

Press Statement

5th October, 2022.

EFFECTIVE IMPLEMENTATION OF THE 2023 NATIONAL BUDGET CRITICAL

On Friday 30th September 2022, the Minister of Finance and National Planning Hon. Dr. Situmbeko Musokotwane presented the proposed 2023 national budget to Parliament under the theme “*Stimulating economic growth for improved livelihoods*”. Government proposes to spend K167.3 billion or 31.4 percent of GDP. In order to support this expenditure, K111.6 billion or 20.9 percent of GDP will be raised as domestic revenue; K1.7 billion or 0.3 percent of GDP as grants from Cooperating Partners and K54.0 billion or 10.2 percent of GDP as financing. Accounting for amortization of K13.1 billion or 2.5 percent of GDP, financing translates into a fiscal deficit of K40.9 billion or 7.7 percent of GDP. The Minister made a number of pronouncements in this budget that, if well implemented, will result in improved livelihood and welfare for the Zambian people.

The Jesuit Centre for Theological Reflection (JCTR), as an organization whose work is to enhance justice and equality for all, and particularly for the poor and vulnerable, has analysed the 2023 national budget with a focus on the social sector as this has a direct bearing on the livelihoods of the citizens.

The 2023 budget provides an excellent opportunity for growth and development through a people-centered strategy. Government’s Economic Transformation Programme will focus on job creation, value addition in key sectors such as mining, agriculture and manufacturing. The budget has also demonstrated increased efforts to reduce developmental inequalities by increasing the Constituency Development Fund (CDF) from K25.7 million to K28 million per constituency, which entails directing more resources to the grassroots, which should be applauded.

Furthermore, the budget has demonstrated the government's willingness and zeal to improve the well-being of the poor and marginalized through key policy pronouncements. Notable measures aimed at improving citizens' well-being include the reintroduction of student meal allowances, the hiring of 256 extension officers and the purchase of equipment, the introduction of infield irrigation and a comprehensive agriculture support program, as well as the development of farming blocks, the scaling up of Social Cash Transfer programme, the payment of terminal benefits to retirees within three months, and the hiring of 4,500 teachers and 3000 health workers. The allocation to the social sector in the national budget for 2023 has made significant progress toward realizing the 8NDP pillar two (human and social development)

However, it is important to note that the social sector allocations remain vulnerable. More funds must be allocated by the government to ensure the inclusion of people living with disabilities, especially in education, social protection and health. Furthermore, as Zambia is signatory to various international standards such as the Maputo and Abuja Declarations which state that member countries allocate 10 percent and 15 percent of the National budgets towards Agriculture and Health respectively. The 2023 budget allocation falls short of both protocols, which stand at 6.7percent and 10.4percent of the national budget for agriculture and health respectively. A similar scenario is presented with the education sector budget whose ideal threshold is prescribed at 20 percent as per Incheon Declaration. The education sector budget stands at 13.9 percent. The point of emphasis remains that it is important

that aspirations to meet international protocols are met as they provide a benchmark upon which the nation can compare and assess performance in order to achieve continuous improvement.

Recognizing that social protection programmes remain one of the most important tools to address poverty. It is commendable that the 2023 national budget presents the highest trends in the last five years standing at 4.9 percent (1.3 percent increment compared to the 2022 allocation). It remains important for the government to ensure consistent and timely disbursement of the proposed funds if they are to serve the intended purpose. More importantly, qualifying citizens must have equal access to these funds. In that vein, it is important for the government to enhance domestic resource mobilization to ensure that more revenue is collected for social protection spending. Therefore, efforts to curb illicit financial flows, tax evasion and corrupt public procurement processes must be pursued.

JCTR notes with disappointment that expenditure on water and sanitation has decreased by K 82, 753, 664 a reduction of approximately 3.5%. This proposed decrease in allocation to water and sanitation has the potential to negatively impact on the water and sanitation projects, and therefore will have a negative impact on the communities especially the poor and vulnerable. Access to clean and safe water is an important aspect of economic, social and cultural rights that must be prioritized in the delivery of social services.

Generally, in reflection of the 2022 budget performance that has been satisfactory thus far as revenues have so far exceeded the targets that government had set to achieve while expenditures have been contained within the target. JCTR notes improved budget credibility for the nation. If implemented well through a high degree of credibility and certainty in release of funds, the 2023 national budget aligned with aspirations that aim to deal with the challenge of unemployment and low incomes levels, can deliver for the Zambian people especially the vulnerable.

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