



2026 SUPPLEMENTARY BUDGET HIGHLIGHTS

Summary Analysis of the Supplementary Estimates of Expenditure No. 1 of 2026 presented by Ministry of Finance and National Planning on 30th April, 2026.

Overview

Total 2026 Supplementary Budget 26.3 billion

USD 200 million in fiscal revenue foregone due to Government response to Middle East – US/Israeli conflict impact on energy prices

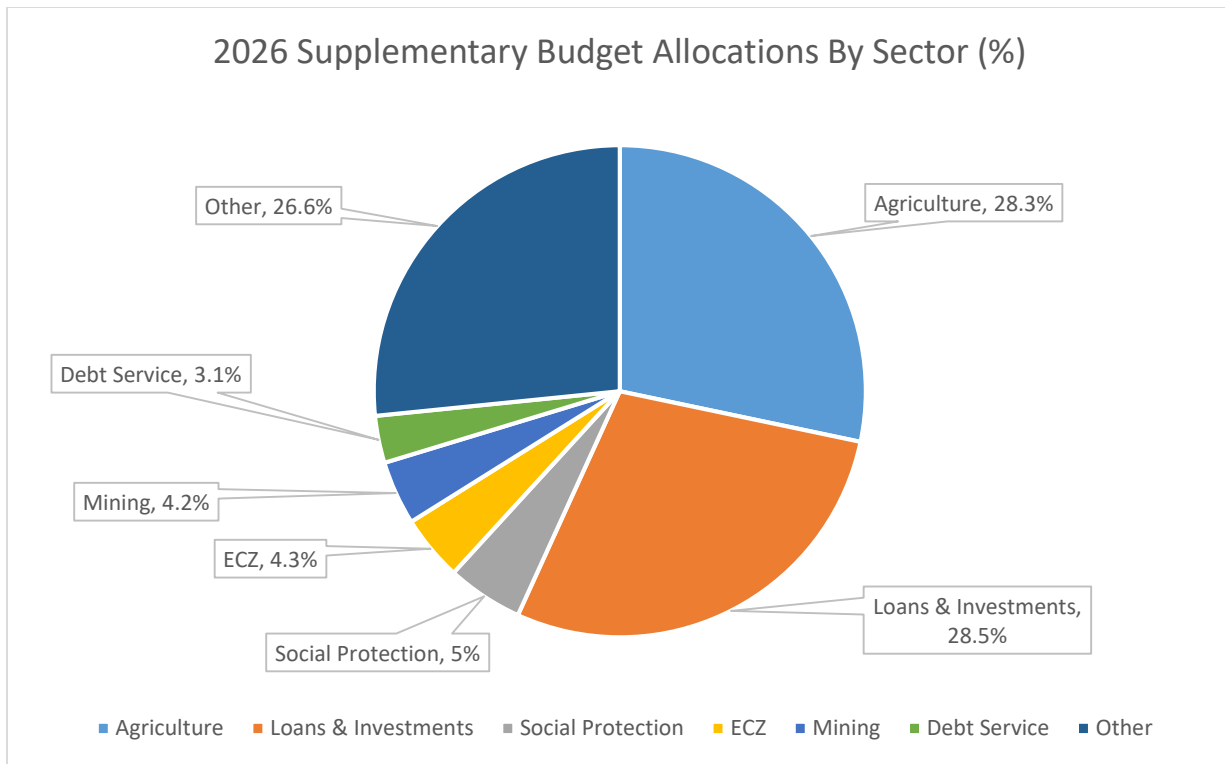
Over 50% of Supplementary Budget allocation towards Agriculture and Loans & Investments

Causes for the Supplementary Budget:

- **Increased grain purchases.** The 2025/2026 crop marketing season saw policy changes that increased the amount of grain purchased. Government initially intended to purchase 543,000 metric tonnes of maize but due to high harvests, this increased to over 1.6 million tonnes purchased by the Food Reserve Agency.
- **Public Service Wage Increment.** The conclusion of Government negotiations with public service unions saw an increase in public service wages of ZMW700 across the board alongside increase in daily meal allowances from ZMW150 to ZMW175.
- **The War in the Middle East:** Due to the conflict in Iran, global fuel prices have spiked as a result of supply chain constraints. Oil prices have risen from USD 70 per barrel in February 2026 to over USD110 in May 2026 (Global Petrol Prices, 2026). Government responded to this by suspending excise duty and zero-rating Value-Added Tax (VAT) to mitigate the fuel price increase on the Zambian market. This has resulted in revenue loss of USD 200 million due to Government response.
- **Implementation of the Constitution (Amendment) No. 13 of 2025:** Following the enactment of the Constitution (Amendment) No. 13 of 2025, there have been some additional administrative work to be conducted by the Electoral Commission of Zambia in addition to delimitation and implementation of an increase in polling stations from 12,152 to 16,400.

Expenditure of Supplementary Budget

The sector breakdown of the allocations of the ZMW 26.3 billion is illustrated in the figure below:



Out of the ZMW 26.3 billion Supplementary Budget, 28.3% or ZMW7.4 billion will be allocated to the Ministry of Agriculture to replenish resources used for maize purchases and to settle arrears to agro-dealers for inputs under the Farmer Input Support Programme. ZMW7.5 billion of 28.5% of the Supplementary budget has been allocated to Loans & Investments which is Head 21 of the National Budget. Out of this amount, ZMW2.9 billion is allocated to the increase in the public wage bill, ZMW 2.1 billion is allocated to dismantling of arrears to various suppliers and contractors to Government institutions, ZMW 390 million (USD 15 million) has been allocated to commence works on the Lobito Corridor from Africa Development Bank (AfDB) and ZMW 610 has been placed aside as contingency for unforeseen and unavoidable expenditure in the remainder of the year.

ZMW1.3 billion or 5% of the Supplementary budget has been allocated to Ministry of Community Development and Social Services. Out of this amount, ZMW955.7 million has been allocated to Social Cash Transfer (SCT) following an increase in beneficiaries and ZMW350.9 million to Food Security Packs (FSP) to clear arrears from the drought response in 2024. ZMW1.1 billion of 4.3% of the Supplementary budget has been allocated to the Electoral Commission of Zambia (ECZ) to facilitate the increase in polling stations from 12,152 to 16,400, the delimitation exercise and other administrative work stemming from the amendment of the Constitution which increased number of constituencies from 156 to 226.

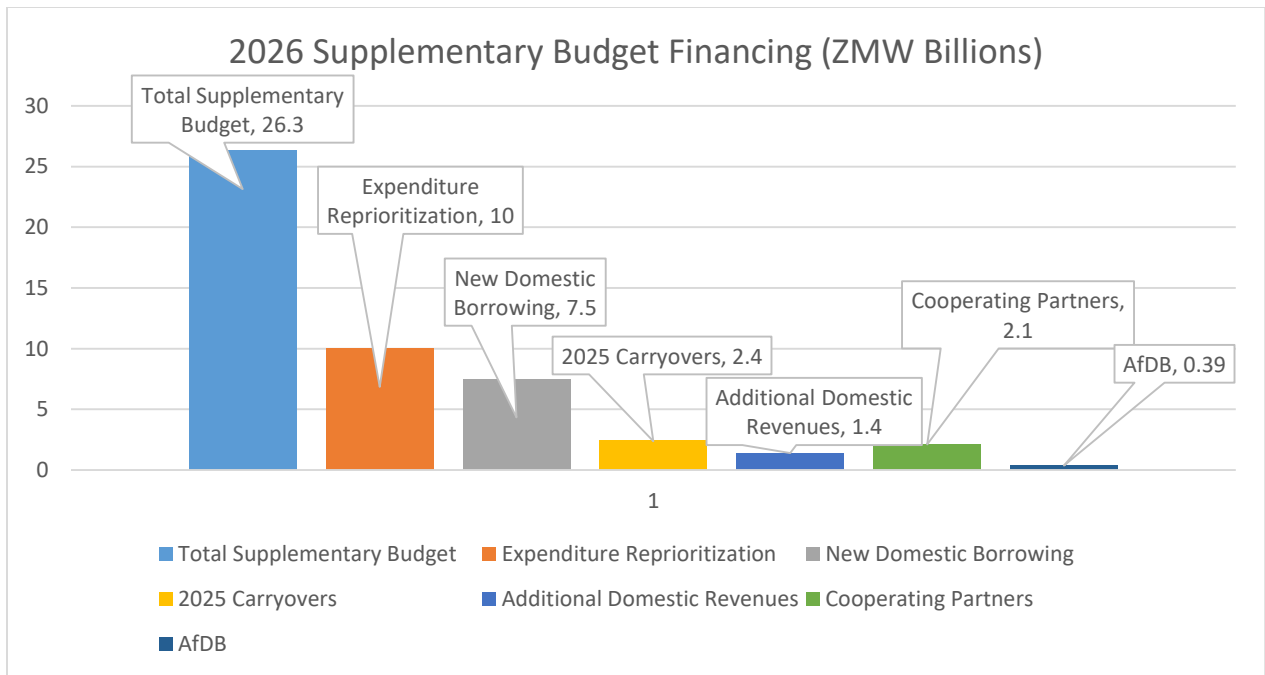
ZMW1.1 billion or 4.2% of the Supplementary budget has been allocated to Ministry of Mines and Mineral Development. Out of this amount, ZMW 936.9 million has been allocated to the ongoing Aerial Geophysical Survey and ZMW153.6 million has been allocated to operations of the Minerals Regulation Commission. ZMW 811.9 million representing 3.1% of the Supplementary budget has been allocated to debt servicing obligations driven by Government’s continued implementation of the external debt restructuring programme.

Supplementary Budget Category Breakdowns

Sector	Breakdown
Agriculture (ZMW7.4 billion)	FISP Arrears Replacing FRA maize purchases
Loans & Investments (ZMW 7.5 billion)	Wage bill increases - ZMW 2.9 billion Domestic Arrears for contractors & Suppliers - ZMW2.1 Lobito Corridor Financing – ZMW 390 million (USD 15 million) Contingency – ZMW 610 million
Social Protection (ZMW 1.3 billion)	Social Cash Transfer – ZMW 955.7 million Food Security Packs – ZMW 350.9 million
Electoral Commission of Zambia (ZMW 1.1 billion)	Increase in Polling Stations (12,152 – 16,400) Increase in Constituencies (156 – 226)
Mining (ZMW 1.1 billion)	Aerial Geophysical Survey - ZMW 936.9 million Minerals Regulation Commission – ZMW153.6 million
Debt Servicing (ZMW 811.9 million)	Ongoing Restructuring Obligations
Others (ZMW 7.1 billion)	Unspecified 26.6%

Financing

This Supplementary Budget is expected to be financed in the following manner:



- **Expenditure Reprioritization.** Government is expected to reprioritize ZMW 10 billion from existing budget allocations to various Government institutions and departments.
- **New Domestic Borrowing:** Government expects to raise ZMW7.5 billion through domestic financing. This will be done through domestic borrowing through the securities market.
- **2025 Carryovers:** ZMW 2.4 billion was disbursed in 2025 but remained unutilized. This amount requires Parliamentary approval to be rationalized and has been earmarked towards the 2026 Supplementary budget.
- **Cooperating Partners:** ZMW 2.1 billion has been sourced from co-operating partners for 2026 aimed towards the Supplementary budget.
- **Additional Domestic Revenue:** ZMW 1.4 billion of this budget will be from additional revenues in 2026 that were not part of revenue estimates for the year.
- **Africa Development Bank:** The Africa Development Bank has allocated ZMW 390 million (USD 15 million) specifically towards the commencement of the Lobito Corridor.

Observations

Firstly, CSPR would like to note the transparency Government has displayed in announcing the supplementary budget. Further, is also commendable that the most significant component for financing the Supplementary budget is being drawn from reprioritizing existing expenditure lines amounting to ZMW 10 billion or 38% of the Supplementary budget. Despite these developments, there remain a number of areas of concern.

While the Supplementary Estimates of expenditure shed light on most sectors to which the Supplementary budget is being allocated, the areas outlined only account for ZMW 19.2 billion (73%) of the Supplementary budget. This leaves a lack of clarity on the expenditure of the remaining ZMW7.1 billion or 26.6% of this Supplementary budget. It is important for the public and stakeholders to be made aware of where this significant proportion of public funds is being placed.

Zambia remains classified at high risk of debt distress, and the increase in domestic borrowing adds to an already rising domestic debt stock. The Supplementary budget proposes domestic borrowing to be increasing by ZMW7.5 billion for 2026. This essentially places total domestic borrowing for 2026 at ZMW 29.1 billion from the original ZMW21.6 billion in the national budget, putting our macroeconomic target for 2.3% of GDP of domestic borrowing in 2026 at risk. Additionally, the inclusion of a new external loan for the Lobito Corridor Project though development-oriented is considered non-concessional, with a grant element below the required threshold, thereby increasing long-term repayment obligations. These factors, combined with weakening demand in the domestic bond market and the risk of higher borrowing costs, suggest that debt sustainability remains fragile and dependent on continued fiscal discipline.

In addition, while CSPR notes that 38% of the Supplementary budget is being financed through realignment existing expenditure lines, the specifics about which lines amounting to ZMW 10 billion will be affected by this has not been clearly outlined. This poses a risk of social sectors such as environmental protection or accountability and oversight allocations to institutions like Office of the Auditor General being affected by this realignment.

In line with importance of oversight, as CSPR welcomes that Social Cash Transfer has been allocated ZMW955.7 million to cater for increases in beneficiaries, there is a concern arising from this in that there has been no mention of enhancing administration, monitoring and accountability systems on the implementation of this allocation. According to the Auditor General's Report for the 2024 financial year, Social Cash Transfer had a number of irregularities cited in the report including irregular changes of beneficiaries records on Social Cash Transfer Programme, failure to maintain records and distribute funds to beneficiaries, failure to redeposit uncollected funds and irregular engagement of Non-Civil Servants as Pay-Point Managers (OAG, 2025).

Recommendations

Having made these observations of the 2026 Supplementary Estimates of Expenditure outlined by the Minister of Finance and National Planning to the National Assembly, CSPR makes the following recommendations:

- Government must ensure stronger budget credibility, transparency and accountability in public finance management as well as greater avenues for public participation in the supplementary budget development processes.
- Government must provide clear information on the usage of the ZMW7.1 billion or 26.6% of the Supplementary budget that has not been outlined and indicated in the same fashion as the other allocations. This is particularly important to avoid speculation, particularly that we are in an election year.
- Government must further provide a detailed breakdown of the ZMW 10 billion reprioritization of existing budget lines to enhance transparency and ensure that critical social sector lines and oversight components remain protected.
- There is need for Government to enhance administrative and accountability mechanisms for the Social Cash Transfer to avoid the administrative and financial irregularities as seen in the 2024 financial year.
- There is also need for CSO and Citizen monitoring mechanisms for the Social Cash Transfer to spot and report maladministration and financial irregularities.

In conclusion, the 2026 Supplementary Budget reflects Government's effort to respond to emerging fiscal pressures and safeguard economic stability in a challenging environment. While the measures introduced are largely justified in addressing immediate needs such as food security, wage obligations, and external shocks, they also expose weaknesses in fiscal management and debt sustainability. The increased reliance on domestic borrowing, the introduction of non-concessional external financing, and the limited clarity on a significant portion of the budget raise concerns about long-term fiscal discipline and accountability.

References

Global Petrol Prices (2026). Fuel prices changes since the start of the Iran war. Retrieved from:
https://www.globalpetrolprices.com/fuel_price_trend_Iran_war.php

Ministry of Finance and National Planning (2026) 2026 Supplementary Estimates of Expenditure N. 1 of 2026.

Office of the Auditor General (2025). Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2024.