2026 BUDGET ADDRESS BY HONOURABLE DR. SITUMBEKO MUSOKOTWANE, MP, MINISTER OF FINANCE AND NATIONAL PLANNING, DELIVERED TO THE NATIONAL ASSEMBLY ON FRIDAY, 26TH SEPTEMBER, 2025

1. Madam Speaker, on behalf of the UPND Government, I have the honour to present the estimates of revenue and expenditure for the period 1st January, 2026 to 31st December, 2026. This is pursuant to Article 202 of the Constitution of Zambia (Amendment) Act, 2016.

2. Madam, this is the fifth time that the UPND is presenting the National Budget since 2021 when we came into office. The UPND Administration, under the able leadership of Mr. Hakainde Hichilema, President of the Republic of Zambia, continues to score remarkable achievements. Many of these are a result of the pronouncements made during budget presentations as I am doing today. During the opening of the Fifth Session of the 13th National Assembly, the President outlined, at great length, some of the achievements scored by the UPND Government.

3. In summary Madam Speaker, here are some of the achievements. Economic growth over the past four years averaged 5.2 percent in spite of calamities like the COVID-19 pandemic and the 2024 drought. The economic growth has created jobs and other benefits. Compare this with the average growth of only 1.6 percent for the four years prior to 2021.

4. Madam, five years ago, Zambia became known for being the first country in the world, post-COVID, to default on its external debt because she had borrowed excessively. Today, Zambia is famous for being the first to successfully restructure her debt under the G20 Common Framework for Debt Relief. This has changed our status from being a crisis prone country to a solution-oriented country. Clearly, we have changed the narrative of our country.

5. Madam Speaker, Zambia and our region experienced the worst drought in 2024, never seen in our living memory. There was trepidation and fear in the land. In the end, because of the diligence of this Government, people had food and no one died of hunger. This is because we introduced Cash-for-Work and enhanced the Social Cash Transfer and delivered food for sale near communities.

6. Madam, four years ago, children from poor families, along with their relatives, were condemned to poverty without any hope of change into the future. This was because they had no access to education as they could not afford to pay school fees. With free education introduced by the UPND Government, an initiative that had been considered impossible by others, the sky is now the limit for a poor but able child.

7. Madam Speaker, we cannot forget to include the positive effects of the enhanced Constituency Development Fund, CDF. Children who were previously learning from makeshift structures and sitting on logs of trees are now comfortable, sitting in modern classrooms, on desks manufactured by local people, thus creating jobs in those areas. So much can be said about the transformative impact of CDF and, therefore, let me just say that CDF is indeed a game changer.

8. Madam, these are just a few examples of the good things that have been happening since 2021. However, Madam Speaker, it is said that "*Development Has No Finishing Line*". In other words, there can never be a time when a country lays back and stops striving to move forward because it has developed.

9. Madam Speaker, certainly, in the case of Zambia, as we celebrate our achievements, we cannot ignore the pending development issues, especially those that lean heavily on the youth and women.

10. Madam, unemployment remains a problem for many of our young people. Poverty is also unacceptably high. Not to be forgotten is the inadequate infrastructure, especially in electricity and roads. Finally, the need to increase productivity cannot be overemphasised. Poverty can only be eliminated when the population increases its ability to produce more. This, therefore, means much more still needs to be done to push our country to the next level of development. The time for doing so is now as the 8th National Development Plan ends and we begin to develop the 9th National Development Plan.

11. In this regard, the theme that the President chose when opening the Fifth Session of the Thirteenth National Assembly of Zambia was appropriate. Thus, the 2026 Budget has adopted the same theme of ***"Consolidating Economic and Social Gains Towards a Prosperous, Resilient and Equitable Zambia''.*** The Budget provides the fiscal context to this theme. The measures already taken since we came into office and those that will follow are designed to take our economy to a level not experienced in our country before.

12. Madam Speaker, my Address this afternoon is in four parts. In Part One, I highlight the macroeconomic developments in 2025. In Part Two, I present the macroeconomic goals and strategies for 2026. In Part Three, I provide estimates of revenue and expenditure, as well as borrowing needs. In Part Four, I conclude.

PART ONE

MACROECONOMIC DEVELOPMENTS IN 2025

Global Economic Developments

13. Madam Speaker, escalating trade tensions and heightened geo-political risks are expected to slow down global growth to 3.0 percent this year from 3.2 percent in 2024. In 2026, a modest pick-up to 3.1 percent is projected due to improved financial conditions and fiscal expansion in major economies.

14. Madam, during the first nine months of 2025, copper prices increased to an average of US $9,545 per metric tonne compared to US $8,589 per metric tonne during the corresponding period in 2024. Over the same period, crude oil prices reduced to US $74.8 per barrel from US $82.8 per barrel.

Domestic Economic Developments

Economic Growth

15. Madam Speaker, in 2024, the economy was resilient as it grew by 3.8 percent despite the severe drought experienced in the 2023/2024 rainy season. Growth is projected to be higher in 2025, at 5.8 percent, owing to increased mining activity, recovery in agriculture, and strong performance of the information and communication technology sector.

16. Madam, since assuming Government in 2021, we have made many policy changes to improve our economy. A good example of a successful reform is in the mining sector which is already helping to push overall economic growth. However, most of the impact will be felt in 2026 and beyond when production of copper will be well over one million tonnes per year.

Inflation

17. Madam Speaker, a few months ago, rising prices or inflation was a major concern in our country. From a peak of 16.7 percent in December last year, inflation is now trending down towards the target band of 6-8 percent. Inflation has declined to 12.3 percent this month. This largely reflects lower food prices due to the maize bumper harvest of 3.7 million metric tonnes, appreciation of the Kwacha against major currencies, reduced fuel prices, and the impact of the tight monetary policy stance. As at yesterday, the Kwacha had appreciated by 14.7 percent against the US dollar, mostly due to the steady increase in foreign exchange supply by the mining sector.

Budget Performance

18. Madam Speaker, this Government has demonstrated discipline in managing public resources in spite of challenges like COVID and the drought. This is why there has been a significant reduction in the fiscal deficit over the last four years. In 2024, the deficit reduced to 3.5 percent of GDP from

9.0 percent in 2021. The reducing deficits have the effect of sharply slowing down the growth of public debt.

19. Madam, fiscal discipline has continued in 2025. The budget performance as at end-August 2025 was broadly on track. Total revenue and grants stood at K118.9 billion against the target of K125.6 billion. Expenditure was K137.7 billion against the target of K152.0 billion. The deficit for this year is projected to be within the target of 4.6 percent, which was revised from 3.1 percent in July. The adjustment was mainly to accommodate clearance of fuel arrears and increased external debt service payments following the conclusion of a number of bilateral agreements on debt restructuring under the G20 Common Framework for Debt Relief.

Debt Position

20. Madam Speaker, as at end-June 2025, the Central Government external debt stock, excluding publicly guaranteed external debt, increased by 2.3 percent to US $15.78 billion from US $15.43 billion as at end-December 2024. This was primarily driven by disbursements by multilateral and plurilateral creditors. Publicly guaranteed external debt was, however, unchanged at US $1.36 billion.

21. Madam, as at end-August 2025, the overall stock of Treasury bills and Government bonds increased to K242.0 billion from K229.4 billion as at end-December 2024. This was in line with the programmed financing for the budget.

22. Madam Speaker, the outstanding payments to suppliers of goods and services increased by a modest K3.3 billion to K84.1 billion between December 2024 and August 2025.

Financial Sector Performance

23. Madam Speaker, the cost of borrowing from commercial banks is relatively high at 29.0 percent. Notwithstanding this, credit to households and businesses grew by 20.7 percent during the first half of this year.

24. Madam, the overall financial performance and condition of the banking sector is satisfactory. The banking sector remains profitable, with a relatively low non-performing loans ratio of 3.8 percent as at end-August 2025 against the prudential benchmark of 10.0 percent. Performance of the non-bank financial sector also remains relatively stable.

25. Madam Speaker, to safeguard financial stability against the adverse impact of the drought and support economic growth, the Bank of Zambia launched a K5.0 billion Stability and Resilience Facility in December last year. Demand on the Facility has been overwhelming with approximately K4.7 billion approved mainly to the agriculture, manufacturing and energy sectors.

External Sector Performance

26. Madam Speaker, preliminary data indicate that export earnings during the first eight months of this year were US $8.18 billion compared to US $7.26 billion during the corresponding period last year. The better performance was mainly due to rising copper production and favourable prices. During the same period, imports amounted to US $8.21 billion, representing an increase of 18.8 percent. This is largely attributed to increased economic activity and the appreciation of the Kwacha.

27. Madam, over the last four years, non-traditional export earnings grew by 37.3 percent, and were US $3.54 billion in 2024. This was mainly driven by agricultural and manufactured products. Over the same period, foreign direct investment or FDI inflows increased by 62.6 percent, and exceeded US $1.0 billion in 2024. Most of the FDI went into the mining sector.

28. Madam Speaker, gross international reserves rose to US $4.9 billion, at end-July 2025 from US $4.3 billion at end-December 2024. In terms of import cover, this was equivalent to 4.8 months. The increase in reserves is attributed to project inflows, disbursement by the IMF, net statutory reserve deposits, and Bank of Zambia purchases of foreign exchange.

PART TWO

MACROECONOMIC OBJECTIVES

29. Madam Speaker, to consolidate economic and social gains towards a prosperous, resilient and equitable Zambia, Government has set the following macroeconomic objectives for 2026:

a) Attain real GDP growth rate of 6.4 percent;

b) Reduce inflation to the 6-8 percent target band;

c) Maintain gross international reserves above 4.0 months of import cover;

d) Increase domestic revenue to at least 22.3 percent of GDP;

e) Reduce the fiscal deficit to 2.1 percent of GDP; and

f) Limit net domestic borrowing to 2.3 percent of GDP.

POLICIES AND STRATEGIES FOR 2026

30. Madam Speaker, I now present specific policies and strategies for 2026.

A. ECONOMIC TRANSFORMATION AND JOB CREATION

31. Madam Speaker, it is vital that our country experiences strong economic growth, year after year. The jobs that we desperately need and the increased revenues we seek to spend on social services and public infrastructure become available only with strong growth. Building on the strong growth of the past four years, we must ensure, as a country, that it is not only sustained but accelerated.

32. Madam, upon assuming office in 2021, we pledged to grow the economy through industrialisation and economic diversification. Over the past four years, the country has attracted significant investments in the mining, agriculture, tourism, energy and manufacturing sectors. Our efforts in revamping and growing the economy are evident.

33. Madam Speaker, let me now explain how the major sectors of our economy will contribute to growth.

Mining

34. Madam Speaker, performance of the mining sector has improved. Copper production increased to 820,676 metric tonnes in 2024 from 736,747 metric tonnes in 2023. In 2025, the target of one million metric tonnes of copper production is already in sight as we continue with the journey towards three million metric tonnes target per annum by 2031. This positive performance has been on the back of a stable mining tax and regulatory regime and settling disputes out of court. This has seen the reopening of some old mines, new investments, and revitalisation of activity at existing mines.

35. Madam, as the President said, notable milestones have already been attained towards this goal. Here are a few reminders of what the President said. Firstly, we commissioned First Quantum Minerals-S3 Expansion Project to enhance annual production to 270,000 metric tonnes. Secondly, we are upscaling production at existing mines such as Barrick Lumwana-Super Pit, Konkola Copper Mines, Lubambe Copper Mine and Mopani Copper Mines with a combined production capacity of 593,000 metric tonnes per annum. Lastly, new mines like Mwekera Copper Mine, Mingomba Mine and Kitumba Mine with a combined production capacity of 700,000 metric tonnes per annum are at an advanced stage. With these developments, the Zambian economy, which is already growing, will reach very impressive levels within the next two years.

36. Madam Speaker, artisanal and small-scale miners have also performed remarkably well during our tenure, with copper production projected at over 80,000 metric tonnes this year, a significant rise from 13,300 metric tonnes in 2020. Both artisanal and small-scale miners are also contributing to the production of gemstones, gold, and manganese.

37. Madam, to formalise artisanal and small-scale mining, 1,498 licences have been issued since 2023. However, increased incidences of accidents and deaths due to unsafe mining practices is a concern. This problem is being addressed by Government and attendant financial resources have been allocated in this Budget.

38. Madam Speaker, to further support formalisation and improve trading in minerals, Government is constructing two marketing centres in Mumbwa and Rufunsa districts with completion expected by the end of this year. This initiative will be rolled out to other districts where mining and trading activities are already taking place. In addition, Government will form an entity to exclusively manage the trade in gold.

39. Madam, progress to map economic mineral potential using the Country-Wide High Resolution Aerial Geophysical Survey is at 34.0 percent since the exercise was launched in July 2024. So far, Western and parts of Northwestern provinces have been covered. This work continues in 2026.

40. Madam Speaker, to regulate and monitor the development and management of mineral resources in the country, Government enacted the Minerals Regulation Commission Act, 2024. The Minerals Regulation Commission will be operational later this year. The Commission will also work with the Zambia Revenue Authority to ensure that all mining operators - big and small - adhere to our tax laws.

41. Madam, the Budget that I shall announce this afternoon contains some interventions in the sector to consolidate economic and social gains we have made so far towards a prosperous, resilient and equitable Zambia.

Agriculture, Livestock and Fisheries Sector

42. Madam Speaker, upon assuming office, we embarked on transforming the agricultural sector by addressing low production and productivity, limited market access, underdeveloped value chains, dependence on rain-fed agriculture, and adverse effects of climate change.

43. Madam, a maize bumper harvest of 3.7 million metric tonnes was recorded during the 2024/2025 farming season. This was due to good rains and the timely provision of inputs to our farmers under the enhanced Farmer Input Support Programme. In addition, the Sustainable Agriculture Financing Facility was introduced in 2023 to enhance access to agricultural finance and 8,841 farmers accessed loans valued at K777.3 million as at end-June 2025.

44. Madam Speaker, our objective is to increase maize production to 10 million metric tonnes, wheat to one million metric tonnes, and soya beans to one million metric tonnes per annum by 2031. These output targets are well in excess of what Zambia can consume. It follows that the surplus must be exported. As a people, we must, therefore, recognise that improving our incomes by producing a large surplus is tied to exporting agricultural products, including maize.

45. Madam, to make the Farmer Input Support Programme more cost effective and efficient, Government has rolled out the e-voucher system to 74 districts. During the 2025/2026 farming season, the e-voucher system will be rolled out to the remaining 42 districts.

46. Madam Speaker, to enhance climate resilience, we will continue to improve and modernise irrigation infrastructure. Since 2022, Government has constructed six dams, namely, Kapekesa and Kawawa in Eastern Province, Muyembe in Luapula Province, Shikezhi in Northwestern Province, and Chuundwe and Jongolo in Southern Province. These dams are benefiting over 126,000 people and 221,000 livestock. In addition, Government has rehabilitated 10 dams and maintained 791 nationwide, creating over 8,000 jobs through community participation. In 2026, we will construct nine dams, complete seven and maintain 300.

47. Madam, another measure that has been taken to improve climate resilience is the development of drought resistant crop varieties for maize, millet, sorghum, cowpea and cassava. In addition, Government inaugurated Bayer Itaba Seed Plant in Kabwe, one of the largest seed production plants in Central and Southern Africa. This strategic investment marks a significant milestone in strengthening agricultural capacity to support long-term food security

48. Madam Speaker, to address the unpredictability in agriculture markets and commodity prices, Government will introduce the Agricultural Marketing Bill and amend the Food Reserve Act, 2020 and the Agricultural Credits Act, 2010. The desired outcome is increased production and productivity, food and nutrition security, value addition, exports and job creation.

49. Madam, in the livestock sub-sector, Government is aggressively pushing for entry into the export markets. To achieve this, five disease-free compartments at Chikankata, Chipata, Chisamba, Mumbwa and Namwala have been established. The compartments are expected to export at least 20,000 metric tonnes of beef per annum. In 2026, Government will establish additional disease-free compartments in Choma, Mazabuka, Mkushi and Sinda. Government will also support the livestock sector through enhanced disease control and surveillance, improved animal breeds, and strengthened extension service support.

50. Madam Speaker, to improve disease control and surveillance, Government has heightened vaccination against diseases of national economic importance. By the end of this year, the vaccination coverage will reach 75.0 percent of the targeted livestock. Government will operationalise regional laboratories in Isoka, Mongu, Ndola and Solwezi districts to complement the already functional laboratories in Chipata, Choma and Kasama.

51. Madam, the fisheries and aquaculture sector has continued to register steady progress. Domestic fish production increased by 24.0 percent to 197,235 metric tonnes in 2024 from 159,043 metric tonnes in 2021. This was mainly on account of increased fingerlings production which rose by 90 percent to 475.1 million in 2024 from 250 million in 2021. Consequently, the national fish deficit has reduced significantly, positioning the country to achieve the projected fish consumption of 16 kilograms per person per annum by 2026 from the current 13.3 kilograms.

52. Madam Speaker, this positive performance is attributed to the interventions Government implemented through the Zambia Aquaculture Enterprise Development Project which provided the Seed Fund to promote aquaculture development. In addition, Government enhanced fish patrols and mapped 21 fish breeding areas to allow for fish to breed in restricted areas.

53. Madam, in 2026, Government will continue to implement the Genetic Improvement Programme to enhance the performance of our local culturable fish species. Government will also operationalise aquaculture parks in Kasempa, Mungwi, Mushindamo and Samfya.

54. Madam Speaker, to improve provision of agricultural extension services to farmers, Government has, since 2021, recruited more than 800 extension officers. Over 600 agricultural camp extension officers have also been trained in climate-smart agriculture. Going forward, service delivery will be enhanced through incorporation of technology and innovative practices.

Energy

55. Madam Speaker, Zambia today faces a serious energy shortage, almost all caused by the 2024 drought. Government sympathises with the citizens. However, the shortage also reflects the under investment in the sector since independence. The current installed capacity for generating electricity could have been adequate with sufficient water in the dams but clearly this is not the case. The rising activities in the mining sector are increasing the demand for electricity. The current installed capacity will soon, therefore, become inadequate even with sufficient water resources.

56. Madam, over the past four years, this Government has been undertaking reforms in the energy sector. These include diversifying the energy mix, improving the regulatory framework and introducing flexibility in the tariff structures. In particular, Government has created an environment that enables the private sector to be active players in the energy sector, from generation to distribution, including importing and exporting. Today, Zambia is considered by peers as one of the leading reformers in Africa. The coming onboard of the private sector is positive to our local market because it complements the efforts of existing players like ZESCO. Additional incentives for the sector will be announced today.

57. Madam Speaker, partly as a result of the reforms, installed electricity generation capacity has increased to 3,886 megawatts in 2025 from 3,318 in 2021. This includes on and off-grid systems. Of this, over 80 percent is hydropower. Our efforts are now targeted at increasing generation capacity from non-hydro sources so as to minimise the risk of uncertain weather conditions.

58. Madam, to diversify the energy mix and end load shedding, Government has facilitated the coming on stream of 125 megawatts of solar energy. Within the next 12 months, another 1,500 megawatts will come on stream. In addition, 300 megawatts from the new thermal power plant at Maamba will come on board in 2026. Government is also promoting solar installation for public institutions, households, and businesses. Our target is to increase the share of non-hydro renewable energy in our generation mix to 33.0 percent from the current 3.0 percent.

59. Madam Speaker, the energy crisis would have been far worse had Zambia not been connected to the Southern Africa Power Pool from where she can import and export power depending on the need. Next year, works will start on the interconnector between Zambia and Tanzania which in effect will give us connection to other East African countries like Kenya, Uganda and Ethiopia. Had the interconnector been done in previous years, the current power crisis would not have materialised because Tanzania had surplus electricity which she was, however, unable to sell to Zambia in the absence of an interconnector.

60. Madam, the solution of increasing the generation capacity, which is necessary and is being implemented, will not be adequate to bring about immediate relief to consumers because it takes time for the generating plants to be constructed. But small businesses, in particular those with little capacity to adapt, need immediate relief for them to survive. This is the solution that Government is working on right now and the Minister responsible will announce it not too long from now.

61. Madam, to accelerate rural electrification, Government will continue implementing projects under the Rural Electrification Programme. Since 2022, a total of 130 projects have been completed across the country. These comprise 104 on-grid and 26 off-grid projects contributing to increased access to electricity in rural areas to 34.0 percent from 8.0 percent in 2021. In 2026, Government will implement 100 on-grid and 30 off-grid projects.

62. Madam Speaker, Government continues to provide a conducive policy environment and adopt progressive reforms that attract private investments. Government will establish an Electricity Fund that will strengthen our electricity security and ensure stable supply. Other key reforms include the Multi-Year Tariff Framework, Electricity Open Access Framework, Net Metering Policy Framework and the Energy Single Licensing System.

63. Madam Speaker, in the petroleum sub-sector, Government has since 2022 been facilitating private sector participation in fuel procurement. We have this year implemented the TAZAMA Open Access Framework which has liberalised the petroleum transportation system and improved transparency and efficiency. Oil Marketing Companies are now able to transport diesel through the TAZAMA pipeline. This has contributed to the general reduction in diesel prices.

Transport and Logistics

64. Madam Speaker, Zambia has over the years been transitioning from a landlocked to a truly land-linked country. This transformation is being realised through deliberate interventions in the development, modernisation and maintenance of road, rail, air and water transport infrastructure. This is through Government financing, Public Private Partnerships and support from development partners. The strategic focus is to connect Zambia to all neighbouring countries and to regional and international markets.

65. Madam, in my 2025 Budget Address, I indicated that the 210 Kilometer Chinsali-Nakonde Road was at 98.0 percent completion. This road has been completed. Government is now constructing two toll plazas along the road and rehabilitating the 15 Kilometer stretch from Chinsali/Nakonde Road junction to Chinsali Town. We have also completed the Mongu-Limulunga and Chibuluma roads. The Chibuluma Road is the first ever concrete road in Zambia.

66. Madam Speaker, rehabilitation and upgrading of the Monze-Niko Road is at 74.0 percent and is expected to be completed this year. Rehabilitation of the Lusaka-Mongu Road from Tateyoyo Gate to the Katunda/Lukulu Junction is at 24.0 percent and expected to be completed in 2026. Further, rehabilitation of the Batoka-Maamba Road is at 39.0 percent with works expected to be completed in 2027. Maintenance of the Monze-Mazabuka Road has progressed and stands at 69.0 percent.

67. Madam, Government is currently upgrading the Chipata-Chadiza, Blue Lagoon and Samfya-Lubwe-Kasaba roads. In 2026, Government will embark on the construction of the Mufulira-Mokambo-Mansa Road via Chembe, Luansobe-Mpongwe-Machiya Road including the Ngabwe bridge, Chipata-Lundazi, Mutanda-Mwinilunga, Livingstone-Kazungula-Sesheke Road and other vital road links.

68. Madam Speaker, Government has since 2022 signed 10 Public Private

Partnership, PPP, agreements in the road sector with a total investment value of US $1.7 billion, covering over 1,500 Kilometers, with more coming on board by end of this year. This is an unprecedented milestone.

69. Madam, the first PPP road project, the Chingola-Kasumbalesa Road was completed in December 2024. Progress on the construction of the 327 Kilometer Lusaka-Ndola Dual Carriageway flagship project stands at 45.0 percent. The project is expected to be delivered before the official completion date of August 2027. As part of this project, the 45 Kilometer Luanshya-Fisenge-Masangano Road was completed this year and is open to traffic.

70. Madam Speaker, construction works on the Ndola-Sakania-Mufulira Road, is progressing well with 17 Kilometers leading to Sakania Border completed. Other PPP projects with notable progress include Kasomeno-Mwenda and the border post, Lumwana-Kambimba and Katete-Chanida. Following the signing of the Concession Agreement for the rehabilitation and upgrading of 371 Kilometers of the Mutanda to Kaoma via Kasempa Road, works are expected to commence before the end of this year.

71. Madam, to support rural development and connectivity, Government embarked on the rehabilitation and maintenance of feeder roads under the Improved Rural Connectivity Project. So far, 2,400 Kilometers have been rehabilitated and is under maintenance against a target of 4,200 Kilometers.

72. Madam Speaker, to facilitate the movement of goods and services, and boost economic activities in rural areas, Government targets to upgrade 808 Kilometers of feeder roads to gravel standard. These include Lumpuma Mukutuma-Mukumbo Road in Lufwanyama; Musele-Wamafwa Road in Kalumbila; Chilombo-Katoya Road in Kaoma; Nshindaila-Chungu-Kalaba Road in Lupososhi and Samfya; Chisanga-Kakonko Road in Ngabwe; Chinambi-Mbizi Road in Nyimba; Chikowa Turnoff-Kabindwa Village in Mambwe; and Lwimba-Katoba Road in Chongwe. So far, 300 Kilometers have been completed while the remaining works will be completed in 2026.

73. Madam, in 2026, Government will commence the construction of Kalabo-Sikongo Road, Mpika-Chinsali Road, Serenje-Mpika Road and Mwinilunga-Jimbe Road, including the Border Post at Jimbe. Government will also commence works to rehabilitate the Mutanda-Kisasa-Mwinilunga-Jimbe Road and the Kasempa Turn Off to Kabompo via Mufumbwe Road. These roads are a significant part of the Lobito Corridor.

74. Madam Speaker, Government is rehabilitating and upgrading urban roads in eight districts namely, Choma, Kitwe, Luanshya, Lusaka, Mazabuka, Ndola, Sinazongwe and Solwezi. Of the 127

Kilometers of selected road network being worked on, 50 Kilometers will be completed this year and another 50 Kilometers in 2026. The remaining 27 Kilometers is scheduled for completion in 2027.

75. Madam, to enhance connectivity and trade in rural areas, Government will, in 2026, construct 15 acrow bridges across the country.

76. Madam Speaker, we have concluded tripartite negotiations with the China Civil Engineering Construction Corporation and the Government of the United Republic of Tanzania to sign the concession agreement for Tanzania-Zambia Railway Authority. The signing ceremony is expected before the end of this year. Under the concession, railway infrastructure will be rehabilitated to enable efficient transportation of minerals, agricultural products, other essential goods and passengers on the TAZARA corridor.

77. Madam, you will recall that Zambia has signed a concession agreement for the development of the Zambia-Lobito Railway Project which will provide connectivity to the Lobito Port in Angola. Further progress made on this project includes the completion of the first draft of the feasibility study. Other important milestones such as the environmental and social studies, selection of contractor and raising of capital are underway. We are excited at the prospects of both the Lobito Railway and the TAZARA making Zambia's dream of being the transport hub that connects the east and west coasts of Africa come true in a few years.

78. Madam Speaker, with regard to air transport, Government has since 2021 upgraded Kasama Airport and rehabilitated Chipata, Mongu and Solwezi Airports. Further, works have commenced for the upgrade of Mansa and Mfuwe Airports. Government, will in 2026, commence construction of Choma, Kasaba Bay and Nakonde airports. Land for the future development of Chipata, Solwezi and Mongu airports has also been secured. The upgrading of provincial airports will enhance connectivity and drive rural development by unlocking opportunities in the agriculture, mining, and tourism while improving access to markets and services for our people.

79. Madam, to ease the movement of people and goods, and facilitate trade, we have been undertaking border infrastructure development. The Kazungula, Mwami-Mchinji and Nakonde borders have all been turned into one stop border posts. Further, facilities at the Chirundu one stop border post will be upgraded. Katima Mulilo and Kasumbalesa are earmarked to become one stop border posts while works to upgrade the Chanida, Sakania, Sikongo, and Zombe border posts are currently ongoing. The PPP mode will be used to finance most of these projects.

80. Madam Speaker, in the water transport sector, Government has completed the construction of Nchelenge Harbour, while works at Samfya Harbour are at 98 percent with completion expected this year. Looking ahead, Government plans to develop harbour infrastructure at Siavonga, Chipepo, Sinazongwe and Shang'ombo in 2026.

Tourism

81. Madam Speaker, the tourism sector has grown significantly. International arrivals in 2024 were 2.2 million compared to 1.1 million in 2022. This improvement reflects the bold measures we took after the devastating effects of the COVID-19 pandemic on the sector. The key measures that Government introduced were stronger international marketing and visa waivers in the most important markets. Madam, domestic tourism has also flourished. As at end 2024, we recorded 530,110 visits to our waterfalls, national parks, museums and heritage sites compared to 312,195 in 2022.

82. Madam, hotel occupancy has seen a boost, with Livingstone hotels reporting 70 percent occupancy compared to the 40 percent pre-2023. The average length of stay has also increased to 5 days from 3 days pre-2024, signalling greater appreciation of the country's diverse tourism offerings.

Manufacturing

83. Madam Speaker, I am happy to report that the manufacturing sector is among those that have attracted huge investments of over US $4.0 billion. The multi-facility economic zones have attracted some of these investments.

84. Madam, as at end-2021, the Lusaka South Multi-Facility Economic Zone had 17 operational companies with an investment portfolio of US $264 million and over 7,000 jobs. In four years, investments worth US $1.4 billion from 20 companies have come through with over 31,000 jobs created. Major investments in the zone include ceramic, steel, starch, milk processing, copper rods, electric cables, conductors and pharmaceutical products. The Jiangxi Multifacility Economic Zone in Chibombo has also attracted investment in excess of US $128 million in the production and recycling of batteries and manufacturing of copper cables, thereby creating more than 1,100 jobs.

85. Madam Speaker, other economic zones are ZCCZ Chambishi Multi-Facility Economic Zone in Kalulushi, Kalumbila Town Multi-Facility Economic Zone in Kalumbila as well as the Luano Industrial Park in Ndola with a total investment of over US $2.5 billion and over 12,000 jobs created.

86. Madam, to attract more investments, Government has declared new economic zones. These include the Wonderful Group Industrial Park in Chilanga, Mukuni Multi-Facility Economic Zone in Kazungula District, Monze Multi-Facility Economic Zone in

Monze District, and Golden Baobab Multi-Facility Economic Zone in Kafue District, with a total investment of US $3 billion and the creation of over 13,000 jobs.

87. Madam Speaker, I am happy to report that all essential machinery for the Zambia-China Mulungushi Textiles has been received and is now being installed in readiness for commencement of production. This establishment will create employment and provide our farmers with an opportunity to supply cotton through outgrower schemes.

88. Madam, the investments in the sector are bearing fruits. The most dramatic example of this success is in the fertiliser subsector where Zambia has turned tables from being a net importer of the commodity to being a net exporter.

Small and Medium Enterprise Development

89. Madam Speaker, since 2022, the New Dawn Administration has empowered over 103,000 individuals and about 9,800 micro, small and medium enterprises with a total amount of K2.9 billion. With regard to Citizens Economic Empowerment Fund, Government has in the last four years empowered more than 83,000 beneficiaries under the Marketeer Booster, Busulu, Irrigation Support and Agriculture Mechanisation, as well as Project and Trade Finance loans.

90. Madam, Government has made significant effort to address challenges faced by small and medium enterprises and farmers in accessing affordable finance. As at end-August 2025, a total of 19,819 small and medium enterprises and farmers had benefited from Zambia Credit Guarantee Scheme compared to only 18 in 2021. The total value of loans facilitated stood at K1.6 billion compared to K10.0 million in 2021.

91. Madam Speaker, through these programmes, a marketeer at Chisokone market in Kitwe has sent a child to university, a youth in Lundazi has opened a kantemba and a small business firm in Lusaka has scaled up their operations. These programmes are touching and improving the livelihoods of our people in practical ways.

92. Madam, we are not only empowering our citizens economically but also building the capacity of local businesses to compete fairly, retain wealth within our communities, and contribute to national industrialisation. To this effect, Government issued Statutory Instrument No. 45 of 2025 to give preference to small and medium enterprises in public procurement.

Information and Communication Technology

93. Madam Speaker, Government has prioritised the construction of communication towers in underserved and unserved areas. Going forward, Government remains committed to ensuring that communication towers are constructed to strengthen e-governance and digital services. These towers will enable farmers to access markets and weather updates, support delivery of Government programmes such as the Social Cash Transfer and FISP, and expand mobile money usage which already underpins 55.0 percent of financial inclusion.

94. Madam, to provide digital services to underserved and unserved areas, Government has since 2023 deployed 525 starlink kits to 230 Government departments, all 156 constituency offices, 109 post offices, 23 youth resource centres and seven to other public institutions. In addition, Government, in collaboration with Cooperating Partners, will procure starlink kits and provide internet to 400 health facilities under the solar for health project.

95. Madam Speaker, to improve public service delivery, Government continued to roll out the Government Wide Area Network to public institutions. So far, 93 local authorities, 79 district administration offices and 29 schools have been connected to the Government Wide Area Network. The cumulative number of sites connected stands at 438. Additionally, to ensure business continuity and protect the installed equipment from power outages, Government has installed solar energy in all the 116 councils.

B. HUMAN AND SOCIAL DEVELOPMENT

Education and Skills Development

96. Madam Speaker, Government has placed a high value on education as a means of uplifting the livelihoods of our people. This is reflected in our commitment to provide free education, provide teaching and learning requisites, recruit human capital, develop infrastructure, implement appropriate curriculum and skills development.

97. Madam, the introduction of free education in 2022 has lifted the burden of school fees from millions of families. We have witnessed an increase of about 2.3 million learners enrolled in primary and secondary schools particularly benefiting girls and vulnerable children. To complement free education, Government has scaled up the Home-Grown School Feeding Programme, which now reaches over 4.6 million learners in 106 districts. In 2026, the Programme will be rolled out to all 116 districts. This Programme has provided every child an opportunity to access education and remain in school, regardless of their background.

98. Madam Speaker, to improve the quality of education, Government has since 2022 recruited over 42,000 teachers. This year, we are recruiting an additional 2,000 teachers, and a further 3,500 in 2026. In addition, Government procured 1.6 million desks across the country out of which 42.0

percent were procured from our own local suppliers using the CDF.

99. Madam, in my last Address, I informed this House that 317 secondary schools were under construction across the country. I am happy to report that 151 were completed last year and 46 are scheduled for completion this year. The remaining 120 will be completed in 2026.

100. Madam Speaker, to improve infrastructure at our universities and transform the learning environment, Government will complete the construction of hostel blocks at the Copperbelt University and the University of Zambia in 2026. Works at other public universities are progressing well.

101. Madam, to align the education system with the demands of the labour market, Government is implementing the 2023 revised curriculum. This is being done in a phased approach with full roll out expected in 2029.

102. Madam Speaker, in the area of skills development, Government has since 2022 provided bursaries to 28,212 students and trained 209,864 youths from TEVET institutions. In 2026, Government will provide bursaries to 6,000 students and train 100,000 youths in various skills.

Health

103. Madam Speaker, health is at the centre of our socio-economic development agenda. Our focus is on achieving universal health coverage and provision of quality health services through recruitment of health personnel, provision of medicine and medical supplies as well as infrastructure development.

104. Madam, since 2022, this Government has undertaken mass recruitment of health personnel with 18,305 hired and an additional 2,000 to be hired by end of this year. The increase in recruitment of health personnel has contributed to improved health service delivery. To consolidate the gains in the health sector, Government will, in 2026, recruit another 2,500 health personnel.

105. Madam Speaker, since assuming office, the New Dawn Administration has completed the construction of 282 health facilities nationwide out of which, seven are Level-1 hospitals, 111 mini-hospitals, 33 health centres, and 131 health posts. To further increase access to health services, Government has commenced, under Phase Two, the construction of five Level-1 hospitals in Choma, Kabwe, Monze, Solwezi, Zambezi, and 120 mini-hospitals across the country. In 2026, Government using the CDF will continue to construct maternity annexes across the country.

106. Madam, last year I informed this august House that Government will commence the construction of the Ndola Cancer Treatment Centre and modernisation of the Cancer Diseases Hospital in Lusaka. I wish to report that we have made progress. The Ndola Cancer

Treatment Centre is at 75 percent completion while the modernisation and upgrading of the Cancer Diseases Hospital in Lusaka stands at 40 percent completion.

107. Madam Speaker, to ensure availability of medicines and medical supplies in health facilities, Government has continued to procure essential medicines and medical supplies. As at end-June 2025, essential drugs availability significantly increased to 90.0 percent for health centres and hospitals from 46.0 percent in 2021. In addition, Government is strengthening measures to eliminate pilferage. Our commitment to provision of essential drugs and medicines remains unwavering.

108. Madam, to improve patient record management in public health facilities, Government will continue to implement the SmartCare Pro System. This system has significantly contributed to efficient patient information exchange across public health facilities. Since 2023, over 2,000 health facilities have been connected. The target is to roll out the system to the remaining heath facilities in the medium term.

Water and Sanitation

109. Madam Speaker, since 2021, Government has drilled 2,189 boreholes, rehabilitated 671 nationwide and built 491 piped water schemes, benefiting over 687,000 people in rural areas. Further, the number of people served with water supply increased by 517,000 while sanitation services increased by 739,000 people in urban areas. We are also constructing 168 modern waterborne sanitation facilities in schools, health centres, markets, and bus stations to improve sanitation services in public places. As a result of these interventions, incidences of waterborne diseases such as cholera have drastically reduced.

110. Madam, major water supply projects completed in the past four years include the Kafulafuta Water Supply System, benefiting over one million residents on the Copperbelt Province and the Kazungula Water Supply and Sanitation Project, benefiting over 20,000 people in Southern Province.

111. Madam Speaker, the sector has also made concerted efforts towards improving operational efficiency. Measures such as metre installation, replacement of dilapidated water pipes have resulted in a reduction in Non-Revenue Water to 54 percent from 57 percent. Further, energy efficiency measures such as the installation of solar-powered pumps and energy-efficient equipment have contributed to the reduction in electricity costs, which are a major cost driver in water supply and sanitation service provision. These measures create a strong foundation towards the attainment of universal access to clean water supply and adequate sanitation for all citizens by 2030.

112. Madam, the water supply and sanitation sector continues to face challenges that affect service provision. The increasing gap between the cost of service provision and the average tariff has negatively affected the financial viability of the commercial utility companies. The average cost of producing a cubic metre of water currently stands at K18, whilst the same is sold at K7.90, resulting in a financing gap of K10.10 per cubic meter and K1.3 billion cumulatively per annum. The negative financing gap hinders effective maintenance and expansion of infrastructure and discourages private sector investment.

113. Madam Speaker, to unlock the potential of the water and sanitation sector and attract private sector investment, there is a need to undertake structural and fiscal reforms. This requires implementation of a cost-recovery tariff framework with targeted support for the poor, strengthening of corporate governance, recapitalisation of utilities and leveraging Public–Private Partnerships to attract new capital and technologies.

Social Protection

114. Madam Speaker, to safeguard the poor and vulnerable, Government will continue to increase and broaden social security coverage through programmes such as the Social Cash Transfer, Food Security Pack and Girls' Education and Women's Empowerment and Livelihoods.

115. Madam, to support livelihoods of the vulnerable, Government has in the past four years increased the number of beneficiary households under the Social Cash Transfer Programme to 1.3 million from 895,000 in 2021. In 2026, Government will further increase the number of beneficiaries to 1.5 million households, impacting over 8.4 million of our people. This is indeed a caring Government.

116. Madam Speaker, to support vulnerable but viable farmers, Government will increase the Food Security Pack beneficiaries to more than 320,000 from 244,000 over the medium term. Under this Programme, beneficiaries are trained in precision farming and irrigation as well as provided with tools to make them climate resilient. Government is also enhancing crop diversification and alternative livelihoods through the Livestock Pass-On Scheme.

117. Madam, with regard to the Girls' Education and Women's Empowerment and Livelihoods Programme, 317,608 girls and women were supported under Phase One. This year, Government launched Phase Two of the Programme to benefit 1.5 million vulnerable households, including extending nutrition support to at least 25,000 households in hard to reach communities.

118. Madam Speaker, to safeguard our retirees from falling into destitution, Government has continued to liquidate pension benefits. Over the past four years, more than K8.6 billion has been released, enabling 11,921 retirees to be fully cleared. This intervention reduced the average waiting period for pension payments from over three years to three months in 2023. However, due to resource constraint induced by the adverse impact of drought and resumption of external debt servicing, the waiting period has unfortunately risen to an average of one year. Despite these challenges, Government has continued to release funds with the goal of significantly shortening the waiting time.

119. Madam, our firm commitment is to further enhance pension benefits for public service workers by building a sustainable and resilient pension system that protects our retirees from old age destitution. To this end, Government has embarked on comprehensive pension reforms, which include the introduction of an occupational pension scheme for public service workers. These reforms are designed to resolve financing challenges and ensure that public pension funds are sustainable, secure, and capable of supporting our retirees.

120. Madam Speaker, in 2024, Government introduced the Cash-for-Work Programme to cushion our citizens from the adverse effects of the drought. Under the Programme, over 2.4 million beneficiaries have been recruited and empowered. The Programme has provided income generating opportunities to vulnerable individuals in exchange for cash wages. In 2026, Government will reform the Programme to address some of the challenges experienced and improve targeting.

121. Madam, Government is developing a national social registry to streamline the social protection and human capital development agenda. The registry will serve as a centralised up-to-date database of household level information, enabling more equitable, efficient and transparent delivery of services across sectors.

C. ENVIRONMENTAL SUSTAINABILITY

122. Madam Speaker, over the past four years, Government has been promoting sustainable development and environmental protection by enhancing the regulatory framework, advancing green financing and investing in weather and climate services. This has made the country attractive in the global carbon market and is poised to have more off-takers of carbon credits.

123. Madam, following the development of the Forest Carbon Regulations and Green Bond Guidelines, US $150.2 million has been raised through the issuance of green bonds. These funds have been invested in solar projects in Riverside and Itimpi in Kitwe resulting in the generation of 34 megawatts and 60 megawatts, respectively.

124. Madam Speaker, Government has also been implementing the Emission Reduction Programme, a mechanism through which participating groups and communities are provided with monetary rewards for conserving natural resources. So far, 56 chiefdoms in Eastern Province are participating in this Programme. Further, 359 community forest groups across the country have been designated over 10 million hectares as forest management areas.

125. Madam, to strengthen our national capacity for climate resilience, Government has installed 250 automatic weather stations and 300 rainfall stations within agricultural camps across the country. These facilities transmit real time data to enable timely and accurate monitoring of weather conditions. As a result, the quality and precision of weather reports and forecasts have been greatly enhanced, thereby providing reliable early warning information.

126. Madam Speaker, environmental pollution remains one of the most pressing challenges of our time. In particular, the indiscriminate disposal of plastics has become a major source of land and water contamination, threatening ecosystems and human health. To address this, I will be announcing fiscal measures to discourage excessive use of plastics so that environmentally friendly alternatives are used.

127. Madam, equally, the unregulated use of mercury and other hazardous chemicals in mining activities poses danger, poisoning rivers, soils, and affecting communities that depend on these resources for survival. Government has intensified measures to curb the use of mercury in mining activities, particularly in artisanal and small-scale operations. These measures include strengthening enforcement against illegal mining, promoting mercury-free gold processing technologies, enhancing awareness campaigns on the dangers of mercury to human health and the environment as well as supporting alternative livelihoods for communities dependent on such practices.

D. GOOD GOVERNANCE ENVIRONMENT

128. Madam Speaker, Government has been strengthening the policy, legal and institutional framework for good governance, as well as enhancing the rule of law, human rights, constitutionalism and fight against corruption. This is being achieved through reforms such as fiscal consolidation and debt management.

Fiscal Policy

129. Madam Speaker, the fiscal consolidation we have achieved in the last four years is a result of significant legislative and administrative reforms we have implemented. Contraction of debt is now required to be approved by Parliament and financing of infrastructure projects is mostly through Public Private Partnerships. With respect to the administrative reforms, we have rolled out the Information and Financial Management System across Government, implemented the Smart Invoicing System, expanded the Government Service Bus, implemented the State-Owned Enterprise Policy and introduced the Fiscal Risk Management Framework.

130. Madam, to further reduce budget deficits and consolidate fiscal sustainability, revenue mobilisation will be strengthened, and resources channeled to areas with a direct impact on the livelihoods of our people, especially the vulnerable.

131. Madam Speaker, to address prevailing gaps in the tax system, Government, in 2026, will formulate the Medium Term Revenue Strategy. The objective is to broaden the tax base and strengthen compliance, thereby reducing the high tax burden on compliant taxpayers.

132. Madam, to simplify and harmonise tax administration procedures across different tax types, Government will in this session present the Tax Administration Bill. The Bill is intended to ease compliance and streamline tax administration. I, therefore, urge all members to support the Bill once it is tabled in this House.

133. Madam Speaker, to improve the performance of state-owned enterprises, Government revised the State-Owned Enterprises Policy. The Policy aims at strengthening good corporate governance as well as enhancing fiscal performance and financial sustainability. Further, Government is developing the State-Owned Enterprises Bill which will provide the legal framework for state-owned enterprises. The Bill will strengthen accountability, oversight, management and control of state-owned enterprises.

Fight Against Corruption

134. Madam Speaker, to enhance the fight against corruption, Government is amending the Anti-Corruption Act. This is aimed at strengthening the independence of the Anti-Corruption Commission, and enhance anti-corruption enforcement. To increase transparency, Government will amend the Companies Act to strengthen provisions on beneficial ownership by requiring the disclosure of ultimate owners of a company.

Debt Management

135. Madam Speaker, on assuming office, the New Dawn Administration made a commitment to restructure our external debt and chart the path to debt sustainability. We are delivering on this commitment as we have reached agreement on debt treatment for approximately 94.0 percent of the debt within the restructuring perimeter. This is a demonstration of our unwavering commitment to restore public debt sustainability despite the various challenges that this process has faced. In this regard, I wish to, once again, thank the creditors for being strong partners in our restructuring process.

136. Madam, Government is current with payments on all restructured debt obligations including the Eurobonds.

137. Madam Speaker, the debt distress and restructuring process has taught us a bitter lesson. To ensure that we do not repeat the mistakes of the past, we have amended the law to improve parliamentary oversight on public borrowing. We have established the Debt Management Office responsible for annual debt sustainability analysis, medium term debt strategies and credit risk analysis. We have also enhanced transparency through regular publication and reporting on debt.

138. Madam, to strengthen risk mitigation in our public debt management, we will take a proactive market-based approach. This will involve various debt management operations aimed at optimising our debt portfolio as well as supporting development of our domestic market using market-based tools. With these reforms, public borrowing is, and will continue to be, undertaken in a prudent and sustainable manner.

Constituency Development Fund

139. Madam Speaker, on assuming office in 2021, the New Dawn Administration made a bold decision to enhance the CDF. Since then, the Programme has become one of the most powerful tools for delivering equitable, inclusive, and sustainable development to our people. Communities all over the country love CDF for obvious reasons, it is delivering more development than they have ever seen since independence. Madam, we must congratulate ourselves as Zambians for coming up with this novel idea of CDF, on our own, which is having so much impact.

140. Madam, since 2022, through CDF, we have built 2,800 classroom blocks, rehabilitated 422 classroom blocks, and procured 670,000 desks. To improve access to healthcare services, we constructed 131 health posts, 195 new maternity annexes and rehabilitated 11. To provide access to clean water and sanitation, we have drilled 1,941 boreholes, installed 531 water schemes and built 228 ablution blocks.

141. Madam Speaker, to enhance access to education and skills development, 82,652 secondary school learners have been granted boarding bursaries and 151,518 youths enrolled in various skills training courses. We have also empowered 47,246 women and youth groups with grants and 14,773 with loans.

142. Madam, these achievements are more than just numbers on a page. They represent lives that have been changed for the better. A child in a classroom now sits on a desk, able to focus on their studies. A mother now delivers her baby safely in a modern maternity ward, close to home. Our people now draw clean and safe water from boreholes, a stone throw away. A young entrepreneur can now run a business with a CDF loan, contributing to local economic growth. This is the power of CDF!

Monetary Policy

143. Madam Speaker, monetary policy will continue to play a critical role in fostering price stability by steering inflation back to the target band of 6-8 percent over the medium term. Madam, we will also continue to strengthen the monetary policy framework, including reinforcing the use of the Kwacha in domestic transactions. The Bank of Zambia has conducted extensive consultation with stakeholders and will issue regulations by the end of this year. The regulations will outline exemptions and will be accompanied by detailed guidelines.

Financial Sector Policy

144. Madam Speaker, the revision of the Banking and Financial Services Act, aimed at strengthening the resilience and integrity of our financial system, has reached an advanced stage. The goal is to make the law responsive to developments in both the domestic and global financial landscape. The Bill will be tabled before this House during the current session.

145. Madam, to enhance the financial sector safety net and provide for the protection of depositors, I will table a Deposit Protection Scheme Bill before this House during the current session. Further, the Bank of Zambia will issue the Banking and Financial Services (Deposit Protection) Rules by the end of this year. Under these Rules, a fund will be established to pay out deposits up to a specified amount in the event of failure of a financial institution.

146. Madam Speaker, to unlock access to affordable credit, especially by small and medium enterprises, Government will continue supporting the de-risking of lending to SMEs through the Zambia Credit Guarantee Scheme. In addition, the Bank of Zambia has made strides toward operationalising a K5 billion fund to support small businesses. The fund will provide credit guarantee through commercial banks and other financial service providers. Further, business development services and support for market linkages will be provided. The fund will be launched in the first quarter of 2026.

External Sector Policy

147. Madam Speaker, Government will continue to maintain a flexible exchange rate regime, build international reserves and provide market support to mitigate excessive exchange rate volatility. To support international reserves, the Bank of Zambia has purchased refined gold worth US $322.6 million as at end-August 2025. To boost foreign exchange earnings, Government will continue with its efforts to diversify exports and maintain a conducive environment for foreign investment inflows.

148. Madam, since the launch of the Export Proceeds Tracking Framework in January 2024, US $16.0 billion has been routed through the domestic banking system. This has helped to enhance the quality of balance of payments data as this was not fully captured previously. The scope of the Framework is being expanded to include trade in services and tracking of imports.

PART THREE

THE 2026 BUDGET

149. Madam Speaker, I now present the 2026 National Budget whose allocations are in line with the priority programmes in the Eighth National Development Plan. The allocations also support the theme that was in the President's speech regarding consolidating our socio-economic gains.

150. Madam, I propose to spend K253.1 billion or 27.4 percent of GDP. This will be financed from domestic revenues of K206.5 billion, which is 81.6 percent of the total budget or 22.3 percent of GDP. Grants from Cooperating Partners of K12.1 billion or 4.8 percent of the total budget will complement domestic revenues. The balance of K34.5 billion or 3.7 percent of GDP will be financed through domestic and external borrowing. Domestic borrowing is projected at K21.6 billion or 2.3 percent of GDP while external borrowing is K12.9 billion or 1.4 percent of GDP. Details of the borrowing are in the 2026 Annual Borrowing Plan.

151. Madam Speaker, I now present the 2026 Budget by functions of Government.

2026 EXPENDITURE BY FUNCTIONS OF GOVERNMENT

FUNCTION	2026 BUDGET	SHARE OF BUDGET
	K	
General Public Services	**92,607,310,525**	**36.6%**
O/w Domestic Debt Interest	52,001,221,466	
External Debt (Interest and Principal)	21,665,800,000	
Dismantling of Arrears	4,660,024,146	
2026 General Elections	1,186,772,857	
Local Government Equalization Fund	1,449,071,480	
Compensation Fund	810,159,000	
Defence	**11,869,119,655**	**4.7%**
Public Order and Safety	**9,633,140,090**	**3.8%**
O/w Integrated National Registration Information System (INRIS)	217,800,000	
Support to Law Enforcement Agencies	940,731,324	
Economic Affairs	**58,649,785,516**	**23.2%**
O/w Agriculture, Fisheries & Livestock	15,544,974,571	
O/w Farmer Input Support Programme	*9,153,616,198*	
Strategic Food Reserve	*2,101,200,000*	
Animal Health Services	*764,713,498*	
Road Infrastructure	14,494,946,344	
Constituency Development Fund	6,245,077,784	
Tourism	1,535,615,025	
Electricity Fund	500,000,000	
Provincial Airports Infrastructure	1,050,298,458	
Economic Empowerment Fund	588,516,356	
Mining	1,202,141,130	
O/w Aerial Geological & Geophysical Mapping	*541,470,300*	
Artisanal and Small-Scale Mining	*449,497,653*	
Environmental Protection	**1,574,415,347**	**0.6%**
Housing and Community Amenities	**3,202,786,623**	**1.3%**
O/w Water Supply & Sanitation Infrastructure	1,829,919,600	
Health	**26,174,424,321**	**10.3%**
O/w Drugs and Medical Supplies	6,401,092,478	
Medical Equipment	953,530,784	
Health Infrastructure	1,697,282,001	
Hospital Operations	1,147,172,974	
Recreation, Culture and Religion	**668,566,095**	**0.3%**
O/w Chiefs Welfare	200,634,588	
Education	**33,036,705,123**	**13.0%**
O/w School Operations	2,434,621,200	
School & University Infrastructure	2,290,040,294	
Student Loans and Scholarships	1,359,584,608	
Revised Education Curriculum	300,000,000	
Social Protection	**15,673,201,025**	**6.2%**
O/w Social Cash Transfer	7,649,887,508	
Public Service Pension Payments	4,923,383,084	
Cash for Work Programme	1,032,184,534	
Food Security Pack	1,512,700,000	
TOTAL	**253,089,454,320**	**100.0%**

Note: *The Table highlights only some of the notable expenditure items under each of the function categories.*

General Public Services

152. Madam Speaker, I propose to spend K92.6 billion or 36.6 percent of the Budget on General Public Services. Significant outlays under this category include K52.0 billion and K21.7 billion for domestic and external debt payments, respectively.

153. Madam, you will note that the burden of servicing domestic debt, at K52.0 billion, is now much higher compared to that of external debt at K21.7 billion. This has arisen because of the sharp increase in domestic borrowing through the issuance of Treasury bills and Government bonds that occurred between 2015 and 2021. These instruments are now maturing hence the big jump in the domestic debt servicing cost, particularly in 2026. It is clear, therefore, that the effects of excessive borrowing in the past are still with us.

154. Madam Speaker, I have also allocated K1.2 billion for costs relating to the conducting of the 2026 General Elections, including other election-related activities.

155. Madam, to continue empowering our local authorities and ensure equitable distribution of resources, I have allocated K1.4 billion to the Local Government Equalisation Fund. Further, K810.2 million has been allocated to the Compensation Fund to facilitate payments for court cases won against Government and K4.7 billion towards dismantling of arrears to suppliers of goods and services.

Economic Affairs

156. Madam Speaker, to continue unlocking the growth potential of our country, I propose to spend K58.6 billion or 23.2 percent of the Budget on economic affairs. Of this amount, K15.5 billion will be for the agriculture, fisheries and livestock sector. This includes K9.2 billion for the Farmer Input Support Programme, K2.1 billion for maintaining strategic food reserves to safeguard national food security, and K764.7 million for animal health services including the implementation of the Zambia Beef Export Project. This allocation and those that follow provide fiscal support to fund the promotion of beef exports.

157. Madam, I propose to allocate K14.5 billion for the construction, rehabilitation, and maintenance of roads, including urban and feeder roads across the country. I do recognise the genuine need for more funding for roads which members eloquently express in this House. Unfortunately, the rise in the cost of servicing of domestic debt limits us as to what we can do this time round. In the meantime, Government will continue to construct roads using the PPP mode so that cash saved may be deployed on roads that cannot attract PPP funding.

158. Madam Speaker, I propose to increase spending on mining related activities to K1.2 billion. Of this amount, K541.5 million is to continue with the aerial geological and geophysical mapping while K449.5 million is allocated to support artisanal and small-scale mining, mainly for the construction of mineral processing hubs and marketing centres. To operationalise the Mineral Regulation Commission, I have allocated K75.9 million.

159. Madam, this expenditure is an important investment that will open new doors for yet more mining in our country. In this regard, Zambia is indeed in the next few years destined to be an even stronger mining country with an equally strong economy.

160. Madam Speaker, I propose to spend K1.5 billion in the tourism sector to improve infrastructure, support wildlife conservation and tourism marketing, among others.

161. Madam, to continue supporting development at the local level, I propose to increase the allocation to the CDF to K6.2 billion. This translates to K40.0 million per constituency from K36.1 million, an increase of K3.9 million per constituency.

162. Madam Speaker, I propose to allocate K1.1 billion for developing provincial airports to enhance air connectivity and position Zambia as a regional hub.

163. Madam, K851.7 million has been allocated to the Zambia Credit Guarantee Scheme, which includes resources for the Sustainable Agriculture Financing Facility to enable farmers access affordable financing. In addition, I propose to increase the allocation for empowerment funds to K588.5 million from K391.9 million this year.

164. Madam Speaker, I propose to allocate K500.0 million for the establishment of the Electricity Fund.

Education

165. Madam Speaker, I propose to spend K33.0 billion or 13.0 percent of the total budget on education. Of this amount, K2.4 billion is for the free education programme and K2.3 billion for the completion and rehabilitation of school and university infrastructure across the country. Once approved, these expenditure proposals will consolidate the gains made in the socio-economic sphere.

166. Madam, to enable more students benefit from the loan scheme and access tertiary education, I have allocated K1.4 billion to the Higher Education Loans and Scholarship Board. This will ensure that students from poor families can be supported. It is at these universities and colleges where the future of our country lies. This is where we produce the engineers, technicians and accountants that will drive the strong growth of our economy now and in the future. You will be pleased to know that some companies in Zambia have already foreseen a shortage of engineering skills in the near future and have started sponsoring engineering students.

167. Madam Speaker, I have also allocated K300.0 million to the revised national education curriculum to equip learners with skills necessary to respond to the demands of the labour market.

Health

168. Madam Speaker, I propose to spend K26.2 billion or 10.3 percent of the budget to support health service delivery across the country. Out of this, K6.4 billion is apportioned to the procurement of drugs and medical supplies, which represents an increase of 30.0 percent from 2025. The increase is to cover the gap following the withdraw of some external support.

169. Madam, I am happy to hear now and then from colleagues from the health sector that the availability of drugs and medicines is very satisfactory across the whole country as opposed to the situation during our early days in Government. I have also allocated K953.5 million for maintenance and procurement of essential medical equipment.

170. Madam Speaker, I have allocated K1.7 billion toward health infrastructure development to expand access to healthcare nationwide. Of this amount, K249.5 million will be for the ongoing construction of mini-hospitals under Phase II of the project.

Housing and Community Amenities

171. Madam Speaker, I propose to spend K3.2 billion on housing and community amenities. Out of which, K1.8 billion is to improve access to safe drinking water, particularly in rural and peri-urban areas.

Public Order and Safety

172. Madam Speaker, I propose to spend K9.6 billion to maintain public order and safety. Key interventions will include modernisation of our security wings and improvement of infrastructure. This will ensure that Zambia continues to remain a peaceful country where no one fears being harmed by either criminals or political thugs.

173. Madam, to reinforce our fight against corruption, I propose to increase the allocation to law enforcement agencies by 18.0 percent to K940.7 million. I also propose to spend K217.8 million to support the implementation of the Integrated National Registration Information System.

Social Protection

174. Madam Speaker, to support our vulnerable people, I propose to spend K15.7 billion on social protection programmes. Significant provisions include K7.6 billion for the Social Cash Transfer Programme and K4.9 billion for pension payments to our retirees.

175. Madam, I propose to increase the allocation for the Food Security Pack to K1.5 billion from K1.2 billion to include more beneficiaries.

Other Functions

176. Madam Speaker, I propose to allocate K14.1 billion to the remaining functions of Defence, Environmental Protection, as well as Recreation, Culture and Religion. Of this amount, K200.6 million is for chiefs' affairs which has been increased by 25.0 percent to improve the welfare of our traditional leaders.

REVENUE ESTIMATES AND MEASURES

2026 RESOURCE ENVELOPE

	2026 BUDGET (ZMW)	SHARE OF BUDGET	SHARE OF GDP
DOMESTIC REVENUE, GRANTS AND FINANCING	**253,089,454,320**	**100.0%**	**27.4%**
1. DOMESTIC REVENUE & GRANTS	**218,599,854,605**	**86.4%**	**23.7%**
a.) Domestic Revenue	**206,452,017,612**	**81.6%**	**22.3%**
Tax Revenue	**165,763,376,594**	**65.5%**	**17.9%**
Income Tax	82,486,328,798	32.6%	
o/w Company Tax	30,064,680,257		
Pay As You Earn (PAYE)	31,379,987,794		
Withholding Tax and Other	21,041,660,747		
Value Added Tax (VAT)	54,377,542,669	21.5%	
Customs and Excise Duties	28,480,340,138	11.3%	
o/w Customs Duties	14,385,329,598		
Excise Duties	14,095,010,540		
Export Duties	419,164,988	0.2%	
Non Tax Revenue	**40,688,641,018**	**16.8%**	**4.4%**
o/w Total User Fees, Fines and Charges	21,410,339,383		
Mineral Royalty	18,199,881,491		
Motor Vehicle Fees	202,329,018		
Tourism Levy	78,906,486		
Skills Development Levy	372,795,266		
Insurance Premium Levy	424,389,374		
b.) Grants	**12,147,836,993**	**4.8%**	**1.3%**
2. GROSS FINANCING	**34,489,599,715**	**13.6%**	**3.7%**
Domestic Financing	**21,620,000,000**	**8.5%**	**2.3%**
Foreign Financing	**12,869,599,715**	**5.1%**	**1.4%**
o/w Programme Loans	*3,832,400,000*		
Project Loans	*9,037,199,715*		

Revenue Measures

177. Madam Speaker, before I present revenue measures, let me remind the nation that it is the responsibility of everyone to contribute money to the Treasury through taxation and payment of fees. Unfortunately, many of our colleagues, especially in the informal sector, do not want to pay taxes and yet they want public services. We cannot keep on increasing taxes on the same people in the formal sector. Some of the tax proposals I will present today are, therefore, intended to claw some money from those who hide from paying taxes.

178. Madam, to enhance domestic resource mobilisation and provide targeted relief to spur growth, I propose the following revenue measures.

179. Madam Speaker, to stimulate local manufacturing and value addition, I propose to revise the selected goods surtax and customs duty on imported steel products, pasta, processed meat and edible offal, carbon dioxide, flexible PVC pipes, polyester fibre and float glass. In addition, I propose to remove customs duty on complete knock-down components for the assembly of motor vehicles, including tipper trucks, electric vehicles, tricycles, motor cycles, truck trailers, and tractors.

180. Madam, micro, small, and medium enterprises must grow. For this to happen they need our support. I, therefore, propose to provide tax relief as follows:

a) Increase the tax-exempt threshold for turnover tax and rental income tax to K2,500 from K1,000 per month;

b) Increase the turnover tax threshold for artisanal and small-scale mining to K5,000,000 from K800,000; and

c) Reduce the penalty for late turnover tax payment to 0.5 percent from 5.0 percent.

181. Madam Speaker, to attract investment in the electricity subsector and improve electricity supply, I propose to:

a) Provide duty relief for machinery and equipment required for transmission and distribution of electricity; and

b) Increase the period to 10 years from seven years in which a business in hydroelectricity generation can claim a refund on vat incurred on eligible goods before the commencement of commercial operations.

182. Madam, to promote investment and value addition in the livestock and dairy subsectors, I propose to:

a) Increase customs duty on powdered milk imported for resale and for further processing to 40 percent and 25 percent from 25 percent and 15 percent, respectively;

b) Harmonise, at 10 percent, the selected goods surtax on imported milk, cheese and yoghurt;

c) Increase customs duty on cheese, yoghurt and long-life milk to 40 percent from 25 percent;

d) Remove the 15 percent customs duty on milk pasteurisation machinery; and

e) Extend the 2 percent local content allowance to income earned from value addition to milk, raw hides and skins.

183. Madam Speaker, to support climate resilience and reduction of greenhouse gas emissions, I propose to:

a) Reduce excise duty to 15 percent from 30 percent on selected new hybrid vehicles;

b) Change the valuation of duty for used hybrid motor vehicles to specific rates; and

c) Increase excise duty to 100 percent from 30 percent on single-use plastics.

184. Madam, I propose the following additional tax measures:

a) Harmonise the customs duty on firearms upwards at 25 percent;

b) Introduce a 30 percent excise duty on firearms and ammunition;

c) Exclude buses with a seating capacity of 50 and above from presumptive tax, and register them under turnover tax or corporate income tax;

d) Zero-rate the supply of mains (piped) water for value added tax purposes;

e) Remove the five-year carry forward limitation period of disallowed interest;

f) Increase the allowable income tax deduction for companies employing persons with disabilities to k2,500 from k2,000;

g) Extend the charge of advance income tax to all remittances; and

h) Provide incentives to revamp the rail sector.

185. Madam Speaker, I propose to adjust upwards citizenship fees, visa fees, firearm license fees and mobile money levy rates. Further, I propose to adjust toll fees upwards on all motor vehicles except small and light vehicles, and buses.

Housekeeping Measures

186. Madam Speaker, I also propose to amend the Income Tax Act, the Customs and Excise Act, the Value Added Tax Act, the Zambia Revenue Authority Act and other relevant laws. This is aimed at updating, strengthening and removing ambiguities in certain provisions of the laws and making revenue administration more effective.

PART FOUR

CONCLUSION

187. Madam Speaker, the past four years have been momentous. The UPND took over the administration of our country at a time when there were serious challenges. Lawlessness reined as political cadres terrorised citizens and became the law unto themselves to the extent that they would even raid police stations and police officers would scamper. Elections became rivers of blood.

188. Economic governance was also seriously challenged. Our country was heaped with unsustainable debt against the advice of both local and foreign experts. Utilisation of public resources became questionable, in some cases leading to revelations later through investigations and court judgements of massive corruption.

189. Madam, where governance has broken down, good economic performance is unlikely, and this was the case in our country. Combined with challenges of the COVID-19 pandemic, we saw our mining industry collapsing and so did many other industries. The economic data validated this because, as I said earlier, the average annual economic growth four years prior to the coming in of the UPND was a paltry 1.6 percent, well below what is needed to reduce poverty.

190. Citizens, especially the weak and those in rural areas, paid a heavy price for the declining economy. This is why in opposition, and upon taking over Government, the New Dawn Administration committed itself to fix the economy and better the livelihoods of our people. And this is what we have been doing since 2021. And many of the decisions to do this work were taken in this House as we deliberated together to improve our economy and push more resources towards the poor.

191. Madam, today, I stand before you filled with pride to report that we have now fundamentally transformed the economy in readiness for further economic expansion and greater opportunities for our citizens. The debt burden which had crippled the economy has been eased as we have reached debt restructuring agreement with most of our creditors. New investments in various sectors have been attracted as investors who once looked away are now choosing Zambia as a land of opportunity.

192. Madam, five years ago, who would have imagined that Zambia would be a major exporter of fertilisers, when the country was a big importer at the time? Or that a big steel industry would arise here? Or that Mulungushi Textiles in Kabwe would truly come back to life? Or that TAZARA would come back to life? Or indeed that mines like KCM, Mopani, Kalengwa, and others would come back to life with brand new ones like Kobold and Kitumba would emerge?

193. Madam Speaker, farmers are now producing more because of the interventions this Government put in place such as the enhanced e-voucher system and access to affordable loans for agricultural implements. Our farmers are now being paid competitive prices for their produce.

194. Madam, our children who are the future leaders now have the opportunity to not only go to school but sit in proper classrooms with good desks. Unprecedented numbers of teachers, many of them having stayed for more than a decade post training, have been recruited and deployed to the most remote areas. Youths have been provided with bursaries. Meal allowances for students have been reinstated. The quality of education is being improved.

195. Madam Speaker, we have transformed the health sector. We have constructed new hospitals and maternity annexes. We have reduced distances to health facilities because in many constituencies, wherever there is a school, there will also be a health facility. Our mothers in remote areas can now deliver in decent maternity wards. We have improved the stock of medicines. We have recruited thousands of health personnel. The quality of our health services has improved.

196. Madam, we are improving the basic necessities of life. We have increased access to clean and safe water supply. For the first time in some areas, children have seen water running from a tap.

197. Madam Speaker, this transformation is not the achievement of this Government alone. This is a testament of the sacrifice of every citizen that worked hard in the markets, in the shops, on the farms, in the mines, in the classrooms, in the hospitals and in many other fields of work.

198. Madam, the work of this Government is far from over. Challenges like youth unemployment and poverty cannot be totally eliminated in four years. But what is clear by now is that the decline of the past has been arrested and the country is now headed in the right direction. The commitment and competence demonstrated by this Government thus far, should give everyone hope that the outstanding challenges will also be resolved. These achievements are just a stepping stone towards improving the livelihoods of our people.

199. In this Budget, we have provided resources to consolidate socio-economic gains for scaling up social protection programmes, building more health facilities and schools, providing free education, constructing roads and airports, and revamping our industries.

200. Madam, I thank the people of Zambia for the support. I thank the President and Cabinet for their good leadership. Lastly, I thank you Madam Speaker and all the MPs in this House for standing together to do the good things for our people. It is this House that made vital changes like eliminating subsidies on fuel and cutting out other less critical expenditures so that the money saved can be utilised to introduce free education, increase CDF, increase Social Cash Transfer and introduce Cash-for-Work which enabled us to save our people from starvation during the severe drought of 2024.

201. Madam, together, we are indeed consolidating economic and social gains towards a prosperous, resilient, and equitable Zambia.

202. Madam Speaker, I thank you.

Fees and Levies Proposed to be Increased in the 2026 Budget

Table 1: Mobile Money Transaction Levy

	Amount Range	Current Mobile Money Transaction Levy (Kwacha)	Proposed Mobile Money Transaction Levy (Kwacha)
1.	Between K1 to K150	0.16	0.32
2.	Above K150 to K300	0.20	0.40
3.	Above K300 to K500	0.40	0.80
4.	Above K500 to K1,000	1.00	2.00
5.	Above K1,000 to K3,000	1.60	4.00
6.	Above K3,000 to K5,000	2.00	7.50
7.	Above K5,000 to K10,000	3.00	8.00

Table 2: Toll Fees

	Vehicle Description	Current Tolls Fee (Kwacha)		Proposed Tolls Fee (Kwacha)	
		Michael Chilufya Sata Toll Plaza	All other Toll Plazas	Michael Chilufya Sata Toll Plaza	All other Toll Plazas
1.	Medium heavy vehicle with 2 - 3 axles (more than 6.5 tons) (rigid) (single access)	300	50	400	200
2.	Heavy vehicle with 4 axles and above (single access)	460	250	600	300
3.	Abnormal load vehicle (single access)	800	800	1,000	3,000

Table 3: Citizenship Fees

	Description	Current Fee (ZMW)	Proposed Fee
1.	Application for Citizenship by Registration	1,466.66	USD 1,000 or Kwacha equivalent
2.	Certificate of Citizenship by Registration	26,666.66	USD 10,000 or Kwacha equivalent
3.	Application for Bestowal of Citizenship	1,466.66	K5,000.00
4.	Certificate of Bestowal of Citizenship	13,333.33	K25,000.00
5.	Declaration of Renunciation of Citizenship	2,666.66	K5,000.00
6.	Letter of Confirmation	1,333.33	K2,500.00

Table 4: Firearm Licence Fees

	Description	Current Fee (Kwacha)	Proposed Fee (Kwacha)
1.	Tourist's Import Permit.	88.88	3,600.00
2.	Certificate of Exemption.	22.40	1,200.00
3.	Firearm licence: a. In respect of each rifle or pistol entered on certificate.	88.88	2,400.00
	b. In respect of each breech –loading firearm other than rifle or pistol.	16.80	1,200.00
	c. In respect of each muzzle – loading firearm.	44.80	360.00
4.	Duplicate firearm certificate.	22.40	600.00
5.	Certificate of exemption (antique firearm).	22.40	1,200.00
6.	Certificate of registration as a firearm dealer.	333.33	3,600.00
7.	Firearm Dealer's Import Permit.	333.33	1,200.00
8.	Permit for repair, test proof.	333.33	600.00