

***FOR IMMEDIATE RELEASE***

**Date: 26/10/21**

 **CTPD 2022 NATIONAL BUDGET EXPECTATIONS**

In the spirit of fiscal consolidation principles, we expect the 2022 National Budget to be characterized by a re-alignment of priorities within the existing expenditure framework. We do not expect a substantial change in the total budget size.

Particularly, we expect that the infrastructure budget should reduce as we recommend that Government continues to re-scope many of the projects still under construction and being financed by debt. Consequently, we expect the 2022 National Budget to be more skewed toward supporting productive and social sectors.

On the economic recovery front, we implore Government, through the budget address, to provide insights on its economic recovery strategy. Of particular interest is the new administration’s position on the Economic Recovery Programme (ERP) (2020-2023) which was developed by the previous administration. We urge Government to be emphatic on whether the ERP will continue to be implemented ‘as is’ or otherwise outline the plausible changes that will be made to the document. This will better inform the discourse on debt management to a large extent.

Given the evolving threat of the COVID-19 pandemic, we expect the budgetary allocation to health which declined from 9.3% to 8.1% over the immediate past three years to take an upward turn towards the 15% enshrined in the ‘Abuja declaration’. Being cognizant of the many financial scandals that have characterized the Ministry of Health in the recent past, we expect that Government will put stringent measures to curb the misapplication and abuse of public resources. Suffice to mention that this extends to all other Ministries and public institutions.

The allocation to the education sector which also declined from 15.3% to 11.5% over the immediate past is expected to increase-in alignment with the new administration’s pronouncements to improve access to education.

The social protection budget averaged 2.5% in the two years preceding 2021 in which there was a substantial increase to about 4% and we implore Government not to downsize this allocation.

On the debt situation, we expect Government to outline its plan on how it will reduce debt service costs from the current estimates of 40% of the National Budget. This will create some fiscal space for Government to support social and economic sectors. Particularly, these interventions should revolve around:

1. Mining

We expect Government to reintroduce the deductibility of mineral royalty to calculate Company Income Tax (CIT). However, the deduction should be limited to 50% of mineral royalty. Alternatively, the government should temporarily allow a 100 percent deduction for six months only.

We also expect Government to increase the allocation of resources to obtain geological information to attract investment and craft sound decisions. More generally, Interventions towards exploration of other viable minerals should be enhanced to safeguard the export base from the cyclic nature of copper prices.

We implore Government to revise the mining taxation regime, with the view to establishing a specific taxation regime for artisanal and small-scale mining. This should be done to induce the formalization of mining groups and improve the social welfare of people involved in mining.

1. Agriculture

We implore Government to build not only production capacity for majority small-scale farmers but also the marketing dynamics related to this. This is a double edged sword expectation: Improve production on one hand, while improving access to both domestic and external markets for the output. Particularly, we expect Government to be reluctant in imposing export bans on viable agricultural products.

We expect the agricultural budget to provide more support for Research and Development, Extension services, value addition and infrastructure that can support irrigation to reduce overdependence on rain fed agriculture.

1. Tourism

The tourism sector is one of the sectors that has been badly hit by the COVID-19 pandemic. As the pandemic is seemingly here to stay, we expect Government to put forth incentives such as tax rebates to support the sector but also to focus on making the sector resilient and be able to remain productive in the midst of the pandemic.

Ultimately, we look forward to a budget which will exhibit a great deal of consistency between Government pronouncements and its commitments which will be evidenced by the budgetary allocations thereof. Post-budget presentation, emphasis will be on ensuring budget credibility-sticking to the plan! We implore the Minister of Finance to make a resounding assurance and commitment in this regard.

**Issued by:**

**Mr. Boyd Muleya**

**Head of Research - Centre for Trade Policy and Development**

Editor’s Note

The Centre for Trade Policy and Development (CTPD) is a not- for –profit, membership based trade policy and development think tank. The organization was established in 1999 and existed as the civil society trade network (CSTNZ), until 2009 when it was rebranded as the Centre for Trade Policy and Development (CTPD).

The mandate of CTPD is to influence pro-poor trade and investment reforms at national, regional and multilateral levels as well as facilitate the participation of various stakeholders including member organizations in ensuring that trade is used as a tool for poverty eradication.

For more information you can Email:info@ctpd.org.zm. or Visit our web site [www.ctpd.org.zm] You can also follow our TWITTER Account -@CTPDZambia Address: office Plot 123, Kudu Road Kabulonga