2027 BUDGET ADDRESS BY HONOURABLE DR. SITUMBEKO MUSOKOTWANE, MP, MINISTER OF FINANCE AND NATIONAL PLANNING, DELIVERED TO THE NATIONAL ASSEMBLY ON FRIDAY, 6TH NOVEMBER, 2026

1. Madam Speaker, on behalf of Government, I have the honour to present the estimates of revenue and expenditure for the period 1st January to 31st December, 2027. This is pursuant to Article 202 of the Constitution of Zambia.

2. Let me begin by congratulating the President of the Republic of Zambia, Mr. Hakainde Hichilema, Her Honour the Vice President and the United Party for National Development, on the resounding victory in the August 2026 elections. Madam Speaker, I also congratulate you, your two Deputies, all the Members of Parliament and all the other elected leaders for their victories.

3. Madam Speaker, I also wish to thank the President for, once again, placing his confidence in me to serve as Minister of Finance and National Planning.

4. Madam, over the past five years, the UPND Government directed its efforts towards stabilising the economy and establishing a firm foundation for growth. I am happy to state that in each of the past five years, strong economic growth averaging 5.2 percent was registered. We restored macroeconomic stability, restructured our external debt, reduced inflation, stabilised the exchange rate, increased international reserves, and improved investor confidence.

5. Madam Speaker, the successes of the past five years translated into tangible benefits for our people. Job opportunities in both the public and the private sectors expanded. We improved access to quality healthcare, introduced free education and enhanced social protection programmes. We also increased allocations to the Constituency Development Fund as part of moving resources and service delivery closer to the people.

6. Madam, the gains achieved so far do not mean our work is finished because in the development process, there is no such thing as a finishing line. Our task now is to ensure that growth continues at an even stronger pace so that its impact on jobs, household incomes and other opportunities becomes greater. This is the spirit of the direction that the President set during his inaugural speech and at the official opening of the First Session of the Fourteenth National Assembly. He placed emphasis on the *Grow Zambia Agenda*, coded **10-10-5-3-3-1-1-1**, the meaning of which is clear to all of us by now.

7. Madam Speaker, the *Grow Zambia Agenda* will anchor the country's economic development. It will also provide a clear framework to guide Government policies and interventions going forward, so as to achieve the objectives of the growth agenda. As we focus on growth, it is important to emphasise that we shall not lose sight of the need for sound macroeconomic management.

8. Madam, arising from what I have just said, the theme for the 2027 Budget is: ***Grow Zambia: From Stabilisation to Unlocking Opportunities, Creating Jobs and Improving Livelihoods for All.***

9. Madam Speaker, my Address this afternoon is in four parts. In Part One, I outline the global and domestic macroeconomic developments in 2026. In Part Two, I provide the macroeconomic strategies and goals for 2027. In Part Three, I give details on the estimates of revenue and expenditure for 2027 and in Part Four, I conclude my Address.

PART ONE

MACROECONOMIC DEVELOPMENTS IN 2026

10. Madam Speaker, the global economy has remained resilient despite heightened geopolitical tensions and trade uncertainties, with global growth projected at 3.1 percent in 2026. Crude oil prices spiked to US $114 per barrel in October this year compared to US $64.6 per barrel in January before the Middle East conflict. This has resulted in higher domestic fuel pump prices. Copper prices reached a historical high of US $14,850 per tonne in August, presenting opportunities for increased export earnings and more investments in our mining sector.

11. Madam, the domestic economy has also demonstrated resilience. Real GDP growth averaged 7.4 percent in the first half of 2026, supported mainly by activities in agriculture, mining, as well as information and communication technology or ICT. Inflation has declined significantly, reaching 6.3 percent in October this year from 11.2 percent in December 2025. This was mainly on account of the maize bumper harvest and appreciation of the Kwacha against major currencies. Declining inflation has provided room for monetary policy easing, with the Bank of Zambia reducing the Monetary Policy Rate to 10.75 percent in September 2026 from 14.25 percent in December 2025.

12. Madam Speaker, on the fiscal front, revenue performance has been below target. This is largely on account of the suspension of value added tax and excise duty on fuel. At the same time, Government has had to incur higher expenditures to safeguard national food security. With these developments, the fiscal deficit, in 2026, is projected at 5.9 percent of GDP against the initial target of 2.1 percent of GDP.

13. Madam, the stock of Central Government external debt declined to US $15.46 billion as at end-June 2026 from US $16.15 billion as at end-December 2025, largely attributed to the Eurobond buyback. On the domestic front, the stock of Government securities and loans increased to K280.9 billion as at end-June 2026 from K253.7 billion at end-December 2025. Over the same period, the stock of arrears on goods and services declined to K51.4 billion from K57.1 billion. The stock of outstanding VAT refund claims reduced to K60.3 billion as at end-September 2026 from K61.1 billion at end-December 2025.

14. Madam Speaker, the banking sector remains profitable, with a relatively low non-performing loans ratio of 2.7 percent as at end-September 2026 against the prudential benchmark of 10.0 percent.

15. Madam, the trade balance remained positive in the first nine months of this year as exports were US $13.9 billion, of which non-traditional exports or NTEs amounted to US $4.2 billion, while imports amounted to US $13.4 billion. This contributed to the increase in gross international reserves to US $6.1 billion at end-August 2026 from US $5.5 billion at end-December 2025. It also supported stability in the exchange rate.

16. Madam Speaker, I am pleased to report that NTEs have significantly increased, rising to US $4.3 billion in 2025 from US $2.5

billion in 2021. What is even more pleasing is the increase in agricultural exports that surpassed US $1 billion from US $500 million in 2021, contributing to increased farmers' income, export earnings and diversification of the export base.

17. Madam, the aforementioned developments demonstrate our resolve to maintain macroeconomic stability. Our focus now is to translate these gains into higher production, increased investment, more jobs, improved incomes and a lower cost of living, consistent with the *Grow Zambia Agenda*.

PART TWO

MACROECONOMIC OBJECTIVES

18. Madam Speaker, to build on stability, Government has set the following macroeconomic objectives for 2027:

(a) attain real GDP growth rate of at least 4.9 percent;

(b) maintain inflation within the 6-8 percent target band;

(c) maintain gross international reserves above four months of import cover;

(d) increase domestic revenue to at least 23.3 percent of GDP;

(e) reduce the fiscal deficit to 3.0 percent of GDP; and

(f) limit net domestic borrowing to 2.9 percent of GDP.

POLICIES AND STRATEGIES FOR 2027

19. Madam Speaker, during the official opening of the First Session of the Fourteenth National Assembly, the President was very clear on the *Grow Zambia Agenda*. He outlined five priority areas of intervention, or pillars, to support the *Agenda* with specific targets, coded as **10-10-5-3-3-1-1-1,** which serve as anchor targets for driving accelerated economic growth. Other sectors will also focus on clearly defined targets and performance benchmarks that are aligned with, and contribute measurably towards the Grow Zambia Agenda.

20. Madam, I now present specific policies and measures to achieve the targets in 2027 and beyond and how these are provided for in this Budget.

PILLAR ONE: GROWING THE ECONOMY

21. Madam Speaker, Government's foremost priority is to double the size of our economy by expanding production, increasing productivity, promoting value addition and increasing exports. To achieve this, we will prioritise interventions to accelerate growth in mining, agriculture, manufacturing and tourism.

22. Madam, a number of important principles must be observed and obeyed if the economic growth agenda has to be attained. The first is that the growth must be private sector led and export oriented. Simply put, growth must come from expanding exports. Exports are not merely for earning foreign exchange but also for gaining access to external markets for commodities such as copper, maize, soya beans, wheat, sugar and beef which the country will be producing but cannot all be consumed in Zambia. Secondly, Zambia will continue to attract foreign direct

investment to work with us using various cooperative modalities. The target outputs in the sectors chosen are huge. Partnering with foreign investors, as opposed to going it alone, will enable us to not only mobilise the required resources but to attain these targets quickly. Thirdly, Government will continue with the policy of empowering young people with skills to enable them participate effectively and drive economic growth. Lastly, Government will work towards creating a conducive environment for businesses to thrive.

23. Madam Speaker, as I describe Government's intended interventions to attain the production targets, it is important to note that some interventions will be through tax or expenditure measures as provided for in this Budget. Other interventions, however, will only require a change in policy or laws. Thereafter, the private sector will do the rest.

Mining

24. Madam Speaker, the *Grow Zambia Agenda* targets production of three million metric tonnes of copper by 2031. In 2026, copper production is projected to reach 930,000 metric tonnes, which will be a record for Zambia. Progress towards the three million tonnes is solid and is based on the following:

(a) resolution of disputes among various actors in the sector. This was already done during the first term and will continue as and when needed;

(b) expansion programmes at major mines such as First Quantum Minerals, Barrick Lumwana, Konkola Copper Mines and Mopani Copper Mines. This is already happening;

(c) on-going rehabilitation of old mines such as Kalengwa and Luanshya;

(d) on-going development of greenfield mines such as Kitumba and KoBold;

(e) completion of the aerial geophysical survey by the end of the year. The next step is to conduct ground-based geological investigations to verify, interpret and validate the geophysical results. We have allocated money for these activities in the 2027 Budget;

(f) maintaining a stable, predictable and competitive mining fiscal regime;

(g) digitalisation of mining licensing and permit processes; and

(h) strengthening regulation, transparency and accountability in the mining sector. The Minerals Regulation Commission is now fully functional and has been decentralised.

25. Madam, it is common knowledge that gold is being mined in Zambia but significant amounts, especially from small scale mines, are being traded under the table. Going forward, Government will establish a gold trading agency that will aggregate gold and formalise trading. I will return to this topic later as I discuss the details of the revenue and expenditure measures in Part III.

Agriculture, Livestock and Fisheries

26. Madam Speaker, five out of the eight targets in the *Grow Zambia Agenda* relate to agriculture and livestock. The targets are **10** million tonnes of maize, three million tonnes of soya beans, one million tonnes each of wheat and sugar and one billion US dollars of

beef exports. Attaining these targets will uplift our farmers and the country. These targets are well beyond our consumption requirements and the surplus must therefore be exported.

27. Madam, for these ambitious production targets to be attained, farmers at all levels of scale must be engaged, from the very small-scale to large-scale. This means that FDI from large corporations and small-scale producers can come together to invest and produce agricultural commodities for export. This model already exists at Nakambala Sugar Estate.

28. Madam Speaker, building on this model, Government will adopt a new approach to the development and management of farm blocks by establishing a farm block development agency. The agency will coordinate governance, infrastructure development, facilitate investment, and promote productive utilisation of agricultural land in the farm blocks. It will also be a special purpose vehicle that will engage with the private sector and coordinate investment. Further, Government will review the policy on agricultural land to ensure productive utilisation of the country's arable land.

29. Madam, for large-scale producers, Government commits to the following in 2027 and beyond:

(a) identifying suitable land not far from water resources and enabling infrastructure such as railways, roads and power. In this regard, Government has identified the TAZARA and Lobito Railway Corridors to be areas of large production in maize, wheat, soya beans, sugar and forestry. Investors are, however, free to choose other transport corridors like Nacala and the western corridors;

(b) establishing the necessary infrastructure in the areas of interest; and

(c) selecting credible investors who have demonstrated capacity and interest to work with small-scale farmers and have export capability.

30. Madam Speaker, beyond the development of farm blocks, Government will implement targeted reforms to transform agriculture into a private sector-led, commercially viable, competitive and export-oriented sector. This will be achieved by:

(a) promoting agricultural mechanisation by establishing six mechanisation centres in each district by 2031. This will be in addition to the existing 125 centres;

(b) fully harnessing existing water reservoirs including rivers, natural lakes and existing dams such as Mwomboshi and Kafulafuta to support irrigation;

(c) accelerating investment in irrigation infrastructure to cover at least 500,000 hectares, by 2031, to support year-round production;

(d) adopting high-yielding and climate-resilient seed varieties;

(e) strengthening extension services to promote improved farming practices and increase productivity;

(f) expanding access to affordable agricultural financing; and

(g) promoting out-grower schemes for small-scale farmers.

31. Madam, the Farmer Input Support Programme has traditionally been subsidy-based. The programme will transition into an agricultural loan scheme to broaden access to financing for our farmers, as was originally intended. Government will develop

implementation modalities, with the transition expected to commence in 2027.

32. Madam Speaker, to improve agricultural marketing, Government will issue commencement orders for the Food Reserve Agency Act, 2026, the Agricultural Marketing Act, 2026, and the Agricultural Credit and Warehouse Receipts Act, 2026, accompanied by the necessary regulations and guidelines. These reforms will strengthen agricultural commodity markets, facilitate access to credit and promote greater private sector participation in agricultural marketing. The Food Reserve Agency will also be repositioned to focus on strategic food reserves.

33. Madam, in the livestock subsector, Government has set an ambitious target to increase beef export earnings to US $1 billion per annum. This will entail:

(a) controlling disease through vaccination and disease surveillance;

(b) improving genetics through community-based breeding programmes;

(c) improving nutrition and calving rates through sustainable range land management and promotion of fodder and pasture production;

(d) establishing community-based animal disease free compartments;

(e) partnering with private sector to establish cold chain storage and abattoir facilities;

(f) securing international market access; and

(g) strengthening extension services.

34. Madam Speaker, in the fisheries subsector, Government has been promoting sustainable fish production and productivity to increase supply of fish and long-term conservation of aquatic resources. As a result, fish production in 2026 is projected at 270,000 metric tonnes and to reach 300,000 metric tonnes in 2027. To facilitate further growth in the subsector over the medium-term, key interventions will include:

(a) promoting productivity of aquaculture;

(b) regulating fishing activities, protecting breeding stock and promoting responsible harvesting in our natural water bodies;

(c) facilitating investment in feed production for the subsector; and

(d) improving genetics of our local fish species.

35. Madam, to facilitate exports from the expected higher production in the agricultural sector, we are reviewing and automating all permit application processes through the single window system. The current export permit system is based on the standard truck load of 30 tonnes and does not recognise other forms of transport such as rail wagons which carry 45 tonnes. In addition, we will introduce bulk export permits for large-volume exporters to reduce administrative costs, eliminate unnecessary delays and facilitate trade.

Tourism

36. Madam Speaker, over the next five years, Government aims to increase international tourist arrivals to five million from 2.3 million in 2025. To attain the full potential for the sector, we will address existing constraints such as infrastructure gaps, multiplicity of licenses, insufficient destination marketing and limited diversification of tourism offerings.

37. Madam, to achieve the target for tourist arrivals, Government, working with the private sector, will:

(a) strengthen capacity to successfully bid to host meetings, conferences and exhibitions when opportunities arise;

(b) move beyond isolated destinations by packaging visits to multiple tourism sites;

(c) construct and upgrade connectivity infrastructure such as entry points, access roads and airports;

(d) strengthen local linkages for sourcing food, furniture, linen and crafts; and

(e) promote aggressive destination marketing.

38. Madam Speaker, we will continue to protect and conserve our natural and cultural heritage. This will be achieved through promotion of sustainable management of wildlife and protected areas supported by community empowerment and ownership programmes. Traditional ceremonies and maintenance of heritage sites will also be promoted.

Manufacturing

39. Madam Speaker, achieving the ambitious production target under the *Grow Zambia Agenda* must be accompanied by increased value addition. Our objective is to create a conducive environment for enhanced private sector participation. To achieve industrialisation, we will focus on:

(a) reducing regulatory costs and eliminating unnecessary red tape;

(b) leveraging on value chain financing and development finance;

(c) expanding multi-facility economic zones, industrial parks, and export trade zones;

(d) supporting growth of local companies to benefit from local content requirements and capacity-building programmes;

(e) strengthening local linkages for sourcing and aggregating of raw materials; and

(f) investing in skills development to support manufacturing.

40. Madam, these reforms will significantly increase jobs in the sector beyond the current 320,000 and raise the share of the sector in GDP to above 8.5 percent.

41. Madam Speaker, Government will also leverage on bilateral, regional and continental trade agreements to increase exports and foreign exchange earnings. This potential is already being demonstrated in the fertiliser industry, where export earnings increased by more than 500 percent to US $131.9 million in 2025 from US $19.9 million in 2021.

Micro, Small and Medium Enterprise Development

42. Madam Speaker, the growth of micro, small and medium enterprises or MSMEs continues to be constrained by limited access to affordable finance and markets, inadequate business infrastructure, limited skills and low levels of formalisation. To help remedy this, the Government will focus on the following in the medium-term:

(a) promote partnerships with major retail outlets and facilitate exports;

(b) promote local content in the production process;

(c) provide business development services to support enterprise growth;

(d) promote formalisation of MSMEs; and

(e) increase access to affordable finance.

43. Madam, to improve access to finance for MSMEs, the Bank of Zambia will soon launch a small business growth initiative through a special purpose vehicle that will manage a K5 billion guarantee scheme working through financial service providers. This will complement financing under the Zambia Credit Guarantee

Scheme and Citizens Economic Empowerment Commission, among others.

PILLAR TWO: CONNECTING THE NATION

44. Madam Speaker, economic growth depends on reliable energy, transport and logistics, information and communication technology infrastructure as enablers of growth.

Energy

45. Madam Speaker, in the electricity subsector, the target is to increase electricity generation capacity to 10,000 megawatts by 2031. In the last five years, we have increased the installed generation capacity by 42 percent, to 4,722 megawatts from 3,318 megawatts mostly from the private sector. This is attributed to the reforms that we implemented which induced private sector investment. These include migration towards cost reflective tariffs, implementation of the electricity open access regime, investments in alternative energy sources and streamlined regulatory approvals for energy projects.

46. Madam, to achieve the target of 10,000 megawatts, Government will accelerate the implementation of the energy compact under the Mission 300. The compact provides a comprehensive framework for expanding electricity generation, mobilising energy investments, achieving universal electricity access and strengthening the financial sustainability of the energy sector. Specific key initiatives will include:

(a) continuation of the transition towards cost reflective tariffs to attract investment in the sector;

(b) strengthening ZESCO's operational and financial performance;

(c) continued implementation of the electricity open access regime;

(d) development of transmission lines and inter-connectors to evacuate and trade in power;

(e) diversification of the energy mix by reducing over-reliance on hydropower and scaling up solar, thermal and other energy sources; and

(f) implementation of the Grid Resilience Programme in the energy sector occasioned by savings from the Eurobond buyback.

47. Madam Speaker, in 2027, more than 1,400 megawatts are expected to be added to the national grid. As this power is from non-hydro sources, it will diversify the country's energy mix and provide a buffer against droughts. We will also expand and modernise electricity transmission infrastructure to facilitate the evacuation of power from new generation projects, improve supply reliability and trade within regional power pools. Regional transmission line projects include the Zambia-Tanzania 330KV, Zambia-Malawi 400KV and Kalumbila-Kolwezi 330KV. In-land transmission lines include the Kafue West-Muzuma 330KV, Muzuma-Nambala 330KV and Lusaka West-Kabwe 330KV.

48. Madam, with regard to the petroleum subsector, the implementation of the TAZAMA Open Access Framework has enhanced security of supply of petroleum products particularly diesel. This has helped us build sufficient petroleum reserves, thereby minimising the risk of supply disruptions. Government will continue strengthening the Framework to make it more competitive and transparent.

49. Madam Speaker, we are working with Tanzania to construct a new multi-product petroleum pipeline and also rehabilitate the existing TAZAMA pipeline under a PPP model. When the new pipeline comes into operation, all of Zambia's petroleum imports will come in cheaper, compared to trucking-in the fuel which is more expensive.

Transport and Logistics

50. Madam Speaker, the *Grow Zambia Agenda* must be led by expansion in exports. This requires adequate and reliable transportation to the ports. In this regard, Government is developing key transport corridors which, at the same time, will be economic corridors. Government will, therefore, encourage producers of the identified and any other export commodities to make their investments along these corridors. The corridors that Government is actively pursuing include:

(a) Lobito Corridor, connecting roads, railways and border facilities, to enhance trade with Angola, the Democratic Republic of Congo and beyond. Works have commenced to rehabilitate the Mutanda-Kisasa-Mwinilunga-Jimbe road and the Kasempa turnoff to Kabompo via Mufumbwe road. The ground breaking and construction of the Lobito railway line itself is expected in quarter four of 2027;

(b) TAZARA, which is being rehabilitated together with the construction of a dry port at Kapiri Mposhi, to increase movement of cargo and passengers between Kapiri Mposhi and the port of Dar-es-Salaam;

(c) Zambia Railways, which will be rehabilitated, with an initial amount of 60 million Euros already secured for the Kapiri Mposhi-Ndola section. We are also engaging other partners to rehabilitate the rest of the Zambia Railways line; and

(d) any corridors, including those that link Zambia to neighbouring countries such as the Nacala and the western corridors.

51. Madam, in the road sector in general, Government will construct, upgrade and rehabilitate 787 kilometres of road network countrywide. Some of the notable road projects to be undertaken will include Kazungula to Sesheke, Kisasa to Mwinilunga and Chipata to Lundazi. Other roads will include Lundazi to Chief Magodi area, Chipata to Chadiza, Nchelenge to Kaputa, Kasempa turnoff to Mufumbwe, and Mufumbwe to Kabompo. We will also rehabilitate Mbesma bridge as well as selected township and feeder roads, including other key economic routes identified as critical to driving the *Grow Zambia Agenda*. Other roads will be constructed using the PPP model.

52. Madam Speaker, to improve operational efficiency and ensure sustainable infrastructure financing, Government will repeal and replace the Railways Act Cap 453 of 1984. A key reform will be the adoption of a vertical separation model under which Zambia Railways Limited will serve as the railway infrastructure manager while the provision of freight and passenger train services will be opened up for private sector participation through an open access model.

53. Madam, to improve air connectivity, Mansa and Mfuwe Airports will be completed in 2027 while works on Nakonde will continue. Works for the construction of Choma Airport as well as the upgrade of Chipata, Mongu and Solwezi Airports will commence next year.

54. Madam Speaker, Government, working with the private sector, is modernising border operations to speed up trade processing, improve cargo monitoring and reduce smuggling. This is being done through continued implementation of the single window digital platform, customs to customs data exchange, AI-enabled scanners and smart gates. The smart gate, currently under development at Kazungula, is expected to be completed in 2027, and will be replicated at Kasumbalesa, Mokambo, Nakonde and Sakania Border Posts.

Information and Communication Technology

55. Madam Speaker, Government has made significant progress in expanding ICT infrastructure and digital services since 2021. The national fibre-optic backbone has increased to over 42,000 kilometres from 15,000 kilometres. Communication towers have been upgraded and increased to 3,954 from 3,413. Active internet subscriptions increased to 15.5 million as at end-September 2026 from 10.5 million as at end-December 2021.

56. Madam, at the centre of the digitalisation agenda is the roll out of an integrated national digital identity system. In 2027, the Government will fast track the implementation of this identity system. Government will also continue to modernise land administration through integrated property management reforms involving the Ministry Lands, Local Authorities, utility companies and the Zambia Revenue Authority.

57. Madam Speaker, in 2023 Government developed the National Electronic Government Plan, which targeted to onboard 1,578 services on the Government Service Bus by 2026. To date, we have only onboarded 572 services due to fragmented efforts. Going forward, Government will undertake a one-Government digitalisation approach to achieve more. In this regard, we will, in 2027, focus on:

(a) developing a catalogue of all services to be digitalised both at central and local Government;

(b) digitising records in identified critical institutions such as Ministry of Lands, Zambia Environmental Management Agency, and others; and

(c) onboarding an additional 35 councils on the e-Council platform following the successful piloting of eight councils this year. The pilot resulted in the collection of over K290 million within six months of its introduction.

PILLAR THREE: IMPROVING LIVING STANDARDS

58. Madam Speaker, the ultimate measure of economic progress is not only growth, but the extent to which this growth translates into improving the living standards of our people. This requires scaling up investments in education and skills development, health, water and sanitation as well as social protection.

Education and Skills Development

59. Madam Speaker, education is the foundation for building knowledge, skills and competencies required to achieve the targets set in the *Grow Zambia Agenda*. We introduced free education in 2022 and have now made it law that every eligible learner has the right to free education from early childhood to secondary school.

60. Madam, to support the free education policy, we have:

(a) recruited 41,917 teachers since 2022 to improve the quality of education;

(b) constructed 197 secondary schools since 2022 to improve the learning environment. An additional 31 will be completed in 2027;

(c) revised the school curriculum in 2023 to a competence-based approach, placing emphasis on practical skills, critical thinking, problem solving, creativity and entrepreneurship; and

(d) expanded the home-grown school feeding programme to all districts in over 8,800 schools covering more than 5.6 million learners.

61. Madam Speaker, Government has been investing in infrastructure at our tertiary institutions. Significant progress has been made at the following universities: Chalimbana, Copperbelt, Kwame Nkrumah, Mukuba, Palabana and the University of Zambia, all of

which are above 70 percent complete. In 2027, Government will also commence construction of six new universities in Eastern, Luapula, Northern, Northwestern, Southern and Western provinces. These universities will be funded partly by the Government and partly by the private sector through PPPs.

62. Madam, in the area of skills development, we have increased the number of TEVET providers to 496 in 2026 from 341 in 2022. This has resulted in over 332,000 students acquiring lifelong skills, out of which 47,041 were supported with bursaries. Going forward, the award of bursaries will be re-aligned to the critical skills gap with particular focus on agriculture, tourism, mining and manufacturing to support the *Grow Zambia Agenda*. Government aims to expand the capacity of skills training centres to accommodate an additional 100,000 trainees starting in 2027. Construction of new training centres will be undertaken in Kabompo, Kawambwa, Mumbwa, Mushindamo and Siavonga.

Health

63. Madam Speaker, to improve access to quality health care services, we have undertaken the following in the past five years:

(a) recruited 21,500 health workers;

(b) improved availability of medicines to 83 percent from 35 percent;

(c) increased the number of mini hospitals to 137 from 26 and level 1 hospitals to 103 from 90 facilities;

(d) procured and distributed diagnostic equipment including for the Lusaka Cancer Diseases Hospital; and

(e) rolled out the Smart Care-Pro electronic record system to more than 2,000 health facilities covering an estimated 12.5 million patient records.

64. Madam, these investments have improved health outcomes. Maternal mortality reduced to 187 from 253 per 100,000 live births between 2018 and 2024 while neonatal mortality declined to 17 from 27 deaths per 1,000 live births. Over the same period, child stunting reduced to 32 percent from 35 percent due to improved distribution of high-energy protein supplements to pregnant and breast-feeding mothers as well as children.

65. Madam Speaker, our focus in the medium-term will be:

(a) recruitment of additional frontline medical personnel, with 3,125 to be recruited in 2027;

(b) completion of the Ndola Cancer Diseases Hospital and King Salman Bin Abdulaziz Specialised Hospital in Lusaka;

(c) construction of the cancer diseases hospital in Livingstone as well as mini and level 1 hospitals across the country;

(d) improvement of stock levels of medicines and medical supplies at health facility level; and

(e) continued roll out of the electronic record management system to the remaining health facilities.

66. Madam, the Government will also undertake comprehensive reforms to address accumulation of arrears, strengthen financial viability, and improve efficiency and effectiveness of the National Health Insurance Scheme.

Water and Sanitation

67. Madam Speaker, to increase access to clean water and to provide adequate sanitation, Government embarked on and completed water supply and sanitation projects across the country. So far, Government has constructed 1,208 small

piped water schemes, 7,044 boreholes and 10 dams, as well as rehabilitated 15 dams. Further, 673 waterborne sanitation facilities in public institutions have been constructed across the country. These projects have benefited close to 5 million people and over 100,000 livestock since 2021.

68. Madam, in 2027, Government will prioritise the development of water harvesting infrastructure such as dam construction and rehabilitation across the country to contribute to the *Grow Zambia Agenda* in supporting key economic sectors such as agriculture, mining, tourism, energy and livestock. These interventions will also contribute to building resilience against the adverse effects of climate change. Government will also continue with the construction and rehabilitation of boreholes, small water piped schemes, and water borne sanitation facilities to accelerate universal access to clean and safe water as well as adequate sanitation.

Social Protection

69. Madam Speaker, Government increased the number of beneficiaries under the social cash transfer to over 1.5 million in 2026 from under one million in 2021. The transfer value was also increased to K400 from K180 per household per month while households with persons with disabilities receive K600. Government also extended nutrition support to 22,000 households out of the target of 25,000 households on the Social Cash Transfer programme in the hard-to reach communities.

70. Madam, key interventions in 2027 will include:

(a) incorporating contributions towards the National Health Insurance Scheme in the Social Cash Transfer programme; and

(b) integrating the food security pack into other existing social protection programmes.

71. Madam Speaker, Government will operationalise a unified national social registry in 2027 to improve the targeting, coordination and delivery of social protection and other Government support programmes. It will initially contain beneficiaries under Government support programmes such as the Social Cash Transfer programme and Keeping Girls in School.

PILLAR FOUR: BUILDING AN EFFECTIVE, EFFICIENT, AND DELIVERY-ORIENTED PUBLIC SECTOR

72. Madam Speaker, the successful implementation of the *Grow Zambia Agenda* requires sound institutional governance and a public sector that is responsive, accountable and focused on delivering results. Over the medium-term, we will implement reforms to enhance public financial management, public service delivery, environmental sustainability as well as improve performance of state-owned enterprises.

Fiscal Policy

73. Madam Speaker, we will continue to pursue fiscal consolidation and safeguard debt sustainability. Our objective is to reduce the fiscal deficit to 1.2 percent of GDP by 2029.

74. Madam, to increase revenue, Government will:

(a) implement the Medium-Term Revenue Strategy to broaden the tax base and rationalise exemptions and incentives;

(b) strengthen compliance through data sharing, improve monitoring of mineral value chain, enhance transit-cargo monitoring, and promote the use of the smart invoice system;

(c) automate and enhance non-tax revenue collection from fees, fines and levies, including dividends from SOEs; and

(d) strengthen international tax cooperation and exchange of information.

75. Madam Speaker, on the expenditure side, Government will:

(a) contain the public sector wage bill within 35 percent of domestic revenues over the medium-term;

(b) rationalise spending on government operations so as to redirect savings towards interventions that improve infrastructure and social sector spending; and

(c) enhance capacity in project preparation and provide viability gap financing to make PPPs more effective in delivering public infrastructure.

Debt Management

76. Madam Speaker, the UPND Government has remained steadfast in restoring and maintaining debt sustainability. External debt restructuring is nearing completion. Our efforts to manage debt better are being recognised and the country's debtor status is being upgraded by leading credit rating agencies. Just a week ago, one of the credit rating agencies, Moody's, further upgraded Zambia's rating by a notch from *Caa2* to *Caa1* with a positive outlook. Improved rating enables the Government and citizens to access external credit cheaper.

77. Madam, to strengthen the management of domestic debt as well as reduce borrowing costs and refinancing risks, we will commence implementation of liability management operations, prioritise fixed-rate securities, and consolidate benchmark bonds including the 20-year Government bond. Government remains committed to deepening domestic capital market, improving public debt management and allowing more financing to flow to productive sectors.

Arrears Clearance

78. Madam Speaker, Government will prioritise the clearance of arrears to support private sector growth. To this end, Government will:

(a) continue to provide budgetary allocation to clear arrears;

(b) enhance the commitment controls to halt accumulation of arrears; and

(c) conduct liability management operations particularly for legacy arrears, including VAT refund claims.

Monetary and Financial Sector Policies

79. Madam Speaker, monetary policy will continue to focus on maintaining inflation within the 6-8 percent target band over the medium-term.

80. Madam, a well-functioning financial sector is essential to advancing the *Grow Zambia Agenda.* In this regard, the Bank of Zambia will promote greater transparency in credit pricing by financial service providers and publish lending rates.

81. Madam Speaker, to enhance financial sector stability and strengthen the crisis management framework, Government will, by the end of this year, operationalise the Banking and Financial Services Act, 2026 and the National Payment System Act, 2026, together with their accompanying regulations and guidelines. Further, the Zambia Deposit Insurance Corporation Act, 2026 will be operationalised.

External Sector Policy

82. Madam Speaker, Government will maintain a flexible exchange rate regime and continue to build international reserves to enhance

resilience against the adverse impact of external shocks. In the medium-term, the reserve coverage will progressively be increased to more than five months of imports by intensifying efforts to diversify the export base while continuing to purchase domestically produced gold.

Financial Inclusion

83. Madam Speaker, overall financial inclusion, which is the access to and use of financial products and services, increased to 80.1 percent in 2025 from 69.4 percent in 2020. This was largely due to expansion of mobile payments, digital banking, promotion of agency banking and enhanced payment system operations which has enabled the extension of payment transactions over longer hours on weekdays and on Saturdays. Going forward, work is underway to:

(a) further extend operating hours of the payment and settlement system to support the 24-hour economy and allow some non-banks to participate directly; and

(b) implement the national Quick Response or QR code to make payments faster and more efficient.

84. Madam, all these initiatives will support the *Grow Zambia Agenda*. I, therefore, encourage the public to take advantage of these digital payment channels and go cashless.

State Owned Enterprises

85. Madam Speaker, we revised the SOE Policy in 2024, developed the Supervisory and Performance Monitoring Framework in 2025, and enacted the SOE Act in 2026. Going forward, we will review and restructure underperforming enterprises, promote private sector participation through strategic partnerships and, where appropriate, partial divestments. These measures are intended to improve profitability, increase dividends to the treasury, reduce fiscal risks and position SOEs as an important contributor to the *Grow Zambia Agenda*.

Fight Against Corruption

86. Madam Speaker, corruption undermines Government's efforts to deliver quality public services. Achieving the ambitious objectives of the *Grow Zambia Agenda* requires zero tolerance for corruption. The Anti-Corruption Commission Act will be amended to strengthen the independence and governance of the Commission. To enhance governance and accountability, Government will improve oversight of high-risk processes, particularly procurement, recruitment and licensing.

Decentralisation and Local Governance

87. Madam Speaker, Government has made significant progress in transferring decision-making authority and resources closer to the people. So far, 13 functions have been devolved and allocation towards the Constituency Development Fund increased to support devolution. This has enabled communities to invest more in education, health, water and sanitation, feeder roads and other infrastructure while supporting women and youth empowerment and skills development.

88. Madam, constituencies differ in their characteristics and the challenges they face. Consequently, Government will review the CDF allocation formulae to ensure equitable distribution of resources. The objective is to allocate resources, not only on the basis of equality, but also on equity. Comprehensive consultative processes with stakeholders, including Parliamentarians will be undertaken before arriving at the solution.

Pension Reforms

89. Madam Speaker, every retiring worker deserves to receive their benefits on time and have a dependable income in retirement. Government has made considerable effort to reduce pension arrears to public service workers and will continue to dismantle them. Our objective is to reduce the waiting time to three months in the medium-term from over one year currently.

90. Madam, Government, in 2026, enacted the National Pension Scheme Act, Public Service Pensions Act and Local Authorities Superannuation Act to improve the adequacy of benefits and secure the long-term sustainability of pension schemes. These legislative reforms will improve the income replacement ratio by supplementing NAPSA benefits with occupational pension arrangements under the Public Service Pension Fund and Local Authorities Superannuation Fund. Under NAPSA, the income replacement ratio is 45 percent of pensionable earnings. The reopening of the Public Pension Fund and Local Authorities Superannuation Fund to new entrants will provide additional occupational arrangements targeting a further 20 percent income replacement. This is intended to raise the combined income replacement ratio to 65 percent, thereby improving retirement income security for public service workers.

91. Madam Speaker, let me take this opportunity to urge private sector employers to establish and strengthen occupational pension schemes that supplement NAPSA benefits, improve income replacement ratios and enhance retirement income security for their employees.

92. Madam, in 2027, Government will repeal and replace the Pension Scheme Regulation Act of 1996 to strengthen the regulation and supervision of the pensions industry. The reforms will enhance the protection of pension benefits, extend pension coverage to self-employed persons and workers in the informal sector, strengthen the supervision of public and private pension schemes, and improve dispute resolution. The reforms will further promote financial sustainability, deepen domestic savings and facilitate the mobilisation of long-term patient capital to support investment and economic growth under the *Grow Zambia Agenda*.

Environmental Sustainability

93. Madam Speaker, to promote environmental protection, climate resilience and green growth under the *Grow Zambia Agenda* and to accelerate private sector investment, Government will:

(a) prioritise enforcement of the amended statutory timelines for environmental approvals;

(b) digitalise licensing and environmental impact assessment processes as well as adoption of simplified assessment procedures to reduce administrative delays;

(c) strengthen environmental protection and pollution control through enhanced regulatory enforcement, acquisition of modern environmental monitoring equipment and operationalise the Zambia Environmental Management Agency laboratory;

(d) expand digital climate advisory services to four million farmers by 2029 from one million, to provide timely, location-specific weather information and agricultural advisories;

(e) strengthen the development of carbon markets through enhanced institutional capacity, maintenance of the national carbon registry and improved verification of carbon credits; and

(f) intensify forest conservation and landscape restoration by curbing illegal logging, uncontrolled bushfires and forest degradation, through community participation, sustainable forest-based enterprises and rehabilitation of degraded landscapes.

National Development Plan

94. Madam Speaker, preparation of the Ninth National Development Plan for the period 2027 to 2031 has advanced. The plan, which will define our development priorities in the next five years, will be anchored on the *Grow Zambia Agenda*. It will also include a robust monitoring and evaluation framework for timely corrective action and ensure that the country stays on course to deliver. At an appropriate time, I will return to this august House to seek approval of the Plan.

PILLAR FIVE: FINANCING OUR FUTURE

95. Madam Speaker, the *Grow Zambia Agenda* requires long-term affordable financing. The Government budget, both in the past and in the future, cannot provide adequate financing for development. Government will, therefore, adopt a financing for growth approach that positions it as a catalyst for investment rather than the sole provider of development finance.

96. Madam, under this approach, Government will mobilise a diversified pool of long-term financing from public, private, domestic and international sources, while deploying public resources strategically to crowd in private investment. As a starting point, Government will re-establish a development finance institution in 2027. In addition, Government will encourage development financing from the following:

(a) foreign direct investment;

(b) public-private partnerships;

(c) disaster risk financing;

(d) green financing;

(e) value chain financing; and

(f) blended financing through the use of a combination of concessional and commercial instruments.

97. Madam Speaker, we will also undertake comprehensive reforms to deepen capital markets, broaden citizen ownership and mobilise the long-term capital needed to finance national development. This will be achieved through the implementation of the Capital Markets Master Plan and amendment of the Securities Act, 2016. The objective is to transform national wealth into shared prosperity by enabling more Zambians to become owners, investors, and beneficiaries of assets that drive our economy.

PART THREE

THE 2027 BUDGET

98. Madam Speaker, I propose to spend K284.8 billion or 28.4 percent of GDP in 2027. The Budget will be financed through domestic revenues amounting to K233.7 billion or 82.1 percent of the Budget, borrowing from domestic and external sources of K41.9 billion or 14.7 percent of the Budget and grants from Cooperating Partners of K9.2 billion or 3.2 percent of the Budget. The details of borrowing from domestic and external sources are contained in the 2027 Annual Borrowing Plan.

99. Madam, one of the UPND's strategic focus since coming into Government has been to strengthen fiscal sustainability through improved domestic resource mobilisation as well as expenditure rationalisation. To this end, we have consistently increased domestic revenues as a share of the budget from 58.7 percent in 2021 to 76 percent in 2024 and we project to reach 82.1 percent in 2027.

100. Madam Speaker, I now present the Budget allocations by functions of Government.

2027 EXPENDITURE BY FUNCTIONS OF GOVERNMENT

2027 BUDGET ALLOCATIONS BY FUNCTIONS OF GOVERNMENT		
FUNCTION	**2027 BUDGET** K	**SHARE OF BUDGET**
General Public Services	**90,525,618,457**	**31.8%**
O/w Domestic Debt	50,821,861,999	
External Debt (Interest and Principal)	16,763,550,000	
Dismantling of Arrears	4,660,024,146	
Local Government Equalization Fund	1,547,608,341	
Digitalisation of Government Services	1,712,884,800	
O/w Digital National Identity-INRIS	*367,800,000*	
Land Administraion System	*205,450,000*	
Defence	**14,649,393,747**	**5.1%**
Public Order and Safety	**11,364,073,107**	**4.0%**
O/w Support to Law Enforcement Agencies	1,194,436,699	
Economic Affairs	**75,903,425,061**	**26.7%**
O/w Agriculture, Fisheries & Livestock Interventions	22,700,169,228	
O/w Farmer Input Support	*9,053,737,096*	
Animal Health Services	*822,473,061*	
Road Infrastructure	18,148,971,944	
Constituency Development Fund	9,047,356,277	
PPP Viability Gap Financing Fund	507,300,000	
Tourism	1,358,658,439	
Grid Resilience Project	391,300,000	
Development Finance Institution (DFI)	400,000,000	
Provincial Airports	2,350,298,458	
Mining	1,213,799,385	
O/w Geological Mapping	*467,249,660*	
Artisanal & Small-Scale Minning	*450,675,445*	
Mines Standards and Mineral Regulation	*171,724,398*	
Environmental Protection	**2,288,686,674**	**0.8%**
Housing and Community Amenities	**4,628,506,297**	**1.6%**
O/w Water Supply & Sanitation	2,078,598,705	
Housing Development	362,899,869	
Health	**30,253,032,675**	**10.6%**
O/w Drugs and Medical Supplies	6,401,092,476	
District & Mini Hospitals Infrastructure	866,670,301	
Support to NHIMA	360,000,000	
Recreation, Culture and Religion	**736,276,466**	**0.3%**
Education	**38,239,781,406**	**13.4%**
O/w School Operations	2,761,731,877	
Students Loans and Scholarship	1,945,803,154	
Home Grown School Feeding Programme	1,000,000,090	
School & University Infrastructure	3,172,449,953	
Social Protection	**16,179,756,073**	**5.7%**
O/w Social Cash Transfer	10,363,110,480	
Public Service Pension Payments	5,245,759,596	
TOTAL	**284,768,549,963**	**100.0%**

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

General Public Services

101. Madam Speaker, I propose to spend K90.5 billion or 31.8 percent of the Budget on General Public Services. Notable allocations include:

(a) K67.6 billion for debt service of which K50.8 billion is for domestic debt and K16.8 billion for external debt;

(b) K4.7 billion towards dismantling of arrears;

(c) K1.7 billion to support the digitalisation of Government services; and

(d) K1.5 billion to the Local Government Equalisation Fund.

Economic Affairs

102. Madam Speaker, I propose to spend K75.9 billion or 26.7 percent of the Budget on the Economic Affairs Function. Key allocations include:

(a) K22.7 billion to support agriculture, fisheries and livestock programmes, which includes:

(i) K9.1 billion for the Farmer Input Support Programme; and

(ii) K100.0 million for the establishment of beef compartments to support our target of US $1 billion per annum in beef export earnings

(b) K18.1 billion for the construction, rehabilitation, maintenance and upgrading of road infrastructure, including feeder and intra district roads;

(c) K9.0 billion to the Constituency Development Fund, up from K6.2 billion this year, an increase of K2.8 billion or 45 percent. To accommodate the increased number of constituencies, the allocation per constituency will remain at K40.0 million. Emphasis will be on completing all on-going projects;

(d) K2.4 billion for the development of airport infrastructure. The allocation has been more than doubled from the 2026 budget to complete the rehabilitation of Mansa and Mfuwe Airports, continue with the construction of Nakonde Airport and commence the construction of Choma as well as the upgrade of Chipata, Mongu and Solwezi Airports;

(e) K1.4 billion for tourism programmes;

(f) K1.2 billion to support mining related activities which include:

(i) K450.7 million for training, certification and procurement of mining equipment for artisanal and small-scale miners and the rollout of the Mining Management Information System; and

(ii) K171.7 million for the mining standards and minerals regulations, increased from K75.9 million in the 2026 Budget.

(g) K507.3 million for viability gap financing to support PPP projects;

(h) K400.0 million for the establishment of a new development finance institution in place of the Development Bank of Zambia (In Possession); and

(i) K391.3 million to the Grid Resilience Programme to modernise the electricity distribution network and improve power reliability. This allocation is from savings arising from the bond buyback.

Education

103. Madam Speaker, I propose to spend K38.2 billion or 13.4 percent of the Budget on the education function. This includes:

(a) K3.2 billion for education infrastructure including construction of secondary schools and universities in provinces that do not have public universities;

(b) K2.8 billion for school operations to support the effective implementation of the Free Education Policy;

(c) K1.9 billion to support students pursuing tertiary education through the Higher Education Loans and Scholarships Board; and

(d) K1.0 billion to the School Feeding Programme, an increase from K523.0 million in the 2026 Budget.

Health

104. Madam Speaker, I propose to spend K30.3 billion or 10.6 percent of the Budget on the health function. Of this amount, I have allocated K6.4 billion for the procurement of drugs and medical supplies, K866.7 million for construction of mini and district hospitals and K360.0 million to support the National Health Insurance Scheme.

Housing and Community Amenities

105. Madam Speaker, I propose to spend K4.6 billion or 1.6 percent of the Budget on the housing and community amenities function. Of this amount, K2.1 billion will be directed to the water and sanitation sub-sector.

Public Order and Safety

106. Madam Speaker, I propose to spend K11.4 billion or 4.0 percent of the Budget on the public order and safety function. Of this amount, K1.2 billion will support law enforcement agencies in strengthening their operational capacity.

Social Protection

107. Madam Speaker, to strengthen social protection and reduce vulnerability, I propose to spend K16.2 billion or 5.7 percent of the Budget as follows:

(a) K10.4 billion on the Social Cash Transfer programme to support over 1.6 million beneficiary households up from 1.5 million in the 2026 Budget. The monthly transfer will be increased to K450 for eligible beneficiary households and K650 for households with eligible persons with disabilities; and

(b) K5.2 billion on the public service pension funds to reduce waiting time from retirement to when the pension is paid.

Other Functions

108. Madam Speaker, I propose to spend K17.7 billion or 6.2 percent of the Budget towards the functions of defence, environmental protection, culture, recreation and religion. These resources will support national security, safeguard the environment as well as conserve and promote our cultural heritage.

REVENUE ESTIMATES AND MEASURES

109. Madam Speaker, I now present the revenue measures to support the 2027 Budget.

2027 RESOURCE ENVELOPE			
	2027 BUDGET (K)	**SHARE OF BUDGET**	**SHARE OF GDP**
DOMESTIC REVENUE, GRANTS AND FINANCING	**284,768,549,963**	**100.0%**	**28.4%**
1. DOMESTIC REVENUE & GRANTS	**242,888,577,508**	**85.3%**	**24.2%**
a.) Domestic Revenue	**233,660,866,787**	**82.1%**	**23.3%**
Tax Revenue	**178,104,920,478**	**62.5%**	**17.8%**
Income Tax	104,253,317,482		
o/w Company Tax	42,701,945,618		
Pay As You Earn (PAYE)	35,370,888,887		
Withholding Tax and Other	26,180,482,978		
Value Added Tax (VAT)	44,309,947,274	**15.6%**	**4.4%**
Customs and Excise Duties	29,141,496,004	**10.2%**	**2.9%**
o/w Customs Duties	15,440,798,032		
Excise Duties	13,700,697,972		
Export Duties	400,159,718	**0.1%**	**0.04%**
Non-Tax Revenue	**55,555,946,308**	**19.5%**	**5.5%**
o/w Total User Fees, Fines and Charges	32,291,345,809		
Mineral Royalty	22,008,934,447		
Motor Vehicle Fees	344,542,178		
Skills Development Levy	459,149,191		
Insurance Premium Levy	451,974,683		
b.) Grants	**9,227,710,721**	**3.2%**	**0.9%**
2. GROSS FINANCING	**41,879,972,455**	**14.7%**	**4.2%**
Domestic Financing	**28,851,178,000**	**10.1%**	**2.9%**
Foreign Financing	**13,028,794,455**	**4.6%**	**1.3%**
o/w Programme Loans (IMF)	*6,724,482,893*		
Project Loans	*6,304,311,562*		

110. Madam, the successful implementation of the *Grow Zambia Agenda* requires strong, sustainable and predictable domestic revenue. The revenue measures I am proposing seek to strike a balance between supporting productive economic activities and ensuring that individuals and businesses contribute their fair share towards national development. Particular attention has been given to promoting local industries, encouraging investment and value addition, promoting environmental sustainability, enhancing equity and closing gaps in the tax system.

111. Madam Speaker, industrialisation and value addition are central to the *Grow Zambia Agenda*. To this end, Government will continue to promote an environment in which local industries can expand production, compete effectively, create employment and contribute to economic diversification. I therefore propose the following:

(a) increase customs duty on ceramic tiles to 40 percent from 25 percent to promote the local ceramic industry;

(b) introduce a selected goods surtax at 20 percent and increase customs duty to 25 percent from zero and 5 percent on selected imported aluminium bars, rods and profiles;

(c) increase the selected goods surtax to 30 percent from 20 percent on selected processed meat products, including meat and edible offal of bovine, sheep, goats, horses and mules;

(d) introduce customs duty at 15 percent and a selected goods surtax at 10 percent on crude soya bean oil and sunflower oil;

(e) harmonise selected goods surtax at 30 percent on imports of cement packaging bags and woven bags; and

(f) provide for 100 percent customs duty suspension and Value Added Tax exemption on imported raw materials used in the local manufacturing of sanitary products.

112. Madam, to lower capital costs and enhance Zambia's competitiveness as a high value tourism destination, I propose to suspend customs duty on safari vehicles, hospitality equipment and communications infrastructure. This is to support the attainment of the five million international tourist arrivals under the *Grow Zambia Agenda*.

113. Madam Speaker, to reduce environmental costs and discourage destructive products, I propose to:

(a) increase excise duty on single use plastics to 200 percent from 100 percent;

(b) introduce a specific excise duty of 80 ngwee per bottle on plastic bottles; and

(c) increase excise duty to 30 percent from 15 percent on selected plastic articles.

114. Madam, to formalise gold trading among artisanal and small-scale mining, I propose to reduce mineral royalty for artisanal and small-scale miners who sell their gold to aggregators approved by Government, to three percent from six percent.

115. Madam Speaker, to broaden the tax base, improve equity and secure additional domestic resources, I propose the following measures:

(a) exclude second-hand clothing and handbags from customs duty relief granted to approved Public Benefit Organisations;

(b) discontinue the exemption of customs duty and Value Added Tax zero-rating on energy saving appliances;

(c) introduce an export duty at 5 percent on zinc concentrates;

(d) introduce excise duty on sugar at K1 per kilogram and at 20 percent on chocolate and sugar confectionery; and

(e) increase mobile money levy across all bands.

116. Madam, as part of Government's commitment to strengthen domestic revenue mobilisation, I propose to adjust the Value Added Tax rate to 16.5 percent from 16 percent.

117. Madam Speaker, to rationalise the company tax regime which is currently characterised by preferential rates and arbitrage, I propose to increase Corporate Income Tax rates by 5 percentage points on all income currently taxed at 20 percent and below. This measure will ensure neutrality, fairness and alignment of the tax system.

118. Madam, I propose to introduce a top marginal rate of 39.5 percent PAYE tax for individuals earning above K37,000 per month. In simple terms, those earning K37,000 per month and below will continue to be taxed under the current regime and will therefore, not be affected by this measure. Only the additional income above K37,000 per month will be taxed at 39.5 percent.

119. Madam Speaker, I also propose to increase withholding tax on dividends paid by mining companies to 15 percent from zero percent. This will align with tax treatment of dividends distributed by companies in other sectors.

120. Madam, to enhance fairness in the tax system and promote enterprise growth and sustainability, I propose to reform the minimum alternative tax regime. Under this proposal, minimum alternative tax will only apply where a business has recorded losses for three consecutive years. This will ensure that only businesses with a persistent pattern of loss declaration are brought into the alternative tax net while allowing businesses facing recurring downturns to recover and return to profitability.

121. Madam Speaker, with regard to non-tax revenue, I propose the following:

(a) introduce and revise upward, selected passport fees and travel documents of identity;

(b) introduce and revise upward, selected civil registration fees;

(c) reclassify mechanical horse to the class of heavy vehicle with 4 axle and above category and charge appropriate tolls;

(d) introduce new fees and revise upwards, existing fees for registration of non-governmental organisations; and

(e) revise upwards mining, mineral processing and exploration license fees, area charges and related fees. This will align Zambia's mining license regime with international good practice.

122. Madam, in summary, the net effect of the revenue measures I have proposed will raise an estimated K10.8 billion and will come into effect on 1st January, 2027.

Housekeeping Measures

123. Madam Speaker, I also propose to update, strengthen and remove ambiguities in certain provisions of the tax laws and make tax administration more effective. I, therefore, propose to amend the Income Tax Act, the Customs and Excise Act and the Value Added Tax Act, among others.

PART FOUR

CONCLUSION

124. Madam Speaker, the record of the past few years demonstrates that the UPND Administration has not only set ambitious commitments but has delivered on them. We promised to restore macroeconomic stability, restructure our external debt and place our economy on a stronger footing. We delivered! We promised to increase the Constituency Development Fund, introduce free education and scale up social protection programmes. We delivered! We promised to undertake structural and legal reforms. We delivered!

125. Madam, the next chapter is to translate the stability into broad-based and sustainable improvement in the lives of our people. It is about accelerating economic growth, creating jobs, expanding opportunities, increasing export earnings, raising incomes and ensuring that the benefits of growth are felt in all households and communities across our country.

126. Madam Speaker, the Budget I have presented today provides a clear policy direction with specific interventions to achieve our *Grow Zambia Agenda*. Achieving this will require the collective effort of all of us, to build the Zambia we desire. The task before us is big, but our determination is greater.

127. Madam, together we can grow our economy. Together we can transform our Nation. Together we can improve the livelihoods of all our people.

128. Madam Speaker, I thank you.

ANNEX

2027 PROPOSED REVENUE MEASURES

No.	PROTECTION OF LOCAL MANUFACTURING SECTOR AND PROMOTION OF INVESTMENT IN TOURISM SECTOR (ESTIMATED REVENUE GAIN: K623,304,028)
1	Increase customs duty on ceramic tiles of HS Code from 5 percent to 40 percent
2	Introduce selected goods surtax at 20 percent and increase customs duty rate from 5 percent to 25 percent on imported aluminum tubes, bars and frames of Hs code 7604
3	Harmonise selected goods surtax at 30 percent on imports of cement packaging bags (Hs code 6305.33.00) and woven bags (HS code 3923.29.99)
4	Increase the selected goods surtax from 20 percent to 30 percent on imported selected processed meat products including meat products and edible offal of bovine, sheep, goats, horses and mules
5	Increase customs duty to 15 percent from 0 percent on crude soya bean oil, crude palm oil and crude sunflower oil
6	Introduce a selected goods surtax at 10 percent on crude soya bean oil and crude sunflower oil
7	Harmonise the customs duty rate on float glass to 25% from 15%
8	Provide for 100 percent duty exemption and VAT exemption on the importation of raw materials used in the manufacture of sanitary products, including sanitary pads, panty liners and related hygiene products
9	Suspend the customs duty on safari vehicles, hospitality equipment and communications infrastructure used in tourism operations
	ENVIRONMENTAL PROTECTION AND PROMOTION OF GREEN ECONOMY (ESTIMATED REVENUE GAIN: K311,8090,090)
10	Increase the excise duty on Single-Use Plastics to 200 percent from 100 percent;
11	Introduce a specific excise duty of 80 ngwee per bottle on plastic bottles
12	Harmonise excise duty at 30 percent on various plastics articles of HS Code 3918 (floor covering of plastics), 3919 (self-adhesive plates, tapes strips of plastic), 3923 (Articles for the conveyance or packaging of goods, of plastics; stoppers, lids, caps and other closures, of plastics), 3926 (other plastic apparels and accessories)

	SUPPORT TO SMALL-SCALE AND SRTISANAL MINING OPERATORS (ESTIMATED REVENUE LOSS: K325,500,001)
13	Introduce a fifty percent reduction in the Gold Mineral Royalty for artisanal and small-scale mining operators who sell Gold to approved aggregators
	RATIONALISATION OF CURRENT TAX ENCENTIVES AND MEASURES TO ENHANCE DOMESTIC RESOURCE MOBILISATION (ESTIMATED REVENUE GAIN: K8,906,588,396)
14	Exclude used second-hand clothing and handbags from customs duty relief granted to approved Public Benefit Organisations under the Customs and Excise (Public Benefit Organisation) (Rebate, Refund or Remission) Regulations, 2009
15	Discontinue the exemption of customs duty on energy saving appliances (Statutory Instrument No. 102 of 2021)
16	Discontinue the VAT zero-rating on energy saving appliances (Statutory Instrument No. 86 of 2022)
17	Introduce export duty at 5 percent on Zinc Concentrates
19	Introduce excise duty on sugar at K1 per kilogram
20	Introduce excise duty at 20 percent on chocolate under heading 18.06 and sugar confectionery under heading 17.04
22	Increase the Value Added Tax (VAT) rate by 0.5 percent to 16.5 percent from 16 percent
24	Increase the company income tax rate by 5 percent on all categories of income currently taxed below the standard company income tax (CIT) rate of 30 percent
25	Introduce a 39.5 percent Pay-As-You-Earn (PAYE) tax bracket on individuals earning above K34,000 per month
26	Apply the Minimum Alternative Tax (MAT) only to companies that make losses for three consecutive years
27	Increase the withholding tax rate on dividends paid by mining companies from zero percent to 15 percent
28	Increase the disallowed amount, by 10 percent, for an employer for providing non-cash in the form of motor vehicle.
29	Increase the disallowed amount for an employer for providing non-cash fringe benefit in the form of Housing to 40 percent from 37 percent.

NON-TAX REVENUE MEASURES (ESTIMATED REVENUE GAIN: K1,325,739,080)	
30	Revise upwards the mobile money levy across all bands
31	Introduce and increase selected passport fees
32	Increase residence, employment, investor's, visiting, temporary employment and cross-border and spouse permits
33	Introduce and increase selected civil registration fees
34	Reclassify mechanical horse to the class of Heavy vehicle with 4 axle and above category
35	Revise upwards fees for services for registration of Non-Governmental Services under Ministry of Community Development Social Services
36	Revise upwards mining, exploration and mineral processing license fees and area charges
TOTAL ESTIMATED REVENUE GAIN: K10,841,940,593	