NOVEMBER 2026

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ANALYSIS OF THE 2027 NATIONAL BUDGET

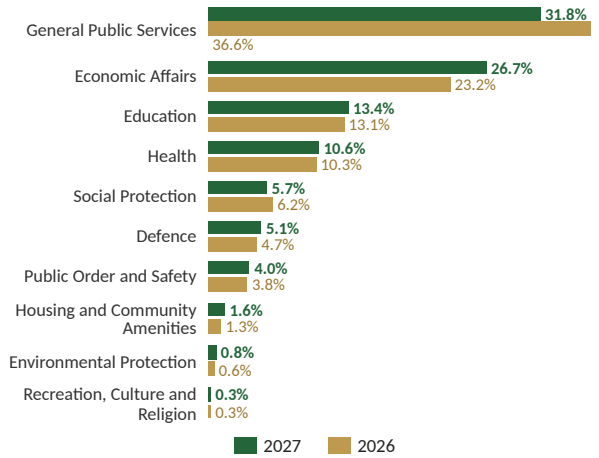
Over the past five years, Zambia has made progress in restoring macroeconomic stability, reflected in improved economic growth, greater exchange-rate stability and declining inflation. Building on these gains, the 2027 National Budget, themed ***"Grow Zambia: From Stabilisation to Unlocking Opportunities, Creating Jobs and Improving Livelihoods for All,"*** seeks to shift the policy focus towards accelerating growth, creating employment and improving livelihoods.

The Government proposes to spend K284.8 billion in 2027, representing a 12.5% nominal increase from the initially approved 2026 Budget of K253.1 billion. However, this allocation is lower than the revised 2026 expenditure envelope, underscoring the importance of expenditure prioritisation and efficiency. Against this backdrop, ZIPAR's analysis is anchored on the theme:

"Building on Stability: Scaling Growth, Creating Decent Jobs and Improving Lives"

The analysis assesses the Budget's fiscal and macroeconomic priorities, debt management, real-sector interventions and governance measures. It highlights key policy implications and recommendations for translating macroeconomic stability into sustained and inclusive growth. A summary of the 2027 Budget Analysis is highlighted below:

Share of the Budget by function, 2026 and 2027



1. Growth ambitions require a stronger productive base. Despite GDP growth of 7.4% in the first half of 2026, growth is projected at 4.9% in 2027, below the 6.0% Medium-Term Budget Plan projection. It also falls short of the estimated 7.4% annual growth required to double the economy by 2031. Delivering the Grow Zambia Agenda will require faster productivity growth, economic diversification and private investment, rather than reliance on cyclical recovery alone.

2. Price stability remains exposed to climate and energy shocks. Inflation could remain within the Bank of Zambia's 6–8% target band, supported by food reserves and foreign exchange inflows. However, anticipated El Niño conditions, higher international energy prices and reinstated petroleum taxes could raise food, transport and production costs. Monetary prudence must therefore be complemented by agricultural resilience, energy security and coordinated fiscal measures to protect purchasing power.

3. Fiscal consolidation depends on credible revenue mobilisation. The deficit is projected to narrow from 5.9% of GDP in 2026 to 3.0% in 2027, largely through higher revenue rather than expenditure restraint. The domestic revenue target of 23.3% of GDP is ambitious given that collections were 13.3% below target by August 2026. Dependence on higher mining receipts further exposes the outlook to copper-price volatility. Broadening the tax base, improving compliance and aligning spending with realistic collections are critical.

4. Debt-service savings must finance high-impact priorities. Debt-service costs are projected to fall by 8.3% to K67.6 billion, creating space for development expenditure. Economic Affairs rises by 29.4% to K75.9 billion, while Education and Health increase by 15.7% and 15.6%. Yet Social Protection's budget share falls from 6.2% to 5.7%. The gains from debt restructuring should be protected through prudent borrowing, credible releases and prioritisation of investments and essential services with demonstrable returns.

5. Growth must generate decent jobs and more equitable local development. Although unemployment has declined to 9.9%, 72.9% of employed people remain in informal work, while mining contributes less than 2% of employment. Stronger links between mining, agriculture, manufacturing and domestic suppliers are needed to expand productive jobs, alongside gradual extension of NAPSA and NHIMA coverage. CDF rises 45% to K9.0 billion, but remains K40 million per constituency as constituencies increase from 156 to 226; a needs-sensitive allocation formula would better reflect population, deprivation and climate exposure.

6. Export expansion requires domestic value addition. The Grow Zambia Agenda appropriately places production, value addition and exports at the centre of transformation. However, export growth will deliver broader benefits only if firms can overcome infrastructure, energy, technology, standards and financing constraints. Policy should strengthen domestic supply chains and link local enterprises to regional and global markets so that higher export earnings translate into productivity, investment and employment.

7. The copper target requires a step-change in investment. Copper production increased from 736,585 metric tonnes in 2023 to 824,513 in 2024 and 890,346 in 2025, growth of 11.9% and 8.0%, respectively. Reaching three million tonnes by 2031 from the projected 930,000 tonnes in 2026 requires approximately 26.4% annual growth. This calls for accelerated exploration, mine expansion, reliable electricity, supporting infrastructure and a predictable investment framework, alongside stronger local procurement and value addition.

8. PPP financing needs implementation discipline. The proposed Public-Private Partnership Viability Gap Financing Fund could improve the bankability of economically valuable projects, particularly in energy and infrastructure. Its potential will depend on clear funding arrangements, transparent eligibility and project appraisal, timely operationalisation and oversight of contingent liabilities. A credible governance framework is essential to avoid another announced fund that fails to deliver.

9. Tourism diversification needs a coordinated MICE strategy. Meetings, Incentives, Conferences and Exhibitions can expand tourism earnings and support hospitality, transport and associated services. A national strategy should clarify institutional mandates, targets and implementation timelines; simplify licensing; and use well-structured PPPs to upgrade conference and exhibition infrastructure. Coordination will be central to positioning Zambia competitively in regional business tourism.

10. Climate preparedness should precede, not follow, disasters. The K21.5 million allocation for an African Risk Capacity drought insurance premium is a positive step, but the status of the Stabilisation Fund announced in the 2025 Budget remains unclear. With another severe drought possible, Government should operationalise predictable disaster-financing arrangements, specify triggers and disbursement rules, and integrate early warning with climate-resilient agriculture and infrastructure investment.

11. Social spending must keep pace with human development needs. Combined allocations to education, health, social protection and WASH rise 13.1%, from K76.71 billion to K86.75 billion, but their budget share edges up only from 30.3% to 30.5%, below the 33.4% recorded in 2024. With about 60% of Zambians living in poverty and 6.6 million children experiencing multidimensional poverty, the emphasis must be on equitable targeting, predictable releases and measurable improvements in welfare.

12. Education and health financing must deliver quality. Education rises 15.7% to K38.24 billion, including increased support for curriculum materials and school feeding, yet Early Childhood Education falls 10.3%. Health rises 15.6% to K30.25 billion, with primary healthcare up 25.5%, but medicine availability, workforce deployment and external financing dependence remain concerns. Stronger domestic financing, frontline accountability and outcome monitoring are needed to turn higher allocations into better learning and care.

13. Social protection needs an integrated, shock-responsive approach. Social Cash Transfer funding rises 35.5% to K10.36 billion, with Government financing at 98.8%, up from 88.1% in 2026. This strengthens national ownership, even as the wider sector's budget share declines. Cash transfers should be complemented by livelihood support, healthcare access and coordinated WASH, nutrition, child protection and disability services, with attention to maintenance and resources reaching frontline providers.

14. Budget credibility will determine whether growth improves lives. Around 1.25 million people are projected to face Crisis-level food insecurity in the 2026/27 lean season. Against this backdrop, reliable funding releases, efficient procurement, transparent expenditure tracking and preparedness for shocks are as important as headline allocations. The success of the Grow Zambia Agenda should ultimately be judged by its contribution to decent employment, poverty reduction, learning, health and resilience—not economic expansion alone.