



For immediate release

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CSPR CALLS FOR SCRUTINY OF FISCAL SAFEGUARDS AS SUPPLEMENTARY ESTIMATES NO. 2 OF 2026 ARE PRESENTED FOR PARLIAMENTARY APPROVAL

The Civil Society for Poverty Reduction (CSPR) has taken an interest in Supplementary Estimates No. 2 of 2026, proposed by the Minister of Finance and National Planning, which seek approval for an additional fiscal intervention of approximately 19.9 billion Kwacha. CSPR conditionally supports the proposed estimates' immediate food-security and household-protection objectives. As an organization we recognise the poverty-reduction rationale for urgent components of the supplementary od estimates No. 2 of 2026, including:

1. Payments to farmers can ease liquidity constraints and help households meet consumption, education and production costs.
2. A K1.1 billion top-up to the Farmer Input Support Programme (FISP), delivered through the e-voucher system, will protect access to inputs for the 2026/27 farming season. Strategic food stocks will also strengthen resilience to supply shocks in the face of El Niño-related conditions.

The central concern is how the proposed supplementary budget is financed and whether it is reconciled with the approved 2026 fiscal framework. Of the approximately K19.9 billion proposed, K18.0 billion, or 90.5 percent, is proposed to be financed through additional domestic borrowing. The approved 2026 framework set an original domestic-financing plan of K21.62 billion. Supplementary Estimates No. 1 added K7.5 billion in domestic financing, bringing the indicative cumulative amount to K29.12 billion before Supplementary Estimates No. 2. If the proposed K18.0 billion under Supplementary Estimates No. 2 is wholly additional, the cumulative scenario would reach K47.12 billion; which is more than twice the original plan. Although we recognise that this is not the final net-borrowing outturn, Government must produce a revised fiscal and borrowing framework. Using the original implied nominal GDP base, our analysis places the proposed net domestic borrowing scenario at approximately 5.1 percent of GDP, compared with the approved net-domestic-borrowing objective of 2.3 percent. CSPR therefore calls for a clear justification, an

updated Annual Borrowing Plan and a debt-market assessment showing how interest costs, refinancing risk, private-sector credit and essential services will be protected.

CSPR therefore views parliamentary approval as a decision about both the proposed spending and how any subsequent fiscal adjustment may be distributed. If debt-service and payment obligations absorb available cash, the adjustment could be felt through delayed school operational grants, essential medicines, social cash transfers, Constituency Development Fund (CDF) releases, local-government transfers, road maintenance or payments to suppliers outside the Food Reserve Agency (FRA). Nominal allocations alone do not protect services if releases are delayed or arrears accumulate; these are risks that should be monitored through transparent cash-release and arrears reporting.

The proposed supplementary budget is not a general expansion of development spending. Rather, it is principally a response to an exceptional maize-payment obligation, input-support needs and selected shortfalls in other public programmes. Agriculture accounts for K15.8 billion, or approximately 79.4 percent of the proposed supplementary budget. This agriculture allocation comprises K14.7 billion for Food Reserve Agency (FRA) maize-payment obligations arising from the purchase of 2.7 million tonnes against an original target of 500,000 tonnes, and K1.1 billion for a FISP e-voucher top-up as indicated in the statement. This concentration raises a longer-term fiscal-governance question: are exceptional purchases a time-bound response to food-security needs, or are they creating a higher recurring expenditure baseline without a sufficiently clear financing and stock-management framework? We also take note that the proposed supplementary budget includes K1.3 billion for the Ministry of Finance and National Planning, K540 million for the Higher Education Loans and Scholarships Board (HELSB), K422.5 million for Defence and K300 million for the Contingency Vote.

On a gross illustrative basis, our analysis shows that the 2026 expenditure envelope would be K299.3 billion; whose composition is the approved K253.089 billion budget plus K26.3 billion under Supplementary Estimates No. 1 and approximately K19.9 billion under Supplementary Estimates No. 2. This is about 18.3 percent above the original envelope, but we are alive to the fact that this is not necessarily the final revised spending ceiling because Supplementary Estimates No. 1 identifies K10.0 billion in expenditure rationalisation and Government must therefore reconcile reallocations, carryovers and financing. With about two months remaining in 2026, Parliament should require a dated implementation and cash-release plan showing which commitments will be paid before year-end, which may carry into 2027, and how progress will be reported. CSPR's position is that Government should protect food security, farmers' livelihoods and vulnerable households while preserving budget credibility and fiscal space. The supplementary budget should be reconciled with

the approved 2026 annual macroeconomic and fiscal framework, Supplementary Estimates No. 1, the Annual Borrowing Plan and the Government's debt-management objectives.

Supplementary Estimates No. 2 of 2026 are therefore principally a food-security and farmer-payment intervention, rather than a broad-based expansion of development spending. The Government and Parliament should ensure that exceptional spending is time-bound, transparent and sustainably financed, properly monitored, and consistent with the protection of essential services. The success of fiscal management should be measured by demonstrable benefits to households, debt sustainability and the preservation of fiscal space for sustained poverty reduction. CSPR therefore calls for a supplementary budget that protects people today without weakening the public finances needed to protect them tomorrow.

In scrutinizing and approving the proposed supplementary budget, Parliament should require Government to:

- (1) publish a consolidated reconciliation of the approved budget and Supplementary Estimates Nos. 1 and 2, including revised financing and debt-service implications.
- (2) explain the FRA purchase, stock-management and payment framework
- (3) update the Annual Borrowing Plan and assess the effects on interest costs, refinancing and private-sector credit;
- (4) protect pro-poor and high-return spending through a dated release calendar and publish implementation and cash-release reports for the remaining 2026 period.

Isabel Mutembo Mukelabai
Executive Director