- There were new bond note issuances during the period to June 2023 by REIZ, Zambia Home Loans and Bayport Financial Services Limited. The first green bond on the capital market was registered by CEC Renewables Limited during the first quarter of 2024. Total corporate debt outstanding on the capital markets increased by 301% from K627 million to K2.5 billion.
- The following table summarises the issuers and amounts outstanding:

Issuer	June 2023	June 2024
Real Estate Investment Zambia	73,805,171.02	227,039,420.26
Bayport Financial Services Limited	323,152,000.00	280,897,000.00
Madison Finance Limited	10,000,000.00	-
Zambia Home Loan	55,140,887.16	76,190,877.53
IFC	-	427,200,000.00
CEC-R	-	1,340,591,520.00
Ulendo RINP	136,500,000.00	136,500,000.00
Focus Financial Services	28,500,000.00	28,500,000.00
Total	627,098,058.18	2,516,918,817.79

Micro Small and Medium Enterprises (MSME's) and the Capital Markets (continued)

Equity (continued)

- The Collective Investment Schemes Assets Under Management (AUM) increased from K1.64 billion as of 30 June 2023 to K2.17 billion as of June 2024. This is due to the increase in the number of investors which grew from 410,906 in June 2023 to about 606,352 at the end of June 2024 representing an increase of 48%.
- The secondary market trades for Government Bonds recorded a total nominal value of K31.9 billion in the first half of 2024 from K47.9 billion in the first half of 2023, representing a decrease of 33% between the two periods. These bonds traded at market values of K24.6 billion and K32.1 billion for periods to June 2024 and June 2023 respectively.
- Government continues to promote empowerment funds through grants and loans under the Constituency Development Fund (CDF). In 2024, so far K485 million has been disbursed to benefit the youths, women, community groups and other businesses. Through CDF bursaries, student enrolment in Trades and Training Institutes and Youth Resources Centres continue to grow. Government sees skills development as key to enhancing entrepreneurship.
- The Citizen Economic Empowerment Commission (CEEC) disbursed 670 loans amounting to K189.2 million in 2024.
- Government has continued to promote financing under the Zambia Credit Guarantee Scheme. The number of Small and Medium Enterprises accessing financing under Guarantee from the Commercial Banks has increased.
- Government revised the Micro Small Medium Enterprises Development Policy. Government has promoted preferential procurement regulations aimed at substantially increasing the participation of MSMES in public procurement.

Micro Small and Medium Enterprises (MSME's) and the Capital Markets (continued)

Equity (continued)

- To provide appropriate infrastructure for SME operations, Government has completed the construction of industrial yards in Chipata, Kasama, Kitwe, Lusaka, Mansa, Mongu, Ndola, and Solwezi. So far, 108 SMEs and 38 cooperatives have been onboarded and are operating in the yards.
- Government increased the allocation to the Zambia Credit Guarantee Scheme Limited to K386 million in 2024 from K150 million in 2023.

Fiscal policy and measures

- Due to the debilitating effects of the drought, the economic growth forecast for 2024 has been revised downwards (from 4.7% to 2.3%).
- Following agreements reached with the official Creditors Committee and Eurobond Holders, Government has resumed servicing the external debt since defaulting in 2020, restoring credibility in the International Financial System.
- In support of Micro, Small and Medium Sized Enterprises (MSMEs), the Citizens Economic Empowerment Commission (CEEC) have disbursed 670 loans so far this year, amounting to K189.2 million. This works to support the finance provided under the Zambia Credit Guarantee Scheme, with more banks providing guarantees from the scheme, including in rural areas.
- The Fiscal Risk Statement, aimed at enhancing fiscal transparency and budget credibility will be submitted together with the 2025 National Budget.
- In August 2024, the Monetary Policy Committee (MPC) maintained the monetary policy rate of 13.5% after consideration of the stability of the financial system and growth, the impact of the drought and the actual and projected inflation rates.
- Persistent depreciation of the Kwacha against major currencies and rising prices of food and energy continued to constrain supply and drive inflation as at the end of the 2nd quarter of 2024.

Fiscal policy and measures (continued)

- As a result of the successful third review of the Extended Credit Facility Arrangement by the IMF Board in June 2024, along with a disbursement of US\$569.6 million from IMF, gross international reserves increased to US\$3.9 billion by the end of June 2024.
- Lending to Government through government securities contracted further as liquidity conditions remained broadly tight.
- The continued implementation of fiscal consolidation measures, including completion of the external debt restructuring and structural reforms remains critical to the maintenance of financial stability in Zambia.
- Total government revenue and grants as at the end of June 2024 stood at K12,402.7 million (18.4% below the budgeted target), while total government expenditure was recorded as K22,600.8 million (18.5% higher than the budgeted target).
- As at the end of June 2024, the fiscal balance was in a deficit position of K3.72 million.
- As per the August 2024 Monetary Policy Report (BOZ), maize prices are projected to decline to US\$198.62 per metric tonne in 2024 from US\$200 per metric tonne.
- A current account surplus of US\$0.2 billion (being 0.7% of GDP) is projected for 2024.
- Zambia's real GDP growth is projected to be 2.3% in 2024, with growth expected in 2025 and 2026 as a result of favourable external sector performance.
- Economic activity in Zambia's major trading partner countries has reduced with a reduction in the GDP – 9 index, year by year, from 1.87% in the first quarter to 0.33% in the second quarter, with reduced economic activity in China, Democratic Republic of Congo (DRC) and South Africa.
- In the second quarter, copper prices rose by 15.4% to US\$9,861 per metric tonne, driven by high demand amid conditions of constrained supply.

Fiscal policy and measures (continued)

- The interbank money market rate rose to a quarterly average of 18.14% in the second quarter, reflecting the impact of the Bank of Zambia's strategy to supply liquidity at the BOZ Overnight Lending Facility (OLF) rate.
- Yield rates on Government securities rose across all tenors prior to the resumption of Open Market Operations (OMOs) in mid – June, with the composite Treasury Bill yield rate rising to 15.4% by the end of the second quarter.

Public Debt

- Central Government external debt stock, excluding publicly guaranteed external debt, increased by 4.1 percent to US\$15.17 billion from US\$14.57 billion as at 31 December 2023.
- The increase was due to new disbursements from multilateral creditors and continued accumulation of arrears.
- As at 30 June 2024, publicly guaranteed external debt declined by 1.3 percent to US\$1.39 billion from US\$1.41 billion as at 31 December 2023. This was on account of debt service payments by some guaranteed entities.
- The stock of Treasury bills and Government bonds reduced by 3.1 percent to K225.5 billion as at 30 June 2024 from K232.6 billion as at 31 December 2023 mostly as a result of tight money market liquidity conditions.
- As at 30 June 2024, the stock of outstanding Government bills to various suppliers reduced by 18.3 percent to K79.8 billion from K97.7 billion as at 31 December 2023. The stock is expected to reduce significantly by the end of 2024.

Transport and Logistics

- During the first half of 2024, the cumulative number of motor vehicle registrations reduced by 5% to 37,711 from 39,600 recorded in the corresponding period in 2023.
- The number of passengers transported by public transport reduced by 61% from 35,772,780 in Jan-June 2023 to 13,993,200 in Jan-June 2024.
- The volume of cargo transported in the first half of 2024 increased by 4.7% to 15,991,996 Mt from 15,267,942 Mt recorded in the same period of 2023. This outcome was attributed to the general increase in cargo following investments in mining activities in Democratic Republic of Congo.
- The number of road traffic accidents increased by 1.4% from Jan - June 2023 to Jan-June 2024 .
- The passengers embarking and disembarking through the four international airports and the 10 domestic airports for the first half of year 2024 were 1,052,058 comprising 793,275 international and 258,783 domestic passengers. Comparatively, the first half of 2023 recorded 897,588 passenger movements indicating an increase of 154,470 or 17%.
- The four international airports, namely Kenneth Kaunda (KKIA), Simon Mwansa Kapwepwe (SMKIA), Harry Mwaanga Nkumbula (HMNIA) and Mfuwe International Airports (MIA); accounted for 1,026,491 or 98% of all passenger movements in the period under review. Of this 98%, KKIA, SMKIA, HMNIA and MIA, accounted for 75%, 14%, 8% and 1%, respectively.
- The domestic airports accounted for a combined total of 25,567 general passengers, all domestic, which represented 2% of total general passengers.

2024 General Passenger Movements Distribution by Airport

Airport	International	Domestic	Total	% Share
KKIA	658,062	126,002	784,064	75%
SMKIA	74,922	67,902	142,824	14%
HMNIA	60,096	28,590	88,686	8%
MIA	195	10,722	10,917	1%
Aerodromes	-	25,567	25,567	2%
Total	793,275	258,783	1,052,058	100%

Source: Zambia Airports Corporation Limited

Transport and Logistics (continued)

- During the first six months of 2024, the four international airports recorded a total of 793,275 international general passengers which represents an increase of 126,952 or 19% when compared to the same period in 2023 which had 666,323 international general passengers.
- The notable increase in passenger numbers is attributed to the hosting of various international events. These include the Extraordinary Summit of the Organ Troika, Plus SADC Troika, Extraordinary Meeting of the Interstate Defense and Security Sub Committee (ISDSC), Land-Linked Zambia Conference and Exhibition, Aviation Week Africa, the African Land Forces Summit and the KAZA 2024 Heads of State Summit. The increase in leisure tourism also contributed to the surge in passenger numbers.
- During the period under review, the four international airports recorded a total of 9,111.45 metric tons of cargo and mail compared to 8,370.58 metric tons recorded in 2023. This represents an increase of 740.87 metric tons or 9%.
- The increase is driven by traffic on international routes, which grew by 19% year-on-year in the first half of the year. This growth was supported by booming e-commerce and capacity constraints in global maritime shipping.
- Aircraft movement for the first half of 2024 for the four international airports was 26,883. This comprises international aircraft movements of 11,603 and domestic aircraft movements of 15,280. Comparatively, the corresponding period in the year 2023 recorded 25,235 for total aircraft movements indicating a growth of 1,648 or 7%.

Transport and Logistics (continued)

- The 10 Strategic and Provincial Aerodromes recorded 1,762 aircraft movements in the first half of 2024, compared to 1,529 movements in the year 2023. This represents an increase of 233 or 15%.
- The recorded increase in international aircraft movements was due to increased flight frequencies by some of the airlines flying into Zambia. Domestically, the recovering tourism market, supported by competitive air ticket pricing and the commencement of flights to new destinations like Kasama, drove the high demand for flights.
- The Tanzania Zambia Railway Authority (TAZARA) transported 163,325 passengers representing 25% decrease from 204,621 recorded in 2023. The Zambia Railways Limited (ZRL) recorded an increase of 0.26 % to 48,353 passengers from 48,227 recorded in 2023 during the same period.
- The total ridership reduced by 19.5% in the period under review, this was mainly due to the following challenges faced by TAZARA:
 - The severe landslides and formation failures that occurred in the Mlimba-Makambako area of Tanzania disrupted train operations from 1st April 2024 to 21st May 2024.
 - The frequent breakdown of some coaches generally affected the passenger service operations.
 - Lack of spares for the coaches meant less coaches were available for service.

Passengers Transported by Rail Half Year 2022-2024

Company	Passengers			% Change
	Jan-June 2022	Jan-June 2023	Jan-June 2024	
ZRL	53,498	48,227	48,353	0.26
TAZARA	174,864	204,621	163,325	(20.18)
Total	228,362	252,848	211,678	(16.28)

Source: TAZARA & ZRL

- The volume of cargo transported by rail decreased by 20.3% to 357,369 Mt in mid-2024 from 448,399 Mt recorded in mid-2023. The decrease was attributed to:
 - Dynamics in the Democratic Republic of Congo (DRC) before and post elections which adversely impacted the import, transit and export segments.
- In April 2024, a wash away occurred on the TAZARA line which led to disruption of train operations on the Dar Es Salaam corridor throughout the month of April.

Cargo Transported by Rail Half Year 2022-2024

Company	Volume of Cargo			% Change
	Jan-June 2022	Jan-June 2023	Jan-June 2024	
ZRL	294,539	380,328	312,087	(17.9)
TAZARA	70,097	64,071	45,282	(29.3)
Total	364,636	444,399	357,369	(19.6)

Source: TAZARA and ZRL

Transport and Logistics (continued)

- The quantities of cargo recorded by Mpulungu Harbour Corporation Limited (MHCL) for the period 2019 to 2024 is tabulated below:

	2019	2020	2021	2022	2023	2024
Products by Category	Metric Tons (MT)	Metric Tons (MT)	Metric Tons (MT)	Metric Tons (MT)	Metric Tons (MT)	Metric Tons (MT)
Zambian Exports	179,365	204,657	228,263	183,774	174,033	51,044
Transit Exports	1,930	822	3,594	1,853	1,275	1,158
Transit Imports	452	110	23	174	54	17,286
Total	181,747	205,589	231,880	185,802	175,362	52,219
Passengers	2,540	596	1,316	5,706	4,572	2,209

Source: MHCL Database, 2024

- Cargo handling for the Port of Mpulungu has progressively increased from 181,747 Mt in 2019, 205,589.38 Mt in 2020, 231,880 Mt in 2021, and a decrease was recorded in 2022 at 185,802 Mt and 175,362 Mt in 2023. In the first half of 2024, 52,219 Mt below.

The main export products for the Port of Mpulungu are Sugar, Maize, Cement, Clinker, Steel and Wharfage (Cassava, Groceries, etc.). as shown below:

Products	2019(mt)	2020(mt)	2021 (mt)	2022 (mt)	2023(mt)	2024(mt)
Sugar	50,050	61,285	29,980	16,450	27,002	4,029
Maize	0	0	1377	9199	6,285	0
Cement	15,005	34,304	105,373	101,276	113,286	39,526
Chilanga Clinker	109,870	102,949	80,482	46,910	14,150	0
Steel	188	65	414	90	109	9
Wharfage	2,194	4,896	2,924	2,097	1,449	1,337
Dangote Clinker	4,440	890	0	0	1,290	0
Coal	0	1,200	11,330	9,780	11,791	7,318

Source: MHCL Database, 2024

- Comparative to the prior year, 2023 recorded a second half year performance of 76,437 MT against 52,219 MT in first half of 2023. The half year decrease in Port performance is 32%, 24,218 MT in absolute terms. This was attributed to the following reasons:
 - A decrease of 28% in cement from 54,573 Mt in 2023 to 39,526Mt in 2024. The first half of 2024 recorded nothing in clinker compared to 1,080 Mt in 2024. Sugar dropped by 12,116 Mt (75%) from 16,145 Mt to 4,029 Mt. In spite of an increase in coal from 2,271 Mt to 7,318 Mt, the difference could not cushion for the drop in other products.
 - Fuel shortages in Burundi continue to negatively affect the vessels' turnaround. The ship calls decreased by 39%, 102 in last half of 2023 to 62 in first half of 2024. This has a direct impact in the drop of throughput.
 - The construction of the 210 kilometers of Chinsali-Nakonde road which started in 2018 is at 98% and will be completed by the end of 2024.

Information and Communication Technology

- Government is undertaking nation wide construction of 171 communication towers in addition to the 31 towers being constructed by the private sector.
- Launched the construction of Muchila Smart Village in Namwala District. This is in a bid to improve rural connectivity.
- The concept of the Smart Village adopted entails the provision of electricity using alternative energy sources such as solar at homes, schools and clinics within the locality of the project including information and communication services.
- The Government is enhancing the capacity of the National Institute for Scientific and Industrial Research to facilitate innovation as well as technological transfer and adaptation.
- Government is revising the legal framework to provide for Venture Capital Funding for innovations.
- Government is further allocating more resources in agriculture and other sectors to promote productivity and output enhancing technologies which include early maturing, disease and pest tolerant, high yielding and climate smart seed varieties of maize, cassava, rice, sorghum, pigeon pea and groundnuts.
- The Access to Information Act No 24 of 2023 was enacted in December 2023 and assented into law. The legislation enables citizens to access information from public institutions.
- Regulations and guidelines have been drafted after the signing of the bill. These are expected to be issued as Statutory Instruments.
- Zamtel launched an electronic sim card on 10 September 2024 which targets to increase phone and internet connectivity countrywide.
- The Digital Health Systems Project was launched at the new Gwembe District Hospital.

Information and Communication Technology (continued)

- A memorandum was signed between an American Technology firm and the Ministry of Science and Technology in June 2024. Following the signing, Google in September 2024 announced plans to set up an Artificial Intelligence (AI) Centre of Excellency at the University of Zambia – Zambia Research and Education Network (ZAMREN).
- There has been a significant decrease in the site performance of towers, server rooms and other points. Consequently, there has been a decline in the quality of services and an increase in the cost of providing the services as operators install alternative sources of energy.
- A fourth Mobile Network Operator – Zed Mobile commenced operations, providing its services on the 098 platform.
- Starlink was granted a low-earth-orbit satellite licence.
- In the first half of 2024, the number of active mobile cellular subscriptions increased to 21.9 million from 20.1 million representing an increase in mobile penetration rate to 109.2 percent per 100 inhabitants from 102.4% over the same period.

Tourism, Arts and Culture

- Continued marketing and promotion of Zambia as a tourism destination of choice.
- International tourist arrivals increased tremendously in the first half of the year compared to the same period in 2023.
- Government continued to actively engage tourism sector players to design attractive packages for locals.
- A number of traditional ceremonies were marketed and supported.
- Continued to scale up tourist promoting activities.
- The effects of the drought did not spare the tourism sector as some key tourist attractions dried up.

Tourism, Arts and Culture (continued)

- Innovative initiatives have been implemented by some lodge owners to provide watering holes for wild animals.

International Tourist arrivals at international airports, January–June 2023 and January–June 2024

Port of Entry	Jan-June 2023	Jan-June 2024	Percentage Change
Kenneth Kaunda International Airport	103,123	116,831	13.3
Simon Mwansa Kapwepwe International Airport	14,475	19,074	31.8
Harry Mwaanga Nkumbula International Airport	13,456	19,491	44.8
Mfuwe International Airport	131	49	(62.6)
Total	131,185	155,445	18.5

Source: Ministry of Tourism

International Tourist arrivals at Border Posts, January – June 2023 and January–June 2024

Ports of Entry	Jan - June 2023	Jan - June 2024	Percentage change
Chanida	7,482	5,998	(19.8)
Chirundu	111,928	155,469	38.9
Feira/Luangwa	530	559	5.5
Jimbe	571	753	31.9
Kariba	8,982	13,698	52.5
Kasumbalesa	44,374	47,677	7.4
Katimamulilo	9,125	14,615	60.2
Kazungula	43,146	54,151	25.5
Kipushi	5,761	5,887	2.2
Mokambo	10,893	13,257	21.7
Mpulungu	2,746	2,420	(11.9)
Mwami	20,068	30,993	54.4
Nakonde	128,307	106,504	(17.0)
Nsumbu	275	345	25.5
Sakania	13,328	23,027	72.8
Victoria Falls	66,949	101,934	52.3
Total	474,465	577,287	21.7

Source: Ministry of Tourism

- Tourist visits to national parks in the first half of 2024 increased by 0.01% to 31,734 visits from 31,723 visits recorded in the corresponding period in 2023.

Tourism, Arts and Culture (continued)

Tourist visits to National Parks, January – June 2023 and January-June 2024

National Park	Jan - June 2023	Jan - June 2024	Percentage Change
Mosi-Oa-Tunya	6,185	6,783	9.7
Lower Zambezi	2,705	3,087	14.1
South Luangwa	9,422	8,407	(10.8)
Kafue	4,285	4,314	0.7
Lusaka	6,388	5,472	(14.3)
Nsumbu	810	1,787	120.6
North Luangwa	75	57	(24.0)
Luambe	-	1	100
Lochinvar	1,313	548	(58.3)
Sioma Ngwezi	97	79	(18.6)
Liuwa	124	137	10.5
Mweru Wantipa	-	764	100
West Lunga	71	27	(62.0)
Kasanka	143	162	13.3
Lavushi Manda	-	9	100
Lukusuzi	105	100	(4.8)
Total	31,723	31,734	0.0

Source: Ministry of Tourism

- The number of tourist visits to waterfalls reduced by 12.1% to 104,212 visits from 118,582 visits in the same period in 2023. There were notable decreases in tourism visits to the Kalambo, Kundalila, Kundabwika, Mutanda, Ntumbachushi and Victoria/Mosi-o-Tunya waterfalls.

Tourist visits to Waterfalls - January – June 2023 and January-June 2024

Site Name	Jan - June 2023	Jan - June 2024	Percentage Change
Chilambwe Falls	129	162	25.6
Chipoma Falls	461	534	15.8
Chishimba Falls	3,312	3,864	16.7
Kabweluma Falls	-	201	100
Kalambo Falls	991	754	(23.9)
Kundalila Waterfalls	726	371	(48.9)
Kundabwika Falls	87	20	(77)
Lufubu Falls	329	341	3.6
Lumangwe Falls	406	459	13.1
Mambilima Falls	380	391	2.9
Mumbuluma Falls	843	907	7.6
Mutanda Falls	62	34	(45.2)
Ntumbachushi Falls	1,726	1,612	(6.6)
Nyambwezu Falls	27	101	274.1
Victoria/Mosi-O-Tunya Falls	109,103	94,461	(13.4)
Total	118,582	104,212	(12.1)

Source: National Heritage Conservation Commission

Tourism, Arts and Culture (continued)

- In the first half of 2024, tourist visits to heritage sites declined by 7.2% to 12,935 visits from 13,933 visits recorded in the corresponding period of 2023.

Tourist visits to other Heritage Sites – January - June 2023 and January-June 2024

Site Name	Jan - June 2023	Jan - June 2024	Percentage Change
Chilenje House National Monument	844	501	(40.6)
Chinyunyu Hot Spring	3,444	2,991	(13.2)
Dag Hammarskjold	1,088	844	(22.4)
David Livingstone Memorial National Monument	153	78	(49.0)
Presidential Burial Site	3,214	3,409	6.1
Ing'ombe Ilede	-	32	100
Kifubwa	1,649	1,149	(30.3)
Lake Kashiba	171	174	1.8
Mumbwa Caves	-	141	100
Mwela Rock Art	1,113	1,236	11.1
Nachifuku Cave	82	106	29.3
Nsalu Caves	-	1	100
Oliver Tambo	75	176	134.7
Railway Museum	1,807	1,710	(5.4)
Von Lettow Vorbeck	11	57	418.2
Zambezi Source	282	330	17
Total	13,933	12,935	(7.2)

Source: National Heritage Conservation Commission

- The number of tourists visits to museums declined by 7% to 45,957 visits from 49,290 visits during the same period in 2023.

Tourist Visits to National Museums January - June 2023 and January-June 2024

National Museum	Jan - June 2023	Jan - June 2024	Percentage Change
Choma	2,468	1,499	(39)
Copperbelt	3,568	4,635	30
Livingstone	20,382	17,922	(12)
Lusaka	19,193	19,209	0.1
Moto Moto	3,679	2,692	(27)
Total	49,290	45,957	(7.0)

Source: Ministry of Tourism –(National Museum Board)

Tourism, Arts and Culture (continued)

- Development of aviation infrastructure such as the installation of airfield ground lighting at Kasama Airport.
- Embarked on construction of a second runway at the Kenneth Kaunda International Airport to attract more international airlines.
- Scaled up provision of meteorological information for use in the aviation sector, among others.

Constituency Development Fund (CDF)

- CDF continued to be a game changer in economic development.
- Government has continued to procure desks for learners using CDF. So far, 712,562 desks have been procured using CDF.
- As of August 2024, the number of completed classroom blocks countrywide was estimated at 1,883, mostly through CDF.
- Student enrollment in Trades Training Institutes and Youth Resource Centres continued to grow in 2024.
- Youth, Women and Community groups have continued to benefit from empowerment loans.
- 164 health facilities have been constructed using CDF.
- 82 maternity annexes have been constructed using CDF.
- 2,980 kilometers of feeder roads were rehabilitated or maintained using CDF.
- To make implementation of CDF more effective and efficient, Government enacted the Constituency Development Fund Act, 2024.

Youth

- To support the Micro, Small and Medium Sized Enterprises (MSMEs), the Citizens Economic Empowerment Commission (CEEC) disbursed 670 loans by 31 August 2024 amounting to K189.2 million.
- Government is providing empowerment funds in the form of grants and loans under the Constituency Development Fund (CDF). By 31 August 2024, more than K485 million has been disbursed country wide to benefit the youths, women, community groups and other businesses.
- The shortage of quality and affordable student housing in public universities continues to be a challenge. Government is constructing 58 hostel blocks across 8 public universities with a total bed space capacity of 9,280.
- To further improve the learning environment in the public universities, Government is constructing additional university infrastructure at Chalimbana, Mukuba, Nkurumah and Palabana.
- Through the CDF bursaries, student enrolment in trade training institutes and youth resource centers continues to grow.
- To enhance quality and access to vocational skills training, Government has completed the construction of the Lundazi and Mporokoso Trades Training Institutes and the standard hostels at Ukwimi and Chipata Trades have been completed. In addition, Government has rehabilitated 16 of the 23 youth resource centers.
- The National Youth Policy has been revised and a multi sectoral youth development strategy has been formulated.
- As an additional drought response, Government is implementing the Cash For Work Programme. The programme is being implemented in 123 constituencies in 87 districts targeting vulnerable households not covered by Social Cash Transfer and Emergency Social Cash Transfer Programmes.

Youth (continued)

- Through the Cash for Work Programme, Government is not only improving the quality of lives for the people but also providing public services through the works being undertaken which include; cleaning of public places, garbage collection and road maintenance.
- The programme is providing financial relief to individuals in exchange for their labour to undertake public work on temporary basis.
- Sport has proven itself to be the greatest unifier of the nation showcasing its potential to not only bring people together but also provide employment opportunities. Government increased support towards sports development with the support including air tickets, sports attire, accommodation and allowances among others to enable participation in various tournaments including the Paris Olympic games in 2024.
- 270 young Zambians with disabilities were empowered financially and with jobs through the future Makers Rise E-Project. This initiative would enable access to dignified work and strengthen micro enterprises owned by youths both with and without disabilities by facilitating access to finance and nurturing job creation.
- 140 vehicles with an estimated value of K40 million were handed over as loans to citizens drawn from 10 provinces under the Transport Empowerment Programme.
- 57,000 micro and small enterprises across the country were given an opportunity to grow their business through grants and loans.

Education

- Education remains high on the development agenda for the Government. Government's policy is to increase access to and improve the quality of education.
- The free education policy has led to a high increase in enrolment levels across the country. The policy is helping curb early marriages and teen pregnancies in the country, especially in rural areas.

Education (continued)

- Under the Constituency Development Fund (CDF), 1,551 new classroom blocks have been constructed while 332 existing classroom blocks have been rehabilitated countrywide, bringing the total completed classroom blocks to 1,883.
- To maintain the policy that no learner sits on the floor, procurement of desks through the Constituency Development Fund and other forms of financing has continued.
- This has led to improved learning environments and has created employment as the desks are produced locally.
- The continued effort to improve the teacher-pupil ratio saw 4,200 teachers being recruited in 2024. More teachers and support staff will be recruited to further reduce the teacher deficit and improve the learning outcomes.
- Government had embarked on education reforms. The new National Education Curriculum Framework has been developed to promote learning, entrepreneurship and practical skills required by the various industries.
- Government is scaling up the Home-Grown School Feeding Programme to cushion learners from the effects of the drought and keep them in school. Currently, the programme is benefiting 2.3 million learners in 70 districts across the 10 provinces.
- Further, to keep the girl child in school, Government has continued to provide free sanitary wear, especially in rural areas.
- The Ministry of Education handed over 10 hardtop Landcruiser motor vehicles worth US\$1,023,668.40 to all 10 provinces. The motor vehicles were meant for monitoring and supervision of the Ministry of Education programmes in the provinces.
- Government has continued to procure desks in public schools. So far, 812,598 desks have been procured out of which 712,562 (87%), were acquired using CDF.

Manufacturing & Industrialisation

- The Government has continued to promote investments and growth of the manufacturing sector.
- A legal framework has been put in place to provide incentives for the expansion of existing projects.
- Government has continued to use special Economic Zones as a model of industrialisation and job creation.
- The Lusaka South Multi-Facility Economic Zone and the Jiangxi Multi-Facility Economic Zone in Chibombo have continued to attract a number of investments aimed at value addition.
- So for this year, the Lusaka South Multi-Facility Economic Zone (LSMFEZ) has secured US\$110 million in investments from 15 companies.
- 21 companies are at construction stage and created 8,450 jobs at LSMFEZ.
- The Jiangxi Multi-facility Economic Zone in Chibombo has attracted investments in excess of US\$40 million in the production and recycling of batteries and manufacturing of copper cables, thereby creating more than 400 jobs.
- Multi-Facility Economic Zones (MFEZ) had the following tax measures introduced during the year:
 - Introduced accelerated depreciation of up to 100% in respect of any new implement, plant or machinery for developers of MFEZ;
 - Provided for the extension of the validity period for the customs duty incentives by the developer of the Multi-Facility Economic Zone up to 15 years from 5 years, upon fulfillment of the conditions as may be prescribed;
 - Extended the 2% local allowance on income earned from value addition to sorghum and millet;
 - Increased the tax concession for businesses in rural areas to 20% from 14.2% of the applicable Corporate Income Tax rate for the first five years in operation and extend to all sectors, except mining;

Manufacturing & Industrialisation (continued)

- Suspended the Excise Duty rate by 50% on locally produced clear beer, for a period of 3 years for small and medium manufacturers that produce less than 500,000 liters per annum; and
- Removed Customs Duty on importation of motorcycles and tricycles imported in complete knock down for companies that assemble and source at least 5% of the inputs locally.
- Government provided incentives to revitalise industry value chain. The following measures were implemented for the cotton value chain:
 - Provide a 5 years tax holiday on profits for local producers of cotton seed;
 - Provide a 5 years tax holiday on profit from spinning of cotton; and
 - Provide a 10 years tax holiday on profit made from spinning of cotton and weaving of thread.

Construction

- 101 boreholes have been constructed from a target of 1,374 for 2024.
- 551 boreholes have been rehabilitated from a target of 1,270 for 2024.
- Commissioned the construction of the 300 megawatt thermal power plant in Maamba expected to come on-stream by mid-2026.
- Under the Public Private Partnership (PPP) model, the 35-kilometer Chingola - Kasumbalesa road was commissioned.
- Construction of the 327 kilometer Lusaka - Ndola dual carriageway and rehabilitation of the 45-kilometer Luanshya via Fisenge - Masangano road is progressing.
- Construction of the 210-kilometer Chinsali - Nakonde road is at 98 percent and will be completed by the end of 2024.
- Rehabilitation of the 87 kilometer Lusaka - Mongu road from Tatayoyo gate to Katunda/ Lukulu junction was commissioned and works are scheduled to be completed in 2026.

Construction (continued)

- 2,980 kilometers of feeder roads were rehabilitated or maintained by Local Authorities using the Constituency Development Fund (CDF).
- 50 kilometers of road network at Nansanga and 30 kilometers at Luena farm blocks have been completed.
- 1,826 kilometers of feeder roads were rehabilitated or maintained under the Improved Rural Connectivity Project.
- Embarked on the construction of a second runway at the Kenneth Kaunda International Airport.
- Completed the upgrade to Kasama Airport.
- Government is undertaking nationwide construction of 171 communication towers. In addition, the private sector is constructing 31 towers.
- Under the Constituency Development Fund (CDF), 1,551 new classroom blocks have been constructed and 332 existing classrooms blocks have been rehabilitated.
- Construction of the Lundazi and Mporokoso Trades Training Institutes was completed.
- 16 Youth Resource Centres out of a targeted 23 were rehabilitated.
- 123 maternity annexes have been constructed across the country. Of these 82 were constructed under CDF.
- Construction of 110 new Chiefs' palaces across the country is ongoing.
- New fast track courts have been constructed in Solwezi, Kasama, Mansa and Chinsali districts.

Social Protection

- To improve the living conditions of the needy and vulnerable, implementation of social protection programmes such as the Social Cash Transfer and Food Security Pack programmes have continued.
- Under the regular Social Cash Transfer Programme, the number of household beneficiaries increased from 1,027,000 in 2022 to 2,515,671 as at 31 August 2024.

Social Protection (continued)

- Under the regular Social Cash Transfer, the number of beneficiary households increased to 1.3 million at the end of August 2024 from 1.1 million in 2023.
- To further cushion the effects of the drought, the regular Social Cash Transfer beneficiary households are now receiving a top-up of K200 per month for a period of 12 months, starting from June 2024.
- The Government is also implementing the Drought Emergency Cash Transfer Programme to enhance food and nutrition security. Under the programme, 952,570 households that have experienced crop failure and are not on regular Social Cash Transfer are receiving K400 per month for a period of 12 months. The programme will come to an end in June 2025.
- Currently, the total number of benefiting households for both regular and Drought Emergency Cash Transfer stands at 2,263,671.
- Government has introduced the Community Maize Sales Programme in deficit areas to improve availability of the commodity. Under the programme, members of the community are buying maize at K330 per 50kg bag from the Food Reserve Agency (FRA). By mid-August 2024, more than 92,000 metric tonnes of maize had been sold across the country.
- Government is also providing food relief to vulnerable households in the 84 drought affected districts. A total of 40,865 metric tonnes of relief white maize had been distributed by mid August 2024. Of this amount, 28,755 metric tonnes were issued to beneficiary households.
- Government is providing basic farming inputs to vulnerable but viable farmers under the Food Security Pack programme. Currently, 242,000 beneficiary households are being supported. Out of this number, 200,000 are under the rain-fed component, 40,000 under the wetlands component while 2,000 are supported under the alternative livelihood initiative.
- Government has implemented the Cash For Work Programme in response to the drought experienced in the 2023/2024 farming season. The programme is being implemented in 123 constituencies in 87 districts targeting vulnerable households not covered by the Social Cash Transfer and Emergency Social Cash Transfer Programmes.

Mining

- Mining sector remains key in driving economic growth, providing employment opportunities and revenue generation.
- Government is working towards attaining three (3) million tonnes of copper production per annum by 2031.
- During the year, Government managed to resolve most of the outstanding issues at Mopani Copper Mines Plc and Konkola Copper Mines Plc (KCM). The two mines have since resumed operations.
- Some of the notable investments include:
 - International Resources Holding investing a total of US\$1.1 billion at Mopani Copper Mines Plc.
 - Vendata Resources is expected to invest US\$1.2 billion in KCM. Out of this amount US\$250 million has already been paid to dismantle arrears owed to contractors, suppliers of goods and services and Local Authorities.
 - The 28 shaft in Luanshya is being revived. China Non-ferrous Metal Mining Corporation (CNM) has begun investing US\$500 million. The de-watering of the mine is expected to take up to 21 months.
 - Lubambe Copper Mine Limited in Chililabombwe is another mine being revived. JCHX Mining has committed US\$300 million investment.
 - Sinomine is investing US\$600 million at Kitumba Mining Project in Mumbwa District of Central Province. This is a greenfield mine.
 - Another greenfield mine being developed is Mingomba Mine in Chililabombwe with an investment amounting to US\$2 billion. The investment is being done by Kobold Metals and ZCCM Investments Holdings.
 - Barrick Lumwana is also investing US\$2 million in the super pit in North-Western Province which is expected to be commissioned this year.
 - Other ongoing projects include Kasenseli Gold and Kalengwa Mine in North-Western Province as well as Mimbula Minerals in Chingola, Copperbelt Province.
- Government has embarked on a national geological mapping exercise to unlock the untapped potential of the mineral resources.

Mining (continued)

- The high-resolution aerial geophysical survey to explore mineral and groundwater deposits will enhance the ability to realise the true market value of the country's minerals and other natural resources.
- This is further expected to reduce exploration costs and also promote investments in the mining sector going forward.
- The activities of illegal mining have remained a big challenge in the sector, resulting in loss of life and posing a significant threat to national security.
- However, Government is encouraging all artisanal and small-scale miners to obtain mining licenses.
- Government is also in the process of facilitating affordable credit to artisanal and small-scale miners in order for them to meet the necessary safety standards.
- The overall performance of the mining sector in the first half of 2024 has seen notable improvement.

The table below highlights the production performance of the mining sector during the first half of the year.

Mineral	2024	2023	%
Copper	346,747 mt	326,408 mt	6.2%
Cobalt	27mt	709 mt	(96%)
Gemstone	27,404 kg	8,106 mt	238%
Coal	336,090 mt	385,108 mt	(13%)
Manganese	68,549 mt	93,018 mt	(26%)
Gold	1,183 kg	1,054 kg	12%

- The monthly copper prices in US\$ during the period were as follows.

Month	2024	2023
January	8,343	9,000
February	8,310	8,955
March	8,675	8,836
April	9,482	8,814
May	10,128	8,234
June	9,641	8,386
July	9,015	8,449
August	8,972	8,182

Environmental Sustainability

- Environmental sustainability has remained topical both locally and globally. The natural environment and ecosystems have continued to be under threat.
- There has been an increase in incidences of adverse climate change effects, such as droughts, flash floods and extreme high temperatures.
- This has been compounded by the unsustainable exploitation of natural resources.
- Government is strengthening early warning systems to enhance preparedness and resilience of communities to the impact of climate change.
- Over 200 modern weather stations have been installed in all the 116 districts and around major water bodies.
- To enable farmers, and the general public obtain information on the weather in a timely manner, weather related information has been digitised. Government has also scaled up the provision of meteorological information for use in the aviation, agriculture, water and energy sectors as well as in disaster risk management.
- Government has continued to implement the Zambia Integrated Forest Landscape Project in Eastern Province.
- Also implemented the Transforming Livelihood for Resilience and Development Project in Luapula, Muchinga and Northern Provinces.
- Ten (10) community forest management groups have been established covering an estimated 183,000 hectares of forest.
- 515 hectares have been put under natural forest regeneration.
- 26 hectares of land planted with 21,000 pine tree seedlings in Mpulungu District and 7,300 in Nsama District.
- 72,800 hectares of land placed under land management practices in Eastern Province.
- 162,300 hectares have been brought under smart agriculture. Over 162,000 people have benefited in monetary and non-monetary terms.
- To reverse forest and land degradation, 7.6 million hectares have been placed under Sustainable Forestry Management.

Environmental Sustainability (continued)

- The forests have been designated as community forest management areas and are being managed by over 284 community forest management groups across the country.

Decentralisation

- Government successfully devolved 8 functions which include District Health Services, Veterinary Services, Archives, Vehicles Licensing, Community Sport, Cultural Matters, Pontoons and Marine. Through cabinet office circular No. 2 of 2023, Government plans to raise this to 13 functions by the end of December 2024.
- Over 51,000 civil servants and non-civil employees performing devolved functions have been attached and started to report to the Local Authorities.
- Sensitisation of the Provincial and District Devolution Task Force and training of Local Authorities Public Relations Officers were undertaken.
- Budgets were prepared for the 8 devolved functions that were transferred to Local Authorities in the 2024 National Budget.
- The World Bank supported the Zambia Devolution Support Project, which came into effect in 2023, continued to provide additional resources to eligible town councils, with the aim of enabling Local Authorities to meet their capital investments backlogs.
- Grants provided to incentivise institutional performance accountability of the Town Councils.
- During the year, Government continued to build the capacity of Ward Development Committees (WDCs) and Constituency Development Fund Committees (CDFCs) for project identification, implementation, monitoring and evaluation .
- Launched 45 Integrated Development plans to support the implementation of the Constituency Development Fund (CDF).
- The Local Authorities Accounting and Financial Procedure Manual (LAAFPM) was revised so as to provide guidance to Local Authorities on budgeting and financial management.
- So far more than K450 million has been disbursed by CDF countrywide.

Decentralisation (continued)

- Releases towards the Local Government Equalisation Fund (LGEF) and Constituency Development Fund (CDF) in the first half of 2024 were below budget projections by 16% and 77% respectively.
- Low disbursements towards the Constituency Development Fund (CDF) were due to absorption capacity, along with substantial unspent balances from the 2023 Financial Year, highlighting a need to focus on Capacity Building of Local Authorities in Public Resources Management and procurement to improve absorption rates of the CDF components.
- The Auditor General's Report on the CDF (31st December 2022) identified irregularities in the management of the Fund, arising from internal control deficiencies in Local Authorities. The report highlighted the urgent need to address structural and internal control challenges, to achieve prudent utilisation and expedite service delivery.

Health

- Government decentralised district health services to improve health service delivery at the community level, especially in rural areas.
- Government accelerated infrastructure development:
 - Completed seven Level 1 Hospitals in Chililabombwe, Kitwe, Mambwe, Mwansabombwe, Nchelenge and Ndola districts.
 - Commencing phase two of Mini-Hospital construction, with the aim being to complete 120 more facilities by 2027.
 - Modernised the Cancer Disease Hospital in Lusaka and construction of the Ndola Cancer Treatment Centre has commenced. Construction of the Cancer Treatment Centre in Livingstone will commence before the end of the year.
 - Construction of the 800 bed space, King Salman Bin Abdulaziz specialised hospital for women and children is 70% complete and expected to be completed in 2025.
 - Constructing three radiotherapy centres in Ndola, Livingstone and Lusaka.

Health (continued)

- To reduce maternal mortality, Government constructed 166 maternal annexes in the past two years, with 123 completed in 2024; 82 of these annexes were constructed under CDF.
- Completed constructing 279 health facilities across the country, 115 mini hospitals, 33 health centres and 131 health posts.
- An additional 4,000 health workers were recruited compared to 3,500 that were recruited in 2023.
- Government has taken steps to begin local cholera vaccine manufacturing to safeguard people and create job opportunities.
- 42,000 health centre kits and essential medicines were procured. Bulk procurement of medicines and medical supplies through UNICEF, UNFPA, UNDP was initiated.
- Stock availability of essential medicines increased to an average of 85% at Health Centres and 76% at hospital levels.
- Government is distributing high-energy, high protein supplements to pregnant and breast-feeding mothers as well as children to avoid malnutrition.
- Scaled up interventions such as indoor residual spraying and distribution of long-lasting insecticide treated mosquito nets.
- A total of 757,806 households and 11,500,000 individuals received insecticide treated mosquito nets in 2023. In addition, insecticide resistance monitoring in specific districts was conducted.
- The supply of anti-malaria drugs and diagnostics, particularly Rapid Diagnostic Tests (RDTs) was enhanced.
- Community health workers received intensified training to enhance malaria case management and surveillance.
- The National Malaria Elimination Center commenced the National Malaria Indicator Survey. The survey was successfully conducted in all the 199 clusters covering 3,827 households.
- Government is implementing digital inventory management systems to track medicines from procurement to dispensing.

Health (continued)

- The Smartcare Pro System electronic health record system is being implemented with 1,400 health facilities across the country already covered.
- Government is currently working to improve the Emergency Medical Services and the referral system in order to reduce maternal mortality.
- Government has continued to implement high impact interventions which include strengthening the supply chain by integrating tuberculosis into the general Electronic Laboratory Information Management System (ELIMS), targeted screening, expanding diagnostic capacity and intensifying case finding, among others.
- Progress has been made to reduce maternal mortality in Zambia with the current rate at 252 deaths per 100,000 live births, the government targets to reach less than 100 deaths per 100,000 live births in 2026.
- Government has been implementing the expanded program on immunisation; integrated management of childhood illnesses; and elimination of mother to child transmission (EMTCT) of HIV as well as scaling up interventions to put pediatric HIV patients on treatment.
- Prioritising the delivery of comprehensive and integrated adolescent responsive health services at all levels, scaling up of pre/in-services adolescent health services at all levels, scaling up of pre/in-services adolescent health training of health workers, training of peer educators and their deployment to adolescent friendly spaces.
- Government is implementing a comprehensive strategy to combat Non-Communicable Diseases (NCDs), including promoting healthier lifestyles, providing specialist training for doctors, and enhancing rehabilitation and palliative care.
- Government through the National Heart Hospital achieved significant milestones by conducting 137 surgeries out of which 51 were open-heart surgeries and 86 were coronary angiograms.
- Continued to strengthen environmental health programs through the development and implementation of the climate change adaptation plan.

Health (continued)

- According to the Zambia population-based HIV impact assessment results, Zambia achieved the following:
 - 89% of people living with HIV/AIDS know their status, 98% of people living with HIV/AIDS who know their status are on the life-saving HIV treatment while 96% of people on HIV treatment are virally suppressed.
 - As at 30 June 2024, a total of 1,293,516 million were on Anti-Retrovirals (ART) against a target of 1,320,000.
- The Government has been monitoring the occurrence of respiratory illnesses especially influenza and Covid-19 with a notable number of cases progressing to pneumonia. As at 31 August, 2024 there were 13 patients receiving treatment for pneumonia.
- The coverage of citizens on the National Health Insurance Scheme increased from 1,534,520 in 2021 to 4,583,588 in 2024, representing nearly 200 percent growth in membership. Currently, over 400 healthcare providers have been accredited on the scheme providing quality insured healthcare services across the country to members without exposing anyone to financial hardship.

Water and Sanitation

- The National Water Policy was revised to consider emerging challenges in the sector. The policy is expected to be launched by the end of October 2024.
- Government embarked on the review of the Water Supply and Sanitation Services Act No. 28 of 1997 and developed the 2020 Layman's Water Supply and Sanitation Services Draft Bill which was submitted to the Ministry of Justice for internal review and clearance.
- To increase water security through better resource management and the development of infrastructure for water harvesting, Government has continued to implement interventions for the development and management of groundwater resources.

Water and Sanitation (continued)

- Government implemented interventions under water resources development and management aimed at improving water security through the construction, rehabilitation and maintenance of water storage infrastructure such as dams, exploratory boreholes and weirs to increase access to water resources for various economic uses:
 - Access to clean and safe drinking water supply was at 72.3% of households (Urban-91.8%, Rural-58%) which indicated an improvement from 65% reported in the 2013-2014 Zambia Demographic and Health Survey (ZDHS).
 - With regards to access to improved sanitation among households, the 2018 ZDHS report shows access to improved sanitation among households standing at 54% (77.7% Urban and 37.2% Rural) compared to 25.4% (35.0% Urban, 18.5% Rural) indicating a remarkable improvement of over 100% from 2014 ZDHS.
 - Scaled up the completion of ongoing water supply infrastructure projects to improve access to water. Piped water schemes and drilling of boreholes across the country continue to be implemented.
 - Constructed 16 dams, rehabilitated 12 and maintained 770 across the country since 2022. The dams are expected to harvest 15.7 million cubic meters of water to benefit 2 million people for domestic use, livestock and irrigation.
 - Constructed 2,277 boreholes and rehabilitated 3,025 since 2022.
 - 365 piped water schemes have been constructed across the country with over 902,490 people benefiting from these interventions.
 - Works on the Integrated Small Towns Water Supply and Sanitation Project in Luapula, Muchinga and Southern Provinces were completed and over 900,000 people will benefit.
 - A total of 706 waterborne sanitation facilities were constructed and construction of an additional 155 facilities is ongoing and scheduled for completion in 2025.

Water and Sanitation (continued)

- The water resources management and development progress is presented in the tables below:

2022-2024 Progress on Water Resources Infrastructure Development and Management

S/N	Name of Dam	Ward	Constituency	District	Province	Progress
New Construction of Dams						
1.	Kapekesa	Kapilisanga	Chasefu	Chasefu	Eastern	100% complete
2.	Kacholola	Mombe	Nyimba	Nyimba	Eastern	26% Complete
3.	Kawawa	Chiparamba	Kasenegwa	Kasenegwa	Eastern	75% Complete
4.	Chagula	Nampeya	Mwembeshi	Shibuyunji	Central	20% Complete
5.	Mbaswa	Mbaswa	Serenje Central	Serenje	Central	15% Complete
6.	Muyembe	Lyanga	KawambwaCentral	Kawambwa	Luapula	15% Complete
7.	Luing'a	Sakeji	Ikelong'i	Ikelong'i	Northwestern	24% Complete
8.	Chief Mpande	Chinyika	Senga Hill	Senga Hill	Northern	5% Complete
9.	Cuundwe	Cuundwe	Mapatizya	Zimba	Southern	80% Complete
10.	Siambelele	Mangonda	Mapatizya	Zimba	Southern	70% Complete
11.	Tambana	Siachitema	Mapatizya	Zimba	Southern	10% Complete
12.	Mutwewamuntu	Naluja	Dundumwezi	Kalomo	Southern	0% Complete
13.	Jongolo	Kasukwe	Dundumwezi	Kalomo	Southern	25% Complete
14.	Hajamba	Moyo	Pemba	Pemba	Southern	32% Complete
15.	Chibwentolo	Hamaundu	Pemba	Pemba	Southern	37% Complete
16.	Siakalinda	Mulima	Siavonga	Siavonga	Southern	50% Complete
17.	Chisuta	Lusangazi	Chikankanta	Chikankanta	Southern	25% Complete
18.	Chileya	Kanchele	Katombola	Kazungula	Southern	15% Complete
19.	Bondo	Bondo	Gwembe	Gwembe	Southern	Procurement Stage
20.	Chilulu	Chingombe	Sinda	Sinda	Eastern	Procurement Stage
21.	Namakala	Sichili	Mulobezi	Mulobezi	Western	Procurement Stage
22.	Kanyanja		Chipata Central	Chipata	Eastern	Procurement Stage
23.	Walasangana	Salanga	Mwansabombwe	Mwansabombwe	Luapula	Procurement Stage
24.	Mumbi	Ongolwe	Petauke	Petauke	Eastern	Procurement Stage
25.	Mulolobela	Munyama	Chirundu	Chirundu	Southern	Procurement Stage
26.	Kibwene		Solwezi Central	Solwezi	Northwestern	Procurement Stage
27.	Kalambakuwa	Ngozi	Nyimba	Nyimba	Eastern	Procurement Stage
28.	Mphala hill	Kampemba	Chama	Chama	Eastern	Procurement Stage
29.	Lumezi	Chamtowa	Lumezi	Lumezi	Eastern	Procurement Stage
30.	Machesa		Masaiti	Masaiti	Copperbelt	Procurement Stage



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Water and Sanitation (continued)**2022-2024 Progress on Water Resources Infrastructure Development and Management**

S/N	Name of Dam	Ward	Constituency	District	Province	Progress
Rehabilitations						
1.	Nabuyani	Kalonda	Kalomo Central	Kalomo	Southern	100% Complete
2.	Dimba	Mwanza West	Moomba	Monze	Southern	100% Complete
3.	Singonya	Singonya	Mone Central	Monze	Southern	100 % complete
4.	Siazwela	Kansiamu	Sinazongwe	Sinazongwe	Southern	100 % complete
5.	Akansokoshi	Masonde	Lubansenshi	Luwingu	Northern	100% Complete
6.	Mitukutuku	Sandangombe	Solwezi Central	Solwezi	Northwestern	100% Complete
7.	Amose	Ongolwe	Petauke Central	Petauke	Eastern	10% Complete
8.	Lutwazi	Nyika	Petauke Central	Petauke	Eastern	5% Complete
9.	Chibesakunda	Muchinga	Shiwanga'ndu	Shiwang'andu	Muchinga	0% Complete
10.	Chitindi	Mwamba	Mbala Central	Mbala	Northern	20% Complete
11.	Kabombwa	Namilangi	Nkeyema	Nkeyema	Western	50% Complete
12.	Nangoma	Myooya	Nangoma	Mumbwa	Central	15% Complete

Source: Ministry of Water Development and Sanitation (2024)

Summary of exploratory boreholes drilled

S/N	Province	Total Number Drilled	Successful	Dry
1.	Central	22	21	1
2.	Copperbelt	21	21	0
3.	Eastern	18	17	1
4.	Luapula	21	21	0
5.	Lusaka	21	20	1
6.	Muchinga	28	28	0
7.	Northern	25	24	1
8.	North-Western	21	21	0
9.	Southern	13	11	2
10.	Western	02	02	0
TOTAL		192	186	6

Source: Ministry of Water Development and Sanitation (2024)

2022-2024 Progress on Water Supply and Sanitation Programm

S/N	Indicator	2022		2023		2024 (As at June)	
		Target	Actual	Target	Actual	Target	Actual
1	Number of boreholes constructed	972	638	3,305	634	1,374	101
2	Number of boreholes rehabilitated	1,270	1,126	900	744	1,270	551
3	Number of Piped Water Schemes constructed	80	110	500	130	428	7
4	Number of Public Sanitation Facilities constructed	500	279	240	102	168	115
5	Number of households connected to Water supply network	25,000	17,301	30,000	520,344	30,000	5,376
6	Number of households connected to sewer network	5,000	4,737	6000	223,211	6,000	544

Source: Ministry of Water Development and Sanitation (2024)

Water and Sanitation (continued)

- The achievements in water supply interventions in 2022 and 2023 alone have resulted in approximately 1,148,000 people gaining access to clean and safe water.
- Sanitation facilities constructed in public institutions, decreased from 279 in 2022 to 102 in 2023, with 115 constructed as of June 2024. The sanitation facilities constructed in 2022 and 2023 have enabled approximately 48,000 people to gain access to adequate sanitation services nationwide.

2022 – 2024 Progress on Water Supply and Sanitation in Urban and Peri-Urban Areas

No.	Project Name	Progress Made
1.	Lusaka Sanitation Programme	83% progress
2.	Lusaka Emergency Water Supply Improvement Project to Peri-Urban Areas of Kanyama, Chawama and Garden House	80% - The contract was terminated and the remaining works amounting to K41 million will be done in-house.
3.	Kafulafuta Water Supply System Project	98.5% Progress
4.	Nkana Water Supply and Sanitation Project	44% progress - The Government has taken over the project funding.
5.	Zambia Water Supply and Sanitation Project	80% Progress
6.	Integrated Small Towns Water Supply and Sanitation Project	88% Progress
7.	Mpulungu Water Supply Project	55% progress
8.	Mporokoso Water Supply Project	98% Progress
9.	Nakonde Water Supply Project involving elevated tanks and distribution network	99% Progress
10.	Kawiko Water Supply Project in Mwinilunga	85% Progress
11.	Kacholola Rural Water Supply Scheme, Nyimba	100% Complete
12.	Water Supply Project in Sinda	80% Progress
13.	Shibuyunji Water Supply and Sanitation System	100% Complete
14.	New Serenje Water Supply Project	93% Progress
15.	Mumbwa Water Supply Improvement Project involving the Rehabilitation of Chibila Dam – rehabilitating water treatment plant	Mobilisation Stage
16.	Replacement of the section of the Ndola 300 mm transmission line and the Mukobeko 600 mm transmission line	90% progress

Water and Sanitation (continued)

No.	Project Name	Progress Made
17.	Drilling and equipping of 7 commercial boreholes in Mumbwa	85% Progress
18.	Mulungushi Dam Water Supply Project	To be procured once funding is finalised with AfDB
19.	Choma Water Supply Infrastructure Project Phase 1	100% (5km out of 18km has been completed)
20.	Choma Water Supply Infrastructure Project Phase II	Mobilisation stage
21.	Kazungula Water Supply and Sanitation under DBSA support	80% Progress
22.	Chipata Water Supply Project	Procurement stage
23.	Transforming Rural Livelihoods in Western Zambia Project	79% Progress

Source: Ministry of Water Development and Sanitation (2024)

Public Sector

- Government has developed a Supervisory and Performance Monitoring Framework for State-Owned Enterprises. The Framework provides guidelines on financial reporting, borrowing, capitalisation, board appointments, and dividend declaration among others.



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Budget Highlights

Taxation

The Honourable Minister of Finance and National Planning in his Budget Speech indicated that the focus of the 2025 Budget is to build resilience for inclusive growth and improved livelihoods. Through the Budget, the Government will provide policy measures that will build the resilience of the economy and promote inclusive growth.

The focus for the 2025 budget is to build resilience for inclusive growth and improved livelihood

Personal Taxation

There are no changes that have been made to the tax bands in the 2025 Budget. The 2025 Tax Bands will therefore remain the same as the 31 December 2024 Fiscal Year Tax Bands and are as follows:

a) Annual basis

Year to 31 December 2025		Year to 31 December 2024	
Income Band	Rate	Income Band	Rate
	%		%
First K61,200 per annum	Nil	First K61,200 per annum	Nil
Next K23,988 per annum	20	Next K23,988 per annum	20
Next K25,188 per annum	30	Next K25,188 per annum	30
Above K110,400 per annum	37	Above K110,400 per annum	37

b) Monthly basis

Year to 31 December 2025		Year to 31 December 2024	
Income Band	Rate	Income Band	Rate
	%		%
K0-K5,100 per month	Nil	K0-K5,100 per month	Nil
K5,101– K7,100 per month	20	K5,101– K7,100 per month	20
K7,101 – K9,200 per month	30	K7,101 – K9,200 per month	30
Above K9,200 per month	37	Above K9,200 per month	37

The tax credit for people with disabilities remains at K600 per month.

Company Tax

	31 December 2025	31 December 2024
Tax rates		
Farming		
- Local	10	10
- Export of cotton	30	30
Rural business except for mining for first 5 years	24	24
Export of non-traditional products - others	20	15
Other sources:		
- Manufacturing	30	30
- Others	30	30
- Fertilizers	15	15
Trusts, deceased or bankrupt estates	30	30
Banks	30	30
Companies listed on the Lusaka Securities Exchange:		
- Existing	28	28
- New (only for the first year the company gets 2% discount on the applicable tax rate).		
- New with more than 33% shares held by Zambians (the 5% discount applies to the particular rate of income tax).	26.6	26.6
Mining:		
- All other mining companies (mining industrial minerals)	30	30
- Tolling	30	30
- Income earned from processing of purchased Mineral ores, concentrates and any other Semi – processed minerals	30	30
- Mineral royalty: (final tax)		
Underground mining operations	6	6
Open cast mining operations	9	9
- Capital allowances		
Mining equipment	20	20
Rate for capital equipment	25	25
- Implements, machinery and plant used in the generation of electricity	50	50
- Implements, machinery and plant used in farming	100	100
- New implements, plant or machinery for developers in Multi-facility Economic Zones	100	100
- Capital expenditure on new projects to be ring-fenced and deductible when production commences		
- A reference price deemed to be at arm's length, will be the basis for assessing of mineral royalties on base metals, gemstones and precious metals. The reference price shall be the price tenable at the London Metal Exchange, Metal Bulletin or any other commodity exchange market recognized by the Commissioner General.		
Telecommunications:		
- Taxable profit – up to K250,000	35	35
- Taxable profit – Over K250,000	35	35
Companies that add value to copper cathodes	20	15

Company Tax (continued)

	31 December 2025	31 December 2024
Others:		
- Carry forward of losses for 10 years for the energy sector extended to businesses generating electricity using other sources of energy such as wind and solar.		
- 2% local content allowance on income earned from value addition to tomato, cassava, mango, pineapple, sorghum and millet.		
- 5 years development allowance applicable to persons growing rose flowers, tea, coffee, banana plant or citrus fruits or other similar plants or trees.		
- Advance income tax on commercial imports by non registered traders		
- Lapidary and jewellery facilities	25	25
- Refund of up to 15% of expenses incurred in shooting movies locally.		
- All statutory bodies will be mandated to pay tax on rental income above K800,000 at the rate of 30%	30	30
- Insurance premium levy	5	5
- Skills Development levy	0.5	0.5
- Tourism levy	1.5	1.5
Turnover Tax		
Companies with annual turnover of K12,000 and below	0	0
Companies with annual turnover of K12,000 up to K800,000	4	4
Service Providers in the gig economy	4	4
Rental income above K12,000 up to K800,000 per annum	4	4
Rental income above K800,000 per annum	12.5	12.5
Withholding Tax		
Individuals		
- Interest (final tax)	0	0
- Dividends (final tax)	15	15
- Dividends earned by individuals from companies listed on LuSE		
- Royalties, management and consultancy fees - resident	15	15
- Royalties, management and consultancy fees – non-resident	20	20
- Commissions - resident	15	15
- Commissions - non-resident	20	20
- Interest earned on village banking and cooperatives	0	0

Withholding Tax (continued)

	31 December 2025	31 December 2024
Persons other than individuals		
Dividends (final tax)		
- other	15	15
- mining	0	0
- non-residents	20	20
- MFEZ	0	0
Interest on green bonds listed on the Securities Exchange in Zambia	0	0
Interest (not final tax)		
- other	15	15
- mining	15	15
- MFEZ and Industrial Parks (foreign contractors)	0	0
- non-residents	20	20
- Government Securities – non-residents	15	15
Royalties, management and consultancy fees – resident	15	15
Royalties, management and consultancy fees – non-resident	20	20
- commissions, public entertainment fees and contractor – non-resident	20	20
- mining companies	15	15
- MFEZ and Industrial Parks (foreign contractors)	0	0
- Commissions	15	15
- Branch profits distribution	20	20
Reinsurance with Insurers not Licenced in Zambia	0	0
Life Insurance funds investment income	0	0
Other payments		
- Non-resident contractors	20	20
- Public entertainment fees (non-resident only)	20	20
- Online casino live games (gross takings)	20	20
- Online casino machine games (gross takings)	35	35
- Lottery winnings (net winnings)	35	35
- Online betting (gross stakes)	25	25
- Betting (land based-brick and mortar)	15	15
Tax Regime on Casino, Lottery, Betting and Gaming		
- Online casino live games (gross takings)	20	20
Online casino machine games (gross takings)	35	35
Lottery winnings (net winnings)	35	35
Online betting (gross stakes)	25	25
Betting (land based-brick and mortar)	15	15
Property transfer tax		
- On the realisable value of the property (Property means: any land and improvements thereon)	5	5
- Exclusion from liabilities of interest on related party loans used to purchase shares, unless conducted at arm's length		
- Sale or transfer of mining right	10	10
- Transfer of intellectual property	5	5
- On the value attributable to a Zambian asset where indirect ownership or control changes outside the Republic of Zambia	5	5
- Transfer of mineral processing and other mine related licences	10	10

Customs and Excise	Effective date
<ul style="list-style-type: none"> • To introduce and revise upwards the Selected Goods Surtax applicable on imports of specified products which are locally manufactured. 	01/01/2025
<ul style="list-style-type: none"> • An automatic annual adjustment indexed to the average inflation rate for the preceding year, to be capped at 20 percent to preserve the value of the respective specific excise duty on tobacco and tobacco products, fuel and used motor vehicles. 	01/01/2025
<ul style="list-style-type: none"> • To introduce excise duty at the rate of 10 percent on the betting amount. 	01/01/2025
<ul style="list-style-type: none"> • To increase excise duty on non-alcoholic beverages to K1 per litre from the current 60 Ngwee. 	01/01/2025
<ul style="list-style-type: none"> • To revise upwards by 20 percent the bands for presumptive tax on operators of motor vehicles for transportation of persons. 	01/01/2025
Non-Tax Revenue Measures	
<ul style="list-style-type: none"> • To introduce the following: <ul style="list-style-type: none"> - A fee of K1,500 on occupational safety and health training offered by the Ministry of Labour and Social Security. - Fees for mine safety and examination, and revise geological survey fees upwards. 	01/01/2025
<ul style="list-style-type: none"> • Licensing fees for crop variety, basic and certified seed sales, and parental lines sales so as to provide improved technologies and advisory services to farmers and other stakeholders by the Zambia Agriculture Research Institute as follows: 	01/01/2025
<ul style="list-style-type: none"> • Licensing fees for crop variety, basic and certified seed sales, and parental lines sales so as to provide improved technologies and advisory services to farmers and other stakeholders by the Zambia Agriculture Research Institute as follows: 	01/01/2025
Direct Taxes	
<ul style="list-style-type: none"> • Introduce an Advance Income Tax at 15 percent on remittances exceeding US\$2,000 or its equivalent for transactions made without a valid Tax Clearance Certificate. The Advance Income Tax will also apply on non-compliant exporters. 	01/01/2025
<ul style="list-style-type: none"> • To revise upwards to 20 percent from 15 percent the corporate income tax rate applicable to profits realised from export of non-traditional products and value addition to copper cathodes. 	01/01/2025

Category	Proposed unity cost
1	3% of net sales of certified seed for crop hybrids
Crop variety licensing (Royalties)	2.5% of net sales of certified seed for open - pollinated varieties
2	Cereals K35 per kg
Basic and certified seed sales	Legumes K45 per kg
	Cassava cuttings K110 per bundle
	Sweet potato vines K35 per bundle
3	Parental lines sales
	K150 per kg

- A fee of K2,500 for resident permit holders who stay outside Zambia for more than six months in line with international practice. 01/01/2025
- To increase fees for foreign artists to K5,000 and K15,000 from K1,778 for SADC and non-SADC based artists, respectively. 01/01/2025
- To categorise the art promoter licence into international, local, venue and exhibition licences as follows: 01/01/2025

Category	Proposed Licence Fees (K)
International Artist Promoters	20,000
Local Artist Promoters	5,000
Venue and Exhibition Promoters	1,500

House Keeping Measures

Effective date

- Amend the Income Tax Act, the Customs and Excise Act and the Value Added Tax Act, among others to update, strengthen and remove ambiguities in certain provisions of the tax laws and make tax administration more effective. 01/01/2025



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Detailed Analysis of Budget

Revenue	Note	2025 K'million	%	2024 K'million	%
Domestic Revenue and Financing					
Mineral Royalty Tax		17,354.62	8.0	10,004.18	5.6
Income Tax	1	65,810.24	30.3	61,322.02	34.5
Value Added Tax		48,341.42	22.3	36,361.86	20.4
Customs and Excise duty	2	23,262.44	10.7	16,895.12	9.5
Domestic Financing		15,359.23	7.1	16,328.76	9.2
Non-Tax Revenue		19,419.68	8.9	16,530.55	9.3
Total Domestic Revenue and Financing		189,547.63	87.3	157,442.49	88.5
External Assistance					
External financing and grants	3	27,557.75	12.7	20,449.38	11.5
Total Foreign Grants and Loans		27,557.75	12.7	20,449.38	11.5
Total Revenue and Financing		217,105.38	100	177,891.87	100

Notes:		K'million	K'million
		2025	2024
1)	Income tax		
	Company income tax	22,950.47	25,680.49
	PAYE	26,984.99	23,714.78
	Withholding and other taxes	15,874.78	11,926.75
		65,810.24	61,322.02
2)	Customs and excise duty		
	Customs duty	10,557.96	8,481.45
	Export duty	408.31	120.85
	Excise duty	12,296.17	8,292.82
		23,262.44	16,895.12
3)	External Financing and grants		
	Project and programme loans	19,388.56	17,014.28
	Project grant	8,169.19	3,435.10
		27,557.75	20,449.38

Detailed Analysis of Budget (Continued)

Expenditure	Note	2025		2024	
		K'million	%	K'million	%
General Public Services	1	73,815.23	34	58,929.61	33
Defence		10,321.44	5	9,922.47	6
Public Order and Safety		8,406.14	4	6,755.88	4
Economic Affairs	2	48,713.51	22	39,755.49	22
Environmental Protection		1,480.37	1	1,450.77	1
Housing and Community Amenities	3	2,988.71	1	2,651.21	2
Health	4	23,167.33	10.7	20,906.44	12
Recreation, Culture and Religion		558.71	0	493.43	0
Education	5	31,493.30	14	27,354.81	15
Social Protection	6	16,160.64	7	9,671.76	5
Total expenditure		217,105.38	100	177,891.87	100

Notes:	K'million
1) The total amount includes:	
- Local Government Equalisation Fund	1,449.07
- External debt interest & amortisation	16,664.31
- Domestic Debt	37,334.58
- Compensation Fund	772.93
- Dismantling of Arrears	5,674.87
- Mobile voter registration and Elections	317.25
2) The total amount includes:	
- Road infrastructure	11,713.14
- Rural Roads	271.17
- Strategic Food Reserves	2,366.00
- Farmer Input Support Programme	9,270.98
- Tourism sector development	1,289.93
- Aerial Geological and Geological Mapping	364.00
- Feeder Roads Maintenance Fuel (under CDF)	511.37
- Other Constituency Development Funding	5,113.70
-Zambia Credit Guarantee Scheme	851.70
- Provincial Aerodromes Infrastructure	700.72

Notes:	K'million
3) The total amount includes:	
- Water supply and sanitation including construction and rehabilitation of dams, boreholes and wells	2,311.80
4) The total amount includes:	
- Drugs and Medical Supplies	4,951.10
- Medical Equipment	718.20
- Health Infrastructure	1918.90
- Recruitment of 2,000 Health Personnel	156.90
- Health Care Management System	120.00
5) The total amount includes:	
- Implementation of National Education Curriculum	150.00
- School Grants	2,252.49
- School feeding programme	534.40
- Construction of 120 Secondary Schools	100.00
- Completion of University Hostels	300.50
- Other School and University Infrastructure	680.74
- Recruitment of 2,000 personnel	80.30
6) The total amount includes:	
- Public Service Pension Fund	4,172.92
- Social Cash Transfer	8,270.00
- Local Authorities Superannuation Fund	400.00
- Food Security Pack	1,206.85
- Cash for work programme	2,000.00



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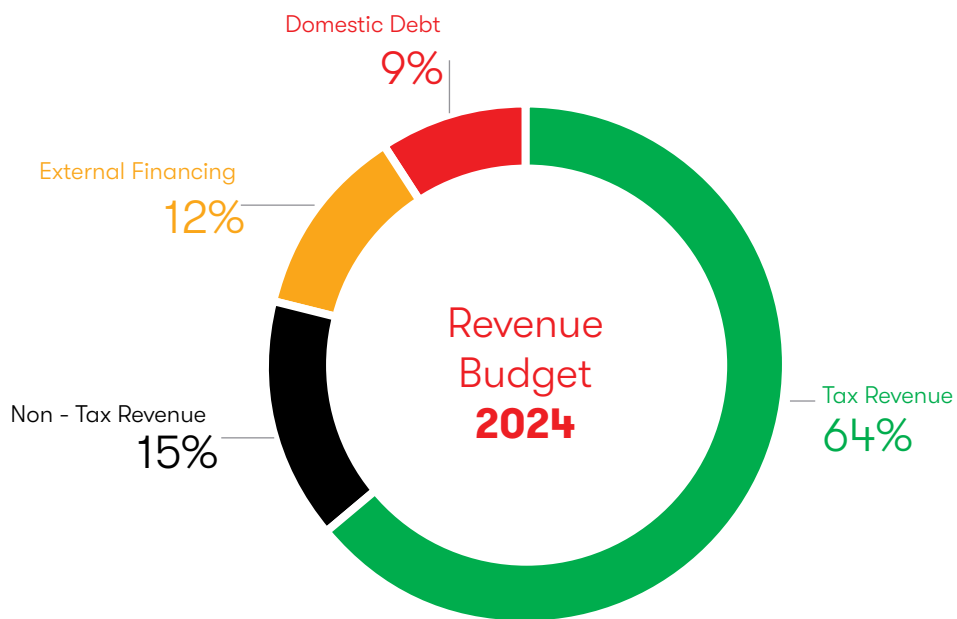
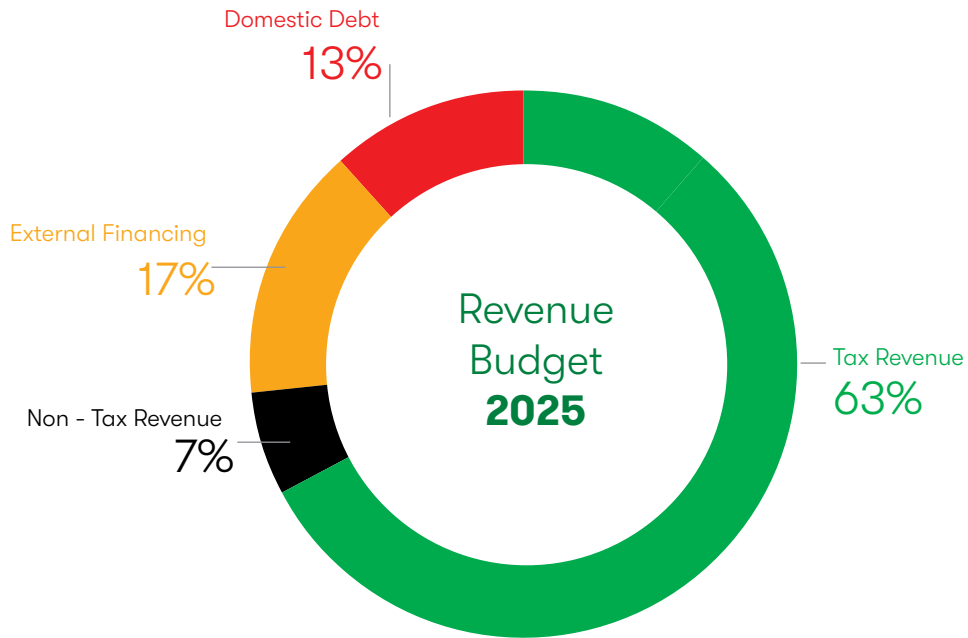
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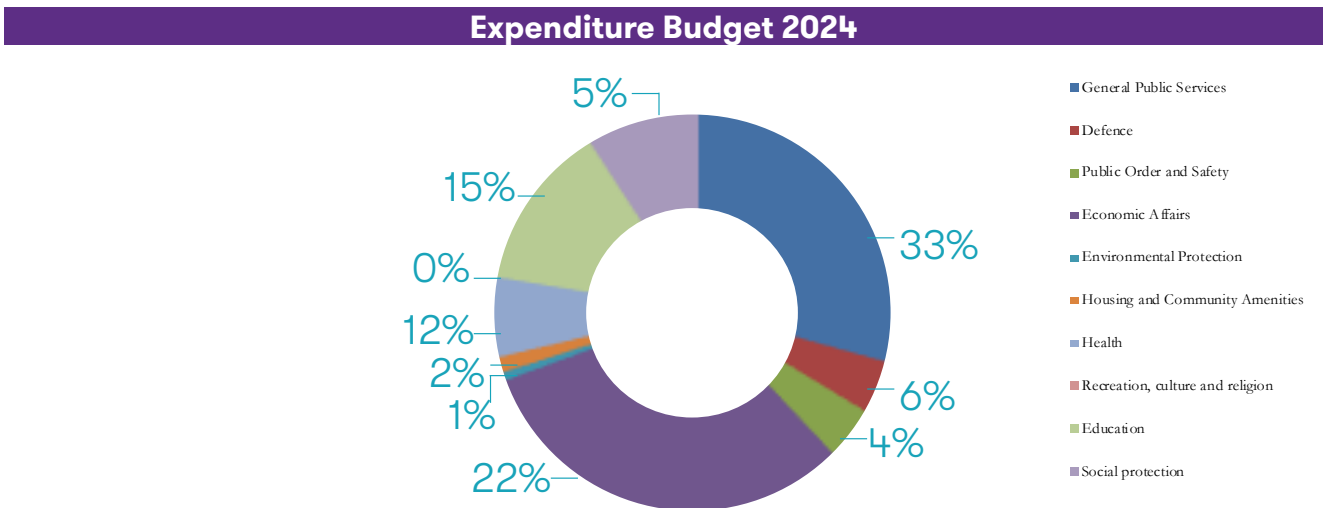
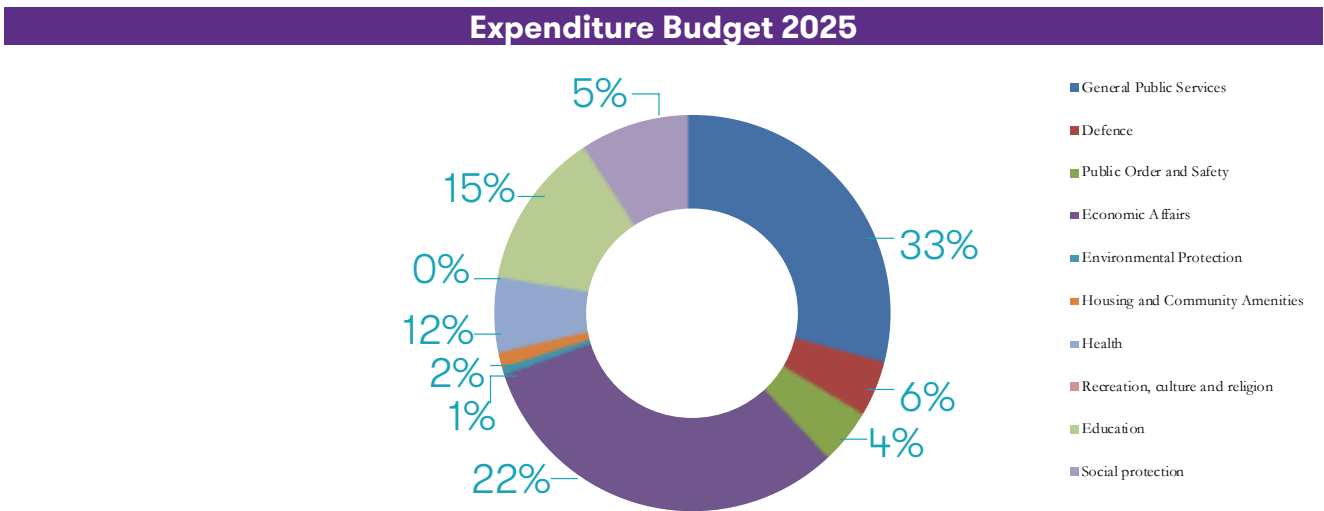
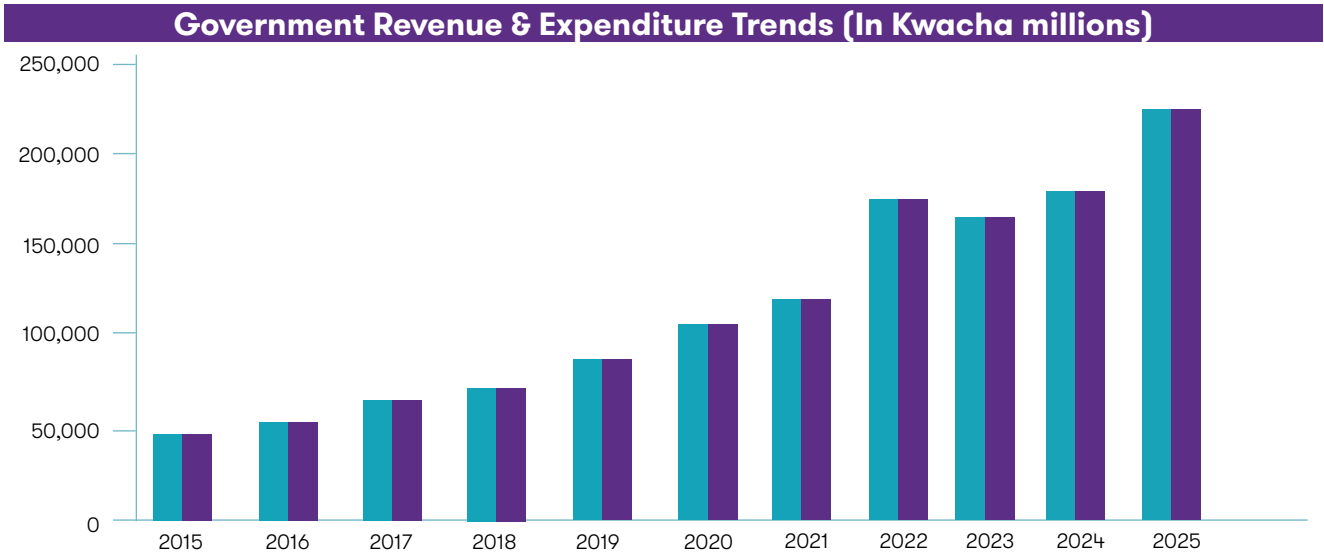


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Tax Measures Specified by Zambia Revenue Authority (ZRA)

INCOME TAXES MEASURES

COMPENSATING MEASURES

- Introduce an Advance Income Tax (AIT) at the rate of 15 percent on remittances and exports above US\$2,000 or equivalent for transactions made without a valid Tax Clearance Certificate.

Currently, it is not a mandatory requirement to obtain a Tax Clearance Certificate on exports and remittances outside Zambia. The proposed measure is intended to enhance tax compliance and contribute to curbing illicit financial flows.

This measure will also harmonise the practice on exports or outflow remittances with the current practice on imports, given that currently, importers without proof of tax compliance are subject to Advance Income Tax at the rate of 15 percent of the value for duty purposes.

The Tax Clearance Certificate is currently electronic and dynamic, which means the compliance status of a taxpayer is updated in real time and the measure will therefore not negatively affect compliant taxpayers.

- Revise upwards to 20 percent from 15 percent the corporate income tax rate applicable to profits realized from export of non-traditional products and value addition to copper cathodes.

This measure aims to support Government's medium-term goal of harmonizing the corporate income tax rate. The harmonization is aimed at unifying the income tax regime over the medium-term.

- Revise upwards by 20 percent the bands for presumptive tax on operators of public service vehicles for the carriage of persons as follows:

Vehicle Sitting Capacity	Current Tax per Annum (ZMW)	Proposed Tax per Annum (ZMW)
64 seater and above	12,960	15,552
50 – 63 seater	10,800	12,960
36 – 49 seater	8,640	10,368
22 – 35 seater	6,480	7,776
18 – 21 seater	4,320	5,184
12 – 17 seater	2,160	2,592
Below 12 seater	1,080	1,296

This measure seeks to adjust presumptive taxes on operators of public service vehicles for the carriage of persons in order to adjust the values for inflation.

HOUSEKEEPING MEASURES

- Permit the deduction of the Skills Development Levy as a tax-deductible expense in advance of its payments.

This measure will allow for the deduction of Skills Development Levy in ascertaining taxable profits even where the Levy payable has not yet been paid to align with the accrual principle that generally applies to taxable income.

- Broaden the list of transactions where a Taxpayer Identification Number is required.

The following institutions and the attendant types of transactions are proposed for inclusion to the list:

	Institution	Type of Transaction
1	Water utility companies	Account opening and holding
2	Mobile money operators	Account opening and holding
3	Mobile network operators and internet service providers	Account opening and holding
4	Airtime operators and agents	Ticketing where buyer is of majority age and a Zambian resident
5	National Health Insurance Management Authority	Account opening and holding
6	National Pension Scheme Authority	Account opening and holding
7	Professional bodies	Membership registration, subscription and renewal
8	Loal Authorities	Registration of title deed

INCOME TAXES MEASURES (CONTINUED)

HOUSEKEEPING MEASURES (CONTINUED)

- Currently, the Income Tax Act provides for identified institutions to require a TPIN from any person applying for or engaged in prescribed services/transactions. The measure intends to enhance compliance by broadening the list of institutions that require a TPIN.
- Remove the reference to the Fourth Schedule from the Income Tax Act.

The Pensions and Insurance Authority is currently responsible for approving pension funds. As a result, the Fourth Schedule of the Income Tax Act, which previously granted the Commissioner-General authority to approve funds, was repealed. However, certain provision referencing the Fourth Schedule were not updated when it was repealed.

This measure therefore aims to amend the Income Tax Act to ensure alignment with existing provisions.

- Make a general Tax Clearance Certificate (TCC) a mandatory requirement for the following transactions:
 - (i) When transferring property;
 - (ii) When obtaining any licence issued by a Government ministry, department or agency; and
 - (iii) When obtaining finance from any institution registered under the Banking and Financial Services Act.

The measure is intended to:

- a) In the case of property transfers, ensure that a compliance check is conducted before any property transfer is approved. The general TCC will be expected from both the buyer and the seller. A person can currently obtain a specific Property Transfer Tax clearance certificate without having a general TCC.
- b) With regard to obtaining a license, extend the requirement for a general TCC to all Government services that issue licenses in order to enhance compliance.

INCOME TAXES MEASURES (CONTINUED)

HOUSEKEEPING MEASURES (CONTINUED)

- c) With regard to obtaining finance, require borrowers to have a general TCC to fulfil the minimum compliance requirements before they can obtain finance from institutions regulated by the Banking and Financial Services Act. This will foster compliance by having a TCC as part of the mandatory checks before a recommendation or clearance is given to the bank.

- Introduce a provision that enables taxpayers to obtain withholding tax exemption certificates on royalties.

There is currently no provision allowing taxpayers to obtain withholding tax exemption certificates on royalties. This measure will enable taxpayers to access withholding tax exemption certificates for royalties.

- Provide a due date for appointed withholding agents under the Income Tax Act.

The measure requires that appointed agents remit withheld taxes to the Authority no later than 2 days before the due date prescribed for the respective items of income or category of tax. This measure aims to establish a specific due date by which appointed agents must remit the withheld taxes to ZRA.

- Introduce a penalty for a withholding agent for not remitting the withheld taxes before the due date.

Currently, no penalty is imposed on withholding tax agents for failing to remit withheld taxes by the due date. This measure seeks to address late payments by ensuring timely revenue collection, promoting fairness, enforcing compliance with tax laws, and covering administrative costs among taxpayers.

- Provide clarity that the 5-year period of incentives for a Special Purpose Vehicle (SPV) carrying out a Public Private Partnership (PPP) Project should begin when profits are first declared followed by the four consecutive years after.

INCOME TAXES MEASURES (CONTINUED)

HOUSEKEEPING MEASURES (CONTINUED)

The Income Tax Act currently provides a five-year relief for Special Purpose Vehicles (SPVs) engaged in Public Private Partnership Projects. However, the provision does not clarify whether the relief can be extended when the SPV declares losses after its first profit declaration. This measure aims to clarify that the five-year period of reduced rates includes the year in which the SPV first declares a profit, followed by the next four consecutive years.

- Provide for a waiver of penalties charged on the under-estimation of provisional tax.

The Income Tax Act allows for the waiver of penalties for various offenses, but not for under-estimation penalties. However, in some exceptional cases, underestimation may not be for tax benefit purposes. This measure seeks to grant the Commissioner General the authority to waive the under-estimation penalty if satisfied with the reasons.

- Introduce the following definitions in the Property Transfer Tax Act to clarify the definition of intellectual property:

“Copyright has the meaning assigned to the word in the Copyright and Performance Rights Act, Cap 406”;

“Industrial Design has the meaning assigned to the words in the Registered Designs Act, Cap 402”;

“Patent has the meaning assigned to the word in the Patents Act, Cap 400”;

“Trade Mark has the meaning assigned to the words in the Trade Marks Act.”

This measure seeks to define the various elements that constitute intellectual property by referencing the appropriate Zambian legislation.

- Expand the property transfer tax coverage to include regulated lenders outside the Banking and Financial Services Act to base foreclosure property valuations on actual sale price rather than the open market price.

The current legislation restricts the determination of realised value based on received sale proceeds to financial service providers covered by the Banking and Financial Services Act. This measure is meant to harmonise treatment of regulated persons that provide funding or other means of financing, which is secured by land and buildings.

INCOME TAXES MEASURES (CONTINUED)

HOUSEKEEPING MEASURES (CONTINUED)

- Restrict input tax deduction to transactions where the corresponding invoice is issued from an electronic invoicing system (Smart Invoice) provided that input tax deductions supported by approved invoices issued by taxpayers exempted from the use of Smart Invoice shall be accepted.

This measure will only allow input tax deductions or credits to transactions issued from the Smart Invoice system, with certain exceptions. Therefore, any invoice issued outside the smart invoice system except those prescribed by the Act will not qualify for input tax claims.

- Empower the Commissioner General, on prescribed conditions, to exempt a supplier or category of suppliers from using the Smart Invoice System.

Currently, the Commissioner General has no powers to exempt taxable suppliers from the use of Smart Invoice. However, some sectors or systems may not be suitable for integration.

This measure aims to empower the Commissioner-General to exempt a taxable supplier from using the Smart Invoice.

- Replace the words “Assistant Commissioner” with “Assistant Director” under Section 38A of the VAT Act.

Following the implementation of tax administration reforms, positions that were previously designated as Assistant Commissioner in the Value Added Tax Act were changed to Assistant Director. This measure seeks to align the job titles in the Act with the titles in the current operating model.

- Empower the Commissioner General to remit penalties where the current legislation has not provided such authority.

Currently, the Commissioner-General waives penalties for VAT related offences during ordinary administration and during Tax Amnesty. This measure is meant to specifically grant the Commissioner-General authority to waive such penalties.

VALUE ADDED TAX MEASURES

HOUSEKEEPING MEASURES

- Delete the definition of life policy under Order two (2) of the Exemption Order.

The definition of life policy is currently found only in Order 2 of the Exemption order, and lacks corresponding references in the itemized exemption categories as insurance products are now taxed under the Insurance Premium Levy Act.

- Delete the word “thousand” under Regulation 3(l)(b) of the VAT General Regulations relating to goods not constituting supply.

This measure seeks to delete the word “thousand” in order to reflect the amount for the value of the goods that do not constitute a supply, as this part was not amended following the rebasing of the Kwacha.

- Replace the word “million” with the word “thousand” under Regulation 15 of the Value Added Tax General Regulations relating to bi-annual submission of a return.

This measure aims to delete the word “million” and replace it with “thousand” in order to reflect the correct rebased position, as this part was not amended following the rebasing of the Kwacha.

- Delete Regulation 19 (2) of the Value Added Tax General Regulations relating to the penalty applicable for not using cash registers by registered taxpayers.

The use of cash registers for VAT sales recording has become obsolete given the recent shift towards fiscalisation and the mandatory implementation of Smart Invoice. This measure aims to remove the provision that allows for the use of cash registers and will align the legislation with the current requirement for electronic or Commissioner-General approved recording methods.

- Clarify when the seventy-two (72) hours starts to count for registered taxpayers relating to the upload of transactions which were manually uploaded under Regulation 5(3) of the VAT (Electronic Invoicing System) Regulations.

This measure seeks to clarify that that all transactions that are recorded manually should be uploaded to the Smart Invoice within 72 hours after the system is restored, as the downtime may exceed 72 hours.

VALUE ADDED TAX MEASURES (CONTINUED)

HOUSEKEEPING MEASURES (CONTINUED)

- Provide a uniform validity period relating to the recorded manual invoices to provisions under Regulations 6 and 5 of the VAT (Electronic Invoicing System) Regulations.

This measure seeks to tie the validity period of recorded manual invoices to provisions under Regulation 5, which provides for the use of manual invoicing where the use of the electronic invoicing system is disrupted.

- Provide under Regulation 10, a clause for any other reason relating to notification to the Commissioner-General by a taxpayer that ceases to use the approved invoicing system shall be done when a taxpayer discontinues the use for any reason.

Currently, a taxable supplier must submit a written request to the Commissioner General within 30 days of ceasing business to deactivate the approved invoicing system. This measure aims to provide for any other legitimate reason, besides cessation of business, that might lead a taxpayer to discontinue the use of an approved invoicing system.

- Clarify under Regulation 11 of the VAT (Electronic Invoicing System) Regulations that an approved invoicing system registered on Smart Invoice for use by a specific taxable supplier should not be transferred to a third party.

The current provision prohibits the transfer of an approved invoicing system to a third party, while the amendment expands the scope to encompass preventative measures against unauthorized access. The measure therefore seeks to strengthen taxpayer obligations by clarifying the responsibility to safeguard systems from unauthorized third-party access and use.

INSURANCE PREMIUM LEVY

- Replace the words “electronic fiscal device” with the words “Electronic Invoicing System” in the Insurance Premium Levy Act wherever the words appear.

This measure aims to replace references to electronic fiscal device with electronic Invoicing system, following the transition to the comprehensive electronic invoicing system (Smart Invoice).

CUSTOMS AND EXCISE MEASURES

COMPENSATING MEASURES

- Introduce 5 percent Selected Goods Surtax on imported printed paper products and packaging materials of HS Code 4819.20.00.

This measure seeks to support local manufacturers of paper products and packaging materials such as folding carton, boxes and cases of non-corrugated paper or paper boards.

- Introduce 20 percent Selected Goods Surtax on imported garden hose pipes of the following dimensions:

Hs code	Description	Current SGS Rate (%)	Proposed SGS Rate (%)
3917.21.20	-Garden hose of an internal diameter not exceeding 30.00 mm	0	20
3917.21.90	-Other	0	20
3917.22.20	-Rigid, of an internal diameter not exceeding 203.00mm	0	20
3917.22.90	-Other	0	20
3917.23.20	-Rigid, of an internal diameter not exceeding 30.00mm	5	20
3917.23.90	---Other	0	20

This measure seeks to support local manufacturers of garden hose pipes and encourage further investments in the sub-sector.

CUSTOMS AND EXCISE MEASURES (CONTINUED)

COMPENSATING MEASURES (CONTINUED)

- Increase Excise Duty on non-alcoholic beverages to K1 per litre from the current 60 Ngwee.

Currently, non-alcoholic beverages attract Excise Duty at K0.60/litre. The measure is intended to increase to K1/litre for non-alcoholic beverages to adjust for inflation.

- Introduce automatic annual adjustment indexation of the respective specific Excise Duty on tobacco and tobacco products, fuel and used motor vehicles based on the average inflation rate for the preceding year, which shall be capped at 20 percent.

This measure is intended to preserve the value of the respective specific excise duty on tobacco and tobacco products, fuel and used motor vehicles.

- Introduce Excise Duty at the rate of 10 percent on the betting amount

The measure is intended to expand the tax base and raise revenue to finance the provision of public services. The introduction of Excise Duty will also act as a deterrent for possible addiction of betting.

HOUSEKEEPING MEASURES

- Increase the penalty fee from 1,667 fee units (K664.40) to 10,000 fee units (K4,000) for anyone who fails to lodge a declaration for goods prior to the importation.

The utilization rate of the pre-clearance facility remains low despite it being a mandatory legal requirement. This measure is intended to increase the uptake of the pre-clearance facility which will enhance the processing efficiency and also reduce traffic congestion at borders.

- Provide for the pre-clearance of goods at any time prior to the arrival of goods in Zambia (Section 32 B 1 (d) of the Principal Act).

Currently the provisions of the principal Act provide that pre-clearance may be made at least five days prior to the arrival of goods in Zambia. The amendments is intended to permit preclearance to be made any time prior to the arrival of goods in Zambia.

- Provide for the Commissioner General to make rules relating to the conditions applicable to a person authorized to transact business on behalf of another pursuant to Section 184 of the principal.

CUSTOMS AND EXCISE MEASURES (CONTINUED)

HOUSEKEEPING MEASURES (CONTINUED)

The measure is intended to provide for the Commissioner to make rules under Section 184 of the principal Act to ensure the smooth management of person authorized to transact business on behalf of another.

- Amend Section 162 of the principal Act to provide for an appeal to be made on seized goods, additional methods of serving a seizure notice and the period for which a determination on the seizure can be made by the Commissioner General

Currently, there is no provision for an appeal to be made on seized goods and the time frame within which the Commissioner General may make a determination on an appeal. In addition, a seizure notice may only be served by physical delivery, post or publication in the Government Gazette.

This measure is intended to introduce a provision for an appeal on seized goods, the period within which a determination on the seizure can be made by the Commissioner General and introduce other contemporary methods of serving a seizure notice such as email.

- Provide circumstances under which a motor vehicle temporarily imported and declared on an Integrated Border Declaration Form (IBDF) or a Customs Import Permit (CIP) form may be finally cleared for home consumption

There is currently no legal provision to convert an Integrated Border Declaration Form (IBDF) or Customs Import Permit (CIP) to final clearance. The current legal framework only allows clearance of vehicles imported under IBDF and CIP to be surrendered or paid for if such vehicles are involved in an accident.

This measure, therefore, will provide a legal basis for which a motor vehicle temporarily imported and declared on an IBDF or a CIP form may be final cleared for home consumption.

- Empower the Commissioner General to suspend user accounts for Customs clearing agents and their principals, with outstanding obligations under Section 171A of the Principal Act.

CUSTOMS AND EXCISE MEASURES (CONTINUED)

HOUSEKEEPING MEASURES (CONTINUED)

- This measure seeks to enhance compliance amongst Customs clearing agents and their principals by empowering the Commissioner General to suspend user accounts (TPIN) in instances where they have outstanding obligations under Section 171 A.
- Align the number of days for payment after an assessment from five (5) to three (3) days in Section 108 (10) with Section 32B subsection (2) of the Principal Act.

The measure aims to align the Customs and Excise Act with the recent amendment that reduced the time allowed from assessment to payment from 5 days to 3 days under Section 32(B)(2) through Act number 25 of 2023. The measure is also intended to facilitate trade and expedite the flow of traffic at borders.

- Align the number of days for payment of duty to within three (3) days after the issuance of a notice assessment in Section 139(D)(6) with Section 32B (2) of the Principal Act.

The measure aims to align the Customs and Excise Act with the recent amendment that reduced the time allowed from assessment to payment from 5 days to 3 days under Section 32(B)(2) through Act number 25 of 2023. The measure is also intended to facilitate trade and expedite the flow of traffic at borders.

- Align the number of days for payment of duty to within three (3) days after the issuance of a notice assessment in Regulation 14(2) of the principal Regulations with Section 32B (2) of the Principal Act.
- The measure aims to align the Customs and Excise Act with the recent amendment that reduced the time allowed from assessment to payment from 5 days to 3 days under Section 32(B)(2) through Act number 25 of 2023. The measure is also intended to facilitate trade and expedite the flow of traffic at borders.
- Align the number of days for payment of duty to within three (3) days after the issuance of a notice assessment in Regulation 19 of the principal Regulations with Section 32B (2) of the Principal Act.

CUSTOMS AND EXCISE MEASURES (CONTINUED)

HOUSEKEEPING MEASURES (CONTINUED)

- The measure aims to align the Customs and Excise Act with the recent amendment that reduced the time allowed from assessment to payment from 5 days to 3 days under Section 32(B)(2) through Act number 25 of 2023. The measure is also intended to facilitate trade and expedite the flow of traffic at borders.
- Align the number of days for payment of duty to within three (3) days after the issuance of a notice assessment in Regulation 52 of the principal Regulations with Section 32B(2) of the Principal Act.

The measure aims to align the Customs and Excise Act with the recent amendment that reduced the time allowed from assessment to payment from 5 days to 3 days under Section 32(B)(2) through Act number 25 of 2023. The measure is also intended to facilitate trade and expedite the flow of traffic at borders.

- Increase fee units for duplications and cancellations of Bills of Entry from 5000 (K2000) to 10,000 (K4,000) in the First Schedule to the Principal Regulations.

This measure seeks to discourage duplication and cancellation of bills of entry on the ASYCUDA World system and reduce fraud cases.

- Reduce the number of days from fifteen to ten within which warehoused goods can be entered for consumption, re-warehousing or export after the expiry of the one year under Section 62 of the Principal Act.

The current allowance for warehoused goods to be entered for consumption, warehousing, or export after one year is 15 days. The proposed measure seeks to reduce this period to 10 days in order to limit risk to revenue and ensure that goods are promptly accounted for.

CUSTOMS AND EXCISE MEASURES (CONTINUED)

HOUSEKEEPING MEASURES (CONTINUED)

- Align the definition of the Tribunal under Section 2 of the Principal Act to that appearing in the Tax Appeals Tribunal Act 2015.

Currently, the Customs and Excise Act defines 'Tribunal' as the "Revenue Appeals Tribunal established under the Revenue Appeals Tribunal Act". However, the aforesaid Act was repealed and replaced with the Tax Appeals Tribunal Act 2015. The measure therefore intends to align the definition to the relevant Act.

- Align the name of Revenue Appeals Tribunal to Tax Appeals Tribunal in Section 86 of the Principal Act.

The measure is intended to align the name of the tribunal as amended in the Tax Appeals Tribunal Act of 2015.

- Recast the term 'Revenue Appeals Tribunal' to 'Tax Appeals Tribunal' under Section 99 of the Customs and Excise Act.

The measure seeks to align the Tax Appeals Tribunal to what it was renamed effective 2015. This will also ensure consistency with the short titles of the Tax Appeals Tribunal Act and the Tax Appeals Tribunal Rules. This will also ensure consistency in the Customs and Excise Act.

- Align the period within which a person can appeal to the Tax Appeals Tribunal on valuation assessments under Section 86 (4) of the principal Act to that provided for in clause 5 of the Tax Appeals Tribunal Rules.

This measure aims to amend the Customs and Excise Act to align with the Tax Appeals Tribunal Rules, which allow 30 days to appeal matters determined by the Commissioner General.

- Extend the working hours at Victoria Falls to twenty-four hours (24hrs).

The measure is intended to extend the working hours at Victoria Falls to facilitate trade and tourism.

CUSTOMS AND EXCISE MEASURES (CONTINUED)

HOUSEKEEPING MEASURES (CONTINUED)

- Designate Zombe as Customs House and Mpika a port of entry for goods imported by pipeline. Further, designate Mpika as warehousing port.

Currently, Zombe is designated as a port of entry for non-commercial goods while Mpika is neither a port of entry nor a Customs House.

The measure is intended to provide a legal basis for Zombe to be a Customs House to facilitate the clearance of commercial goods. The measure also provides for Mpika to be a port of entry as well as a warehousing port through which fuel imported via pipeline will be warehoused and subsequently cleared by Customs.

- Introduce Simplified Trade Regime with a value threshold of exported goods aligned to that of imported goods (US\$2,000) for which an entry can be dispensed with as the Commissioner General may prescribe.

Currently, there is no Simplified Trade Regime for exports and a value threshold for exported goods for which an entry can be dispensed with, while there is a Simplified Trade Regime for imported goods with a threshold of US\$2,000 equivalent or less for which an entry can be dispensed with.

The measure will provide legal basis for the automation of the exports under Simplified Trade Regime and subsequently enable statistics for cross border traders with a threshold of US\$2,000 equivalent or less to be collected. In addition, the measure will support the Exports Proceeds Tracking Mechanism.

- Provide for the payment of thirty (30) fee units (K12) for entry of goods for export under a simplified trade regime.

The current thirty fee units (K12) for each entry are paid on the entry of imported goods for consumption under the Simplified Trade Regime. The measure is intended to ensure that payment is also made for the entry of goods for export under a simplified trade regime. This will also support the Exports Proceeds Tracking mechanism.

CUSTOMS AND EXCISE MEASURES (CONTINUED)

HOUSEKEEPING MEASURES (CONTINUED)

- Provide a period of fifteen days for which goods entered for in-bond carriage by rail to a customs area or another customs office inland, shall be entered for consumption or warehousing.

The measure aims to extend the time frame for moving goods in bond by rail to a customs area or another customs office to an inland station for clearance or warehousing. The measure considers longer transit times that rail cargo typically requires on account of various challenges that are currently associated with railway transportation in Zambia.

- Provide for a general penalty for offenses committed by licensed manufacturer of excisable goods under Section 155 of the Customs and Excise Act.

Section 155 (2) provides for a general penalty but refers to the customs value which is determined in accordance with the Fifth Schedule while the value for excise purposes is determined in accordance with the Sixth Schedule. This measure will also align the penalty for excisable services as provided in subsection (3) with that of excisable goods.

- Subdivide the following subheadings in accordance with the recommendations from the Customs Co-operation Council:

(a) 2903.89.00 (Other halogenated derivatives of cycanic, cycenic or cycloterpentic Hydrocarbons);

(b) 2909 .30. 10 (Other Aromatic ethers and their halogenated, sulphonated, nitrated or nitrosated derivatives not in bulk) and 2903.30.20 (Other Aromatic ethers and their halogenated, sulphonated, nitrated or nitrosated derivatives not in bulk);

(c) 2915.90.00 (Other Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives; and

CUSTOMS AND EXCISE MEASURES (CONTINUED)

HOUSEKEEPING MEASURES (CONTINUED)

- (d) 2930.90.10 (Other organo-sulphur compounds - In bulk) and 23930.90.20 (Other organo-sulphur compounds - Not in bulk) in accordance with the recommendations made by the Customs Co-operation Council.

The measure seeks to implement recommendations of the Customs Co-operation Council, to which Zambia is a member. The Council urged member administrations to take appropriate action by inserting additional national subdivisions in their statistical nomenclatures to facilitate the collection and comparison of data on the international movement of the above listed substances that are controlled under the Rotterdam convention.

- Separate Harmonized System (HS) Codes for Soya Bean Cake and Soya Husks.

Currently, Soya Bean Cake and Soya Husks both incur a 5% customs duty and a 5% surtax and are classified under the same HS Code 2304.00.00, despite being distinct products. As the two products have different values and uses, the measure seeks to ensure that any policy changes affecting one in relation to international trade does not also impact the other due to their shared HS Code classification.

- Include electrical energy (of not more than 100KW) as one of the goods that can be produced for personal and domestic use without a licence and without payment of duty.

This measure aims to provide a legal basis for exempting domestic manufacturers of electrical energy, which will promote the uptake of off-grid power solutions by households. Currently there is no provision exempting anyone producing electrical energy in any quantity and for any purpose.

NON-TAX MEASURES

- Amend the Mobile Money Transaction Levy Act, 2023, to appoint ZRA to administer the Act.

The Mobile Money Transaction Levy Act, 2023 introduced a Levy on person-to-person transfers of electronic money as prescribed. The Act prescribes that the Bank of Zambia shall administer the Act. This measure seeks to leverage the existing systems and various mechanisms that the Authority already has in place to effectively collect Government revenue.



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2025 Annual Borrowing Plan

General Statement

The 2025 Annual Borrowing Plan (ABP) outlines Government's plan to secure the necessary resources to cover the deficit in the 2025 National Budget. The ABP has been developed pursuant to Section 8 of the Public Debt Management Act, 2022, and demonstrates Government's dedication to responsible and sustainable borrowing for strategic national development.

The development of the 2025 ABP is underpinned by the 2024-2026 Medium-Term Debt Strategy (MTDS) and the constraints identified in the 2024 Debt Sustainability Analysis (DSA). These factors influenced decisions on achieving the optimal balance between external and domestic debt, while considering the costs and risks associated with each category of debt.

The 2025 ABP also takes into account Zambia's commitments under the International Monetary Fund (IMF) Programme and the ongoing debt restructuring efforts. Consequently, all borrowing activities for the 2025 financial year will comply with the agreed IMF Programme parameters, including restricting external financing to concessional loans. While Government is implementing reforms to restore debt sustainability, it recognizes the ongoing need to provide essential public goods and services to drive economic transformation, create jobs, and ensure the overall well-being of Zambian citizens. Thus, the 2025 ABP addresses the need for Government to close the financing gap in the 2025 National Budget.

The publication of the ABP enhances transparency and accountability in public debt management by providing clear and detailed information on Government's borrowing intentions and strategies. By making this information publicly available, Government fosters trust, ensures oversight, and strengthens its commitment to responsible and sustainable debt management practices.

ACRONYMS

8NDP	Eighth National Development Plan
ABP	Annual Borrowing Plan
ECF	Extended Credit Facility
IMF	International Monetary Fund
MTDS	Medium Term Debt Strategy
NDF	Net Domestic Financing

DEFINITIONS

Concessional loans are loans that are extended on terms substantially more generous than commercial loans. They are generally characterised by lower interest rates, long grace periods and long repayment periods.

Debt service refers to payments made to meet a debt obligation and it includes interest payments and principal repayments.

Debt stock is the total amount of debt outstanding at a particular point in time.

Disbursements/Drawdowns are agreed amounts of money under a loan contract paid from the lender's account to the borrower's account. Once received by the borrower, disbursements/drawdowns on a loan become part of the debt stock.

Government securities are debt instruments used by the Government to raise financing for budget support. They constitute Treasury bills, which mature within a year and Government bonds, which have a maturity period of more than one year.

Maturities refer to the principal repayment on a loan due at a particular point in time.

Net Domestic Financing (NDF) refers to the total domestic borrowing less maturities on Government securities falling due during the period under consideration, available to finance the budget.

T+4 (Treasury Bills) refers to the date of the auction (T) which is usually on a Thursday plus 4 days from the date of the Auction which is usually on a Monday when settlement takes place.

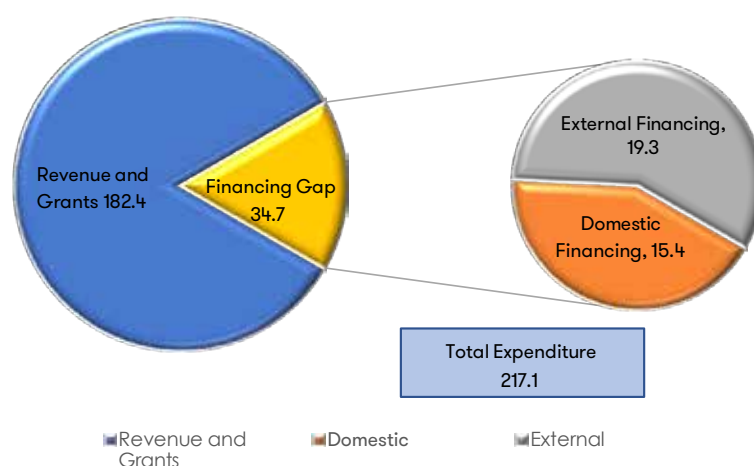
T + 3 (Bonds) is the date of the auction (T) which is usually on a Friday plus 3 days from the date of the Auction which is usually on a Monday when settlement takes place.

TOTAL BORROWING NEEDS FOR THE FINANCIAL YEAR 2025

In 2025, the Government intends to spend **K217.1 billion** to be financed through tax and non-tax revenues, grants and debt. Revenue and grants are projected at **K182.4 billion** leaving a deficit of **K34.7 billion**. This will be financed through domestic and external borrowing of **K15.4 billion** and **K19.3 billion**, respectively (See Figure 1). The external borrowing of **K19.3 billion** relates to projected disbursements on *already contracted* loans, which were previously approved by the National Assembly, while domestic financing of **K15.4 billion** relates to new debt to be raised from the domestic market through issuances of Government securities in 2025.

Out of the total borrowing of **K34.7 billion**, only domestic financing requires approval of the National Assembly.

Figure 1: 2025 Resource Requirements (K' Billion)



• Debt to be Contracted in 2025

In 2025, the Government intends to contract Net Domestic Financing (NDF) of **K15.4 billion**, to finance the 2025 National Budget (see Table 1). The Government does not plan to contract any new external loans in 2025. The only external borrowing in the 2025 Budget relates to disbursements on already contracted loans.

Table 1: Debt to be Contracted in 2025

Description	Loan Amount (Face Value)	Amount to be disbursed in 2025	Purpose of the Borrowing
1. Net Domestic Financing (ZMW)	15,359,224,678	15,359,224,678	Budget Support

- **Debt to be Contracted in 2025 (continued)**

Details of the proposed domestic borrowing strategy for the year 2025 are outlined in the sections below.

DOMESTIC DEBT

Gross Domestic Financing for the financial year 2025 is projected at **K78.6 billion**, out of which **K15.4 billion** will be NDF to finance the 2025 National Budget, with the remainder being used to refinance maturities falling due in 2025.

- **Methods of Raising Domestic Financing**

In 2025, domestic financing will be raised through the issuance of Government securities in public auctions. The auctions will continue to be conducted by the Bank of Zambia in its capacity as Government’s fiscal agent.

The auction frequency will be maintained on a monthly basis for Government bonds and fortnightly for Treasury bills. Invitations for tender bids will provide details on the auction size, tenor of instruments to be issued, amounts on offer per instrument, issue number, and indicative dates for the auctions.

Government bonds will continue to be issued at face value with market driven coupon rates while Treasury bills will continue to be issued at a discount at market yield rates. Additionally, Government securities will be issued in local currency through competitive and non-competitive bidding at single price allotment.

- **Domestic Debt Borrowing Instruments**

Government bonds will constitute both medium and long-term domestic debt instruments to be issued during the year. The tenors on offer will be 2-years, 3-years, 5-years, 7-years, 10- years and 15-years to be issued monthly with T+3 being the settlement date.

- **Domestic Debt Borrowing Instruments (continued)**

Treasury bills will constitute short-term instruments with a maturity period of up to one year. Instruments on offer will include the 91-days,

180-days, 273-days and 364-days tenors to be issued fortnightly with settlement date being T+4.

- **2025 Issuance Calendar**

The 2025 ABP will be complemented by the publication of quarterly issuance calendars for both Treasury bills and Government bonds. The calendar will spell out the indicative timing and tender sizes for domestic borrowing operations during the course of the year.

The issuance calendar will be published on the Bank of Zambia website and in daily newspapers circulated in Zambia.

- **Broad Terms of Borrowing**

Yield rates on Government securities will be market driven. The Government will, however, be monitoring movements in the yield rates in line with Government’s objective of borrowing at least cost and ensuring a prudent degree of risk.

- **Maximum Limit on new Net Domestic Financing**

The maximum limit on Net Domestic Financing for the 2025 financial year is K15,359,224,678.

EXTERNAL DEBT

Government has not planned for contraction of any new loans from external sources in 2025. Therefore, external financing will be entirely met through drawdowns on already contracted external loans.

- **Projected Disbursements on Existing Loans**

The Government projects to drawdown **US \$697.4 million** from already contracted external loans and the Extended Credit Facility from the IMF (see Table 2). These funds will be utilised for the continued implementation of ongoing projects in various sectors of the economy, as well as general budget support.

EXTERNAL DEBT (CONTINUED)**Table 2: Projected Disbursements on the IMF ECF and Other Existing External Loans**

Description	2025 Projected Disbursements (US\$)
IMF Extended Credit Facility (Budget support)	187,955,612.78
Drawdown on already contracted loans	509,474,770.95 ¹
Total	697,430,383.73

NET CHANGE IN PUBLIC DEBT

Assuming full subscriptions on Government securities auctions, total issuances in 2025 are projected to raise **K78.6 billion**, with maturities on domestic debt projected at **K63.2 billion**, resulting in a net increase in domestic debt stock of **K15.4 billion**.

Disbursements on external loans are projected at **US \$697.4 million** while principal loan repayments are projected at **US \$340.6 million**², resulting in a net increase in external debt stock of **US \$356.8 million**.

The total projected net increase of the borrowing operations of Central Government in 2025 (domestic and external) is, therefore, an increase of **US \$909.4 million**³ in the stock of central Government public debt at end December, 2024.

¹ Refer to Annex 1 for breakdown of projected disbursements on already contracted loans.

² The projection takes into consideration the ongoing debt restructuring and the projections are likely to be revised.

³ The domestic debt is converted at an exchange rate of K27.8/US\$

RISK MANAGEMENT

The borrowing operations for the 2025 financial year will be conducted in a manner that ensures that Government financing needs are met at minimal cost, with a prudent degree of risk, in accordance with the 2024-2026 MTDS.

- Domestic Financing**

Under domestic financing, the main risks relate to:

- (i) **Underperformance of Auctions:** Undersubscriptions in Government bond and Treasury bill auctions arise due to the unpredictability of investor demand and liquidity conditions in the market.
- (ii) **Refinancing and Rollover Risk:** As domestic maturities are largely refinanced from new issuances, this poses higher refinancing risks for the Government if the maturities are rolled over at higher interest rates than the maturing debt.

To mitigate these risks, measures will be implemented to ensure a sustainable and stable macroeconomic environment which gives confidence to players in the economy, and the implementation of various reforms that support economic growth and development. In this regard, the Government will also continue to enhance budget credibility.

- External Financing**

Under external financing, the main risks relate to:

- (i) **Exchange Rate Risk:** Exchange rate fluctuations may result in a possible mismatch in planned expenditures on debt service and/or funds to be raised from external sources in kwacha terms; and
- (ii) **Operational Risk:** Delays in meeting project implementation milestones, leading to delayed disbursements on contracted loans.

To mitigate against operational risks, the Ministry of Finance and National Planning will proactively engage with the implementing ministries to ensure timely execution of projects, while supporting economic growth and trade through the various sectors.

ANNEX 1: PROJECTED DISBURSEMENTS ON EXISTING LOANS

PROJECT NAME	PROJECTED DISBURSEMENTS (US \$)
Chinsali-Nakonde Road Rehabilitation (Africa G.T Component)	4,572,000.00
Small Towns Water and Sanitation Project (ADF Component)	1,052,046.54
Aqua Culture Enterprise Development Project	726,464.79
Chinsali-Nakonde Road Rehabilitation (ADB)	30,500,000.00
Cashew Infrastructure Development Project	296,892.03
Lake Tanganyika Development Project Phase II	1,239,298.04
Lusaka Sanitation Program	3,402,891.30
Rural Water and Sanitation Project Phase II	1,468,593.02
Skill Development and Entrepreneurship Project	1,246,549.61
Small Towns Water Supply Project (ADB Component)	3,446,316.47
Chiansi Smallholder Project	2,000,000.00
Itzhi-Tezhi Hydro Transmission Line Project	1,300,000.00
Kariba Dam Rehabilitation Project (ADB Component)	10,184,374.00
Kazungula Bridge Project	2,175,217.58
Sustainable Livestock Infrastructure Management Project	2,370,765.18
NACALA Phase IV	163,614.23
NACALA Road Corridor Development Project	4,213,190.78
Programme for Integrated Development and Adaptation to Climate Change in the Zambezi Basin	1,018,919.31
Support for Science and Technology	1,552,099.27
Zambia Emergency Food Production	947,745.45
Cancer Treatment Centers Project (BADEA Component)	3,500,000.00
Great East Road Rehabilitation Project	4,100,000.00
Great North Road (T2) Upgrade Project	8,000,000.00
Kafue-Livingstone Transmission Line	3,200,000.00
Lusaka Power Transmission	8,247,278.00
Lusaka Sanitation Programme	15,500,000.00
Africa CDC Regional Investment Project	23,069,570.62
Zambia Devolution Support Programme	30,875,000.00
Zambia Education Enhancement Project	32,840,000.00
Zambia Education Enhancement Project III	39,000,000.00
Girls Education and Women Empowerment II	438,241.93
Kariba Dam Rehabilitation Project (IDA Component)	23,600,000.00
SADC Regional Statistics Programme.	9,200,000.00
Tourism Development Project	15,000,000.00
Zambia Agribusiness and Trade Project	44,000,000.00
Zambia COVID-19 Emergency Project	622,449.61
Zambia Growth Opportunities Programme	71,000,000.00
Zambia Improved Rural Connectivity Programme	43,000,000.00
Cancer Treatment Centers (OFID Component)	2,000,000.00

ANNEX 1: PROJECTED DISBURSEMENTS ON EXISTING LOANS (CONTINUED)

PROJECT NAME	PROJECTED DISBURSEMENTS (US\$)
National Rural Water and Sanitation Project	1,096,074.60
Modernisation of UTH Lusaka Project	2,000,000.00
Provision of Decent Medical Care	6,809,178.59
Improving Access and Strengthening Innovations for Water, Sanitation and Hygiene	3,000,000.00
Enhanced Smallholder Livestock Investment Programme Phase II	3,000,000.00
Rural Finance Expansion Programme Phase II	4,000,000.00
Provision of Decent Medical Care-Additional Financing	35,000,000.00
Kalabo-Sikongo Border Road Project	3,500,000.00
Total	509,474,770.95

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2024 – 2026 Medium Term Budget Plan (MTBP)

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1 2024 – 2026 MTBP Macro Economic Objectives

GDP Growth	Attain a real GDP growth rate of at least 4.7% over the medium term
Inflation	Sustain single digit inflation (6-8%)
Reserves	Maintain foreign exchange reserves of at least 3 months of import cover
Revenues	Mobilise domestic revenues of at least 21.9% of GDP by 2026
Deficit	Reduce the fiscal deficit to no more than 2.5 percent of GDP by 2026
Debt	Limit domestic borrowing to no more than 2.2% of GDP by 2026

2 Key Macro Economic Assumptions

	2024	2025	2026
Real GDP Growth (%)	4.8	4.3	4.7
Nominal GDP (In millions of Kwacha)	641,620.8	707,975.1	791,191.1
Budget Deficit (% of GDP)	5.0	3.1	2.5
CPI Inflation (annual average)	8.2	7.3	7.0
Average Exchange Rate (Kwacha /US dollar)	18.6	19.6	20.6
Copper Prices (In US\$ per MT)	8,300.0	8,000.0	8,500.0
Copper Production (Metric Tonnes)	796,994.3	866,003.6	939,683.9
Oil Price (in US dollar per barrel)	80	80	80

3 2024 – 2026 Projection of Budget Resources & Debt Payments

- The 2024 – 2026 medium term fiscal policy is anchored on enhancing domestic resource mobilization to finance public expenditure that will catalyse a spur in economic growth and improve livelihoods.
- Revenue and grants are projected to increase to K136.8 billion in 2026 from K113.3 billion in 2023.
- Financing (borrowing) to reduce gradually over the medium term, from the planned K54.0 billion in 2023 to K25.9 billion in 2026.

3 2024 – 2026 Projection of Budget Resources & Debt Payments (continued)

- Expenditure is projected to increase to K201.2 billion in 2026 from K167.3 billion in 2023.
- Therefore, to ensure fiscal sustainability (build capacity to service debt and support service delivery), the 2024 to 2026 medium term will largely be anchored on investing in productive areas that will spur growth and increase domestic revenue collections.

4 Revenue Measures

Key interventions

- Operationalise the Electronic Invoicing System (EIS) by January 2024 to assure greater integrity of the invoicing system for VAT purposes, in the country, and hence prevent the proliferation of fake invoices.
- Phase out the manual receipting system for Government services and move the collection mechanisms to digital platforms, mainly through the Government Service Bus.
- Undertake and complete the interfacing of Government Information Technology systems such as the Integrated Financial Management Information System (IFMIS), Zambia Integrated Land Administration System, Business Registration System, and Road Traffic Management System through the Government Service Bus platform with the Tax Online System;
- Mandate all sales of precious metals such as Gold, Manganese, Sugilite, and Diamond, produced by artisanal miners to an aggregator appointed by the Government to allow for the effective accountability of sales proceeds as well as tax revenues.

4 Revenue Measures (continued)

- Upgrade and modernize border posts to promote trade, including the Sakania Border, Mokambo Border and Kipushi Border Post.
- Operationalise the Mining Regulatory Commission for sustainable exploitation of the country's mineral resources.
- Undertake the geological survey of the country to facilitate for increased exploration investment.
- Streamline the granting of tax incentives and concentrate more on mobilising revenues from consumption taxes such as excise duties.

5 Financing Measures

Key Interventions

- Continue implementing the moratorium on the contraction of commercial loans until 2025 and only allow contraction of concessional financing with low interest rates and long maturity periods.
- Continue contracting domestic debt through issuance of Government Bonds and Treasury Bills on competitive public auctions.
- Leverage on Public Private Partnership (PPP) as an alternative source of financing to promote investment in various sectors.

6 Expenditure Measures

a) Key Interventions

- Realign expenditures with the aim of:
 - Enhancing economic growth and job creation – focus on mining, agriculture, tourism, digitalization;
 - Bridging the rural-urban gap - decentralization policy, Constituency Development Fund (CDF); and
 - Protecting social spending – health, education, water and sanitation, social cash transfer and pensions.

6 Expenditure Measures (continued)

b) Expenditure policy

- The public service wage bill will be contained at not more than 42% of domestic revenues and ensure it remains within sustainable levels.
- Increase the drug budget in order to make drugs readily available in all health facilities.
- Maintain debt service payments at the utmost at 6.5% of GDP whilst meeting all the debt service obligations.
- Prioritise social sector releases.

2024 – 2026 MTBP allocations by functions of Government (As share of total budget)

Function	2023 Approved budget	2024 projection	2025 projection	2026 projection	2024 – 2026 Average
General public services	39.5%	28.9%	25.7%	28.6%	27.7%
Defence	4.9%	5.4%	5.5%	5.2%	5.3%
Public Order and Safety	3.1%	4.2%	4.3%	4.0%	4.2%
Economic Affairs	20.9%	26.0%	29.4%	28.3%	27.9%
Environmental Protection	0.6%	1.0%	1.0%	1.2%	1.1%
Housing and Community Amenities	1.5%	1.7%	1.8%	1.7%	1.8%
Health	10.4%	11.2%	11.2%	10.8%	11.1%
Recreation, Culture and Religion	0.3%	0.3%	0.3%	0.3%	0.3%
Education	13.9%	15.3%	15.0%	14.5%	14.9%
Social Protection	4.9%	6.1%	5.8%	5.3%	5.7%
Total	100%	100%	100%	100%	100%

7 Expenditure Allocations by Functions of Government

Notable changes of expenditure by functions of Government:

- Expenditure on General Public Services is projected to reduce to 28.9% of the Budget in 2024 compared to 39.5% in 2023. This is largely on account of the reduction in external debt servicing on account of debt restructuring.
- Expenditure on Defence is projected to marginally increase to 5.4% of the Budget in 2024 from 4.9% in 2023 largely on account of the recruitment of security personnel (5,000 personnel).
- Public Order and Safety is similarly projected to increase on account of recruitment of police and immigration officers, and intervention under the Integrated National Registration Information System (INRIS).
- The Economic Affairs allocation is projected to take up 26.0% of the Budget in 2024 compared to 20.9% in 2023. This is largely on account of interventions in the Agriculture and fisheries sub-sectors i.e farm blocks and animal disease control and interventions in the road sector.
- Allocation to Health and Education functions are also projected to increase on account of recruitment of health and education personnel and infrastructure development.
- The share of Social Protection is equally projected to increase on account of scaling up allocations to social safety nets i.e Social Cash Transfer and pensions.

8 Strategic Development Areas

Economic Transformation and Job Creation

- Key will be to:
 - ensure the right policies and regulatory environment are in place to support private sector investment.
 - transform the economy to an industrialised and diversified one through value addition.
- **Agriculture sector**

Implementation of the Comprehensive Agriculture Transformation Support Programme (including migration of the Farmer Input Support Programme electronic system); irrigation development; extension services, livestock disease control; promotion of fodder and improved pasture production among smallholders and ranches as well as promote linkage between them, establishment of fish feed plants, cold chain facilities and hatcheries.
- **Mining sector**
 - Undertaking of integrated geophysical, geological and satellite imagery surveys with a view of identifying mineral resource deposit areas.
 - Operationalisation of the Mining Regulatory Commission to enhance regulation of the sector, promote investments, and ensure the nation accrues the requisite benefits from its mineral endowments.
 - Development of local content regulations that will enhance the participation of Zambians including through the development of real partnerships with investors.

8 Strategic Development Areas (continued)

- **Manufacturing Sector**
 - Increased value addition in the agriculture, mining and forestry sectors.
- **Energy Sector.**
 - Investment in power generation infrastructure
 - Promote the use of alternative green and renewable energy.
 - Scale-up rural electrification initiatives.
 - Implement the cost reflective pricing.
 - Accelerate the integration of transmission projects.
- **Tourism Sector**
 - Consolidate the development of the Northern and Southern Circuits particularly around Kasaba Bay and Liuwa National Park.
- **Transport Sector**
 - Maintenance, development, modernisation, and integration of road, rail, air and water transport infrastructure.
- **Information and Communications Technology Sector**
 - Integrate digital technologies into business processes.
 - Invest in building digital skills, especially among the youth.
 - Establish technology and innovation hubs across the country.

8 Strategic Development Areas (continued)

Human Development Objectives

- Key focus is to reduce poverty, inequality, and vulnerability, and thus, in the upliftment and safeguarding of livelihoods for all Zambians:
 - Recruitment of frontline personnel especially in the health and education sectors.
 - Provision of essential requisites and infrastructure.
 - Enhance skills training.
 - Continue with Social Cash Transfer Scheme and other social safety nets as well as the timely payment of pension benefits to retired public service workers.
 - Decentralisation of district health services.

Environmental Sustainability Objectives

- Develop climate resilient infrastructure as well as extend and improve coverage of early warning systems.
- Promote innovative financing and spearhead resource mobilisation for climate change interventions.

Good Governance Objectives

- **Debt Management:** Continue with the ongoing external debt restructuring exercise and seek comparable treatment from its private creditors including the Eurobond holders.
- **Decentralisation:** Actualise the implementation of fiscal decentralisation in line with the decentralisation policy implementation plan.
- **Public Private Partnership:** Continue leveraging on Public Private Partnership (PPP) as an alternative to promote investment in various sectors financing source.

8 Strategic Development Areas (continued)

- **Public Investment Management:** Continue to appraise all major public investment projects before inclusion in the Medium Term Budget Plans and the Annual Budget.
- **Monetary and Financial Sector Policies:** Pursue policies aimed at maintaining price and financial system stability which is critical to promoting inclusive and sustainable growth.
- **External Sector Policies:** Diversify the export base to increase export earnings, build gross international reserves and reduce volatility in the exchange rate.
- **Financial Inclusion:** Continue to improve access to affordable finance for farmers, agribusinesses, Micro, Small and Medium Enterprises (MSMEs) and exporters of high-value agricultural products.

9. Risks to the 2024 Budget & 2024 – 2026 MTBP

- **Weaker copper revenues** on account of lower ore grades and delayed investments in the sector; as well as weakening of copper prices;
- **Exchange rate fluctuations** on account of high demand for importation of commodities and foreign debt service;
- **Climate change** effects that pose a risk in terms of both food security and hydropower generation;
- **Inflationary pressures** due to exchange rate pass through effects and climate induced events such as food shortages;
- **Subdued global growth** due to contraction of China's economy, a main market for Zambia's copper exports; and
- **The Ukraine-Russia Conflict** that threatens supply chains of commodities, creating inflationary pressures. In addition, higher interest rates, thereby, constraining credit availability for weaker economies such as Zambia.

Doing Business in Zambia

- Zambia continues to attract Foreign Direct Investments (FDIs). This attests to the attractiveness of doing business in Zambia. Since 1991, the Government of the Republic of Zambia (GRZ) has been providing an enabling environment for businesses, both public and private to thrive. For the last 60 years since its independence in 1964, Zambia has been politically stable and has a young and stable democracy. It is an oasis of peace.
- The Government continues to create an enabling and conducive regulatory environment for operating business in Zambia through:
 - Revamping of the Patents and Companies Registration Agency (PACRA) and the creation of a one-stop shop.
 - Elimination of the minimum capital contribution requirement for business start-up.
 - Land registry computerisation and creation of a customer service centre to eliminate the backlog of registration requests. As a result, the time required to register property in the country has reduced. A new electronic land registration system has also been implemented.
 - Positioning the country well with comparator economies on the ease of obtaining credit by strengthening access to credit information through the use of credit reference reports and data provided to the Credit Reference Bureau by banks and non-bank financial institutions.
 - Implementation by Zambia Revenue Authority (ZRA) of electronic filing and payment (e-filing and e-payment) systems to enhance tax compliance.
 - Implementation of one-stop border posts at Chirundu, Kazungula, Kasumbalesa and Nakonde to ease trade for importers and exporters of goods. Zambia Revenue Authority (ZRA) has also launched web-based submission of customs declaration and scanning machines at some border posts.

Why Invest in Zambia

- Zambia is a large country with a relatively small but increasing population, good climate to live in and has abundant natural resources and consequently a conducive country to do business in. Some of the salient statistics of Zambia are shown in the table below:

Land area	752,618 sq. km
Population	Approx. 20 million, made up of mainly young people and relatively skilled labour force.
Gross Domestic Product (GDP) per capita	Approx. US\$ 1,681
GDP growth (annual)	About 2.3 %
Exchange rate	US\$1=26 Zambian Kwacha (K)
Inflation rate	Approx. 15.6%
Repatriation of Profits	100%
Exchange Control	None. Free floating currency
Natural Resources	Abundant
Taxation system	Attractive and progressive
Electricity and Energy	Normally abundant except in drought years, relatively expensive.
Average Lending Rate (ALR)	Approx. 28.7%
Legal Framework	Zambian Companies Act and Statutory Instruments subsequently issued.

Source: ZDA (why invest in Zambia – (updated))

Infrastructure Development

- Government has in the last twenty years or so invested heavily in general infrastructure to improve on the environment for supporting businesses. For example:
 - Billions of dollars have been invested in the main trunk roads, in urban roads and rural roads;
 - Millions of dollars have been invested in the educational system to increase the quality and quantity of labour;
 - Millions of dollars have been invested in the health facilities, equipment and health personnel to move towards a healthy population;
 - Various legal reforms have been embarked on to have a conducive environment; and
 - Tax incentives have been availed to investors in rural areas and strategic sectors.
- Government has continually streamlined the licensing and administrative processes for the private sector through the Private Sector Development and Reform Program (PSDRP). Government has also provided for Public Private Dialogue Forum.
- The Certificate of Registration for investments under the ZDA Act provides investment guarantees and protection against state nationalisation.
- In addition to the statistics shown above the Government of the Republic of Zambia has formulated very attractive Investment Incentives. Investors are allowed to form any type of companies but GRZ encourages partnering with local businesses and people.
- Zambia has been moving towards a One Stop Shop for Business Registration (OSSBR) by bringing in the Zambia Development Agency (ZDA), the Investment Centre, Patents and Companies Registration Agency (PACRA) and other agencies as an OSSBR. The objectives are to improve efficiency, reduce cost and time, make business registration more accessible and increase level of compliance. This has been done through streamlining business registration procedures, having integrated IT systems, decentralisation and carrying out sensitisation and awareness campaigns.

Infrastructure Development (continued)

- The mainstay of the Zambian economy remains Mining (mainly copper). The other major sectors are Tourism, Agriculture, Construction and Transport. There is potential in the Manufacturing and Financial Services sectors which are growing and thriving. There are also various other niche sectors which offer attractive investment opportunities.
- The Financial Services sector is regulated by the Banking and Financial Services Act through the Bank of Zambia (BOZ) which falls under the Ministry of Finance and the Pension Scheme Regulation Act and Insurance Act through the Pensions and Insurance Authority (PIA).
- The banking sector in Zambia comprises some large and internationally renowned commercial banks such as ABSA Bank, Standard Chartered Bank, Stanbic Bank and First National Bank (FNB) of South Africa and local banks such as the Zanaco PLC (the largest bank in Zambia), National Savings and Credit Bank, Zambia Industrial and Commercial Bank (ZICB) and Access Bank.
- There is also a thriving Micro Financial Services Sector dominated by the private sector such as Pulse Financial Services Limited trading as Entrepreneurs Financial Centre (EFC), Bayport Financial Services, Micro Bankers Trust and Finca.
- The Insurance Companies and Pension Funds are both public and privately owned. These include the National Pension Scheme Authority (NAPSA), ZSIC Life Company, ZSIC General Insurance Company, Local Authorities Superannuation Fund (LASF), Madison Insurance Group (Madison), Professional Insurance Corporation of Zambia (PICZ), Prudential Life Assurance, Zambia Reinsurance, Sanlam, Saturnia Regna under African Life Assurance, Klaption Reinsurance, Emeritus Reinsurance and Goldman Insurance (Goldman).

Incentives

Eligibility Criteria

Section 30 subsection 1 and 2 shows the eligibility criteria for investors to benefit from tax incentives indicated below:

- Special Economic Zone;
- Business operating in a priority sector or rural area.
- Meet the investment threshold

Definitions of the Criteria

Special Economic Zone

Defined under the Act as an area that is subject to unique economic regulations and includes multi-facility economic zones, industrial parks, inter-country trade zones and export processing zones.

Priority Sector

Defined as a sector or product that has a high growth potential as may be prescribed and as listed in the Statutory Instrument No. 17 of 2014 to be the following:

- Manufacturing
- Construction and Establishment of Infrastructure excluding Renovation, Expansion and Refurbishment
 - Tourism
 - Health
 - Housing
 - Education
 - Agriculture
- Energy and Water Development
 - Power
 - Fuel
 - Water Supply

Investment Threshold

Incentives (continued)

The Incentives include:

- Zero percent import duty rate on capital equipment and machinery for five years
- Accelerated depreciation on capital equipment and machinery for five years
- Investment in any sector or product not provided for as a priority sector or product under the Act are entitled to non-fiscal incentives as follows:
 - Investment guarantees and protection against state nationalisation, except by Act of Parliament in critical circumstances;
 - Facilitation of access to factors of production and utilities such as land, water, electric power, transport and communication services for their investments;
 - Free facilitation for application of immigration permits, secondary licenses, and certificates.
 - Access to any other after-care assistance that may be required.
- Tax concession for businesses in a rural area at 20% (2024: 20%) of the applicable corporate income tax rate for the first 5 years in operation in all sectors except mining.

In addition, investors who invest in Zambia enjoy the following guarantees:

- Free repatriation of profits and dividends.
- Protection against non-commercial risks, as Zambia is a signatory of Multilateral Investment Guarantee Agency (MIGA) and Africa Trade Insurance Agency.
- Impartial forum for resolving disputes.
- Special Bilateral Investor Protection Agreements exist while new ones can be entered into.

Investor Type	Shareholding Structure	Investment Threshold USD
Local Investor	100% Zambian	50,000
Citizen Owned Company	50.1% and /or greater Zambian	100,000
Citizen Empowered Company	25.1% to 50% Zambian	150,000
Citizen Influenced	5% to 25% Zambian	500,000
Foreign Investor	100% Foreign	1,000,000

Additional Incentives for Investors Operating in MFEZS

Investors in the Manufacturing sector and are export oriented are eligible for additional tax incentives if located in a Multi Facility Economic Zone (MFEZ) or Industrial Park. These include:

- Zero percent tax for a period of 10 years from the first year of commencement of works in a Multi Facility Economic Zone or Industrial Park;
- Zero percent tax on dividends declared on profits made on exports from first year of commencement of works, for companies in a Multi Facility Economic Zone or Industrial Park, for a period of 10 years;
- Zero percent tax on profits made on exports from first year of commencement of works, for companies in a Multi Facility Economic Zone or Industrial Park, for a period of 10 years;
- For years 11 to 13, only 50 percent of profits to be taxed; and
- For years 14 and 15, only 75 percent of profits to be taxed.
- Accelerated depreciation of up to 100% of any new implement, plant or machines for developers.

Other Sector Specific Incentives (Not In ZDA Legislation) According To ZRA Incentives Booklet

Agriculture

- Guaranteed VAT input tax claim for four years prior to commencement of production for businesses in the agricultural sector that make taxable supplies.
- Zero-rating of taxable agricultural products and supplies.
- Increased number of zero-rated agricultural equipment and accessories.
- VAT deferment on importation of some agricultural equipment and machinery.
- Zero-rating of the principal amount on finance leases for purchasing agricultural equipment and accessories listed in the Value Added Tax Zero-Rating Order.
- Income taxed at a reduced rate of 10%.

Agriculture (continued)

- Farm improvement allowance at 100% on fencing, appropriate farming and farm dwelling occupied by farm workers whose original cost is not in excess of K20,000.
- Farm works allowance at 100% for the full cost of stumping and clearing, works for prevention of soil erosion, boreholes, wells, aerial and geophysical surveys and water conservation.
- Dividends paid out of farming profit are exempt from tax for the first five years from the date the company commences farming.
- Development allowance is given for any person who incurs expenditure on the growing of tea, coffee, or banana plant or citrus trees or other similar plants or trees. An allowance of 10% of such expenditure shall be deducted in ascertaining the gains or profits of that business.
- Increased capital allowance rate to 100% from 50% for implements, plant and machinery used in farming and agro – processing.

Mining

- Guaranteed input tax claim for ten years on pre-production expenditure for exploration companies in the mining sector.
- Interest on which a deduction is not allowed (in excess of threshold) may be treated as incurred during the next charge year and carried forward for a period of ten years.
- Tax losses shall be deducted from 50% of the income of the person from the mining operation provided that the losses shall not be carried forward beyond 10 subsequent charge years after the charge year in which the loss is incurred;
- Any mining company holding a mining license carrying on the mining of base metals is taxed at 30%.
- Dividends paid by a mining company holding a mining license and carrying on mining operations is taxed at 0%.
- 20% mining deduction on capital expenditure on buildings, railway lines, equipment, shaft sinking or any similar works.

Mining (continued)

- Allowable deduction of actual costs incurred by way of restoration and rehabilitation works or amounts paid into the Environmental Protection Fund pursuant to Section 86 of the Mines and Minerals Development Act 2015.
- Mineral Royalty deductible for Corporate Income Tax assessment purposes.
- Capital allowances at 50% of the cost of implements, plant or machinery used exclusively for mineral processing, 25% on commercial vehicles and 20% on plant and machinery.
- Zero rating of capital equipment and machinery listed in the Second Schedule of the Zero-rating Order when supplied to a holder of a large-scale mining licence.
- 15% corporate tax for companies processing copper to copper cathodes.
- Mineral royalty rates:
 - Five percent base metals (excluding copper and cobalt);
 - Six percent precious metals;
 - Eight percent cobalt and vanadium; and
 - Four to ten percent copper (depending on norm value).

Manufacturing

- Guaranteed input tax claim for two years prior to commencement of production.
- Reduction of Licence fees for manufacturers of excisable products from K9,000 to K4,500.
- Income from organic and chemical manufacturing of fertilizers is taxed at a reduced rate of 15%.
- Capital allowances on industrial buildings used for the purposes of manufacturing shall be entitled to a deduction of 10% in the case of low-cost housing and 5% for other industrial buildings of the cost of the building.
- Persons who incur capital expenditure on an industrial building are entitled to claim a deduction called initial allowance at 10% of the cost incurred in the charge year in which the industrial building is first brought into use.
- Any person who incurs capital expenditure on an industrial building is entitled to an investment allowance at 10% of such expenditure in the first year used for manufacturing purposes.

Manufacturing (continued)

- Suspended Corporate Income Tax for persons carrying on business of manufacturing ceramic products for the charge years 2022 and 2023.
- Capital allowances at 50% of the cost of implements, plant and machinery.
- The following are the incentives in the cotton value chain:
 - 5 year tax holiday on profit for local producers of cotton;
 - 5 year tax holiday on profit from ginning of cotton;
 - 10 year tax holiday on profit made from spinning of cotton and weaving of thread;
- Duty on selected raw materials at 5%.

Tourism

- Zero-rating of VAT on tourist services provided to foreign tourists other than those included in tour packages.
- No import VAT on all goods temporarily imported into the country by foreign tourists.
- Capital allowances at 50% of the cost of implements, plant or machinery.
- Investment allowance at 10% of the cost of an extension to a hotel (being an industrial building).
- 5% wear and tear allowance to an extension to a hotel (being an industrial building)
- 10% initial allowance on an extension to a hotel (being an industrial building) in the year the building is first brought into use.
- Income taxed at a reduced rate of 15% for hotels and lodges on accommodation and food services.

Energy

Zero percent duty and zero percent VAT on selected components of solar mini grids, solar lanterns and solar home systems.

Technology and science

- Abolishment of two tier corporate tax regime in the ICT sector to a single corporate tax rate of 35%.
- Zero percent VAT and zero percent customs duty on selected telecommunication equipment and electronic equipment.

Courier sector

- 15% customs duty on importation of electronic motor cycles and vehicles.



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HOW TO APPLY?

Application can be done online via our website www.unilus.ac.zm. Click on the **Apply Now** tab and follow the instructions. Application costs a non-refundable fee of **K250**, respectively, for local and SADC students, and **\$50** for international students.

Profile and Services

Who we are

Going beyond business as usual

We invest in listening, building relationships and understanding your concerns to deliver an experience that's more personal, agile and proactive.

We work at the pace that matters; Yours.

That's why we celebrate fresh thinking and diverse perspectives to find better solutions. We don't predict the future. We help you shape it.

We embrace what makes each market unique

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We are a global network of 68,000 people in member firms in over 145 countries with a common goal – to help you realise your ambitions. Which is why our network combines global scale and capability with local insights and understanding. So, whether you're growing in one market or many, looking to operate more effectively, managing risk and regulation, or realising stakeholder value, our member firms have the Assurance, Tax and Advisory capabilities you need with the quality you expect

What we do

Audit/Assurance

- Statutory financial statements audit
- Grant aided project audit
- Agreed upon procedures



We unite with all member firms in living our global values: Unite through global Collaboration, demonstrate Leadership in all we do, promote a consistent culture of Excellence, act with Agility, ensure deep Respect for people and take Responsibility for our actions.

Taxation services

- Preparation of corporate tax computations
- Preparation of annual returns
- VAT accounting
- Withholding tax accounting
- Tax planning
- Transfer pricing
- Global mobility services
- Transactional tax advice & review
- Reverse VAT agent

Advisory

- Human resources
- Information technology
- Corporate finance
- Mergers and acquisitions
- Internal audit services
- Due diligence
- Reporting accountants

Other services

- Corporate Recovery
- Statutory and business services
- Forensics
- Receiverships
- Liquidations
- Company formation
- Accountancy services
- Payroll handling
- Business rescue
- Company administration



5 Partners



95 Staff



2 Offices



Lusaka
Kitwe

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ABOUT US

Mulungushi Village Complex Limited (MVCL) is a Real Estate and Hospitality Company that is situated on Stand No 10967 Lunsemfwa Road Kalundu in a very serene, natural and secure environment. A Company established by the Government of the Republic of Zambia (GRZ) and a subsidiary of the Industrial Development Corporation (IDC). The MVCL offers accommodation on long- and short-term stay with an in-house restaurant, commercial office space sports facilities that include squash, tennis and a swimming pool.



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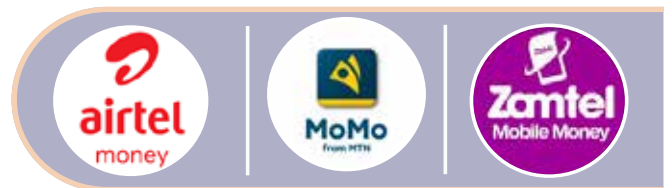
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