Republic of Zambia

2008-2010 MEDIUM TERM EXPENDITURE FRAMEWORK AND THE 2008 BUGET

DRAFT

GREEN PAPER

Ministry of Finance and National Planning

November 2007

TABLE OF CONTENTS

FOREWORD

The 2008-2010 Green Paper provides an opportunity for Government to once more consult stakeholders on the course of action with regard to Zambia's development agenda. This being the last MTEF that will be fully drawn within the time frame of the Fifth National Development Plan (FNDP), there is need to reflect on the achievements made as well as challenges met so far in the implementation of the plan. My preliminary assessment is that we have not done much so far. This is because of the slow pace of project execution as evidenced by the huge unspent balances at both the central and commercial banks and incomplete projects, particularly in the last two years.

As I present the 2008-2010 MTEF, I wish to implore all Ministries, Provinces, and Other Spending Agencies (MPSAs) to accelerate the implementation of our strategic programmes in order to significantly contribute to achieving the goals that we set for ourselves in the FNDP. To this end, Government's focus in the medium term will be to concentrate resources on infrastructure development, dismantling of arrears to suppliers of goods and services, improving social service delivery, good governance and human capital development.

Having achieved relative macroeconomic stability and steady economic growth averaging 5.6 percent in the last three years, Government's main goal, in the medium term will continue to be that of sustaining and consolidating the macroeconomic stability so far achieved. In addition, Government's strategic focus will be to support growth in priority sectors such as agriculture, manufacturing, tourism and infrastructure development.

Government will aim at creating fiscal space primarily by strengthening policy and administration of tax and non- tax resource mobilization and restraining non- priority spending. Government will also continue to sustain prudent fiscal and monetary policies by limiting government borrowing.

Further, the implementation of structural reforms will be stepped up to support private sector led growth and strengthen public sector management in the medium term. These reforms include the Public Expenditure Management and Financial Accountability (PEMFA) aimed at increasing the effectiveness and productivity of the public sector and Private Sector Development (PSD) Initiative which is aimed at enhancing the participation of the private sector in economic development.

I, therefore, urge all stakeholders to study this "Green Paper" carefully and provide constructive comments that will assist the Government to achieve the country's economic and developmental goals.

C. Evans Chibiliti
Secretary to the Treasury
MINSITRY OF FINANCE AND NATIONAL PLANNING

1.0 MACROECONOMIC FRAMEWORK, 2008-2010

Macroeconomic Objectives

1. **Economic performance has been favourable in the last three years underpinned by appropriate fiscal and monetary policies**. Real Gross Domestic Product (GDP) growth has been strong averaging 5.6 percent. Similarly, inflation rate has been falling reaching 8.2 percent in 2006 and this is the lowest level in the last three decades. The external position has strengthened as evidenced by the remarkable build-up in Gross International Reserves to 2.6 months of import cover at the end of July, 2007. High copper prices and the extensive debt relief have contributed to the strong economic performance in the last three years. However, structural weaknesses in the economy remain an issue of concern and have impeded private sector growth which is vital for higher and broad-based economic growth.

2. Against this background, **the macroeconomic framework for 2008-2010 builds on the gains already made** and is set within the framework of the Fifth National Development Plan (FNDP). Specific objectives for the period are to:

(a) achieve and sustain broad-based growth;

(b) stabilise inflation at single digit level;

(c) achieve financial and exchange rate stability;

(d) sustain a viable current account position;

(e) reduce domestic debt to sustainable levels; and

(f) quicken the implementation of structural reforms.

Macroeconomic Targets and Strategies for the 2008-2010 Period

Targets

3. The macroeconomic targets over the period are to**:**

(a) achieve real GDP growth of at least 7 percent a year;

(b) bring down end-year inflation to no more than 5 percent by 2009;

(c) limit domestic borrowing to 1.2 percent of GDP in 2008, and 1.0 percent of GDP in 2009 and 2010; and

(d) increase the coverage of Gross International Reserves to at least 2.4 months of import cover in 2008, 2.8 months of import cover in 2009 and 3.2 months of import cover in 2010.

Table 1.0: Key Macroeconomic Targets, 2008-2010

	2008	2009	2010
Real GDP Growth	7.0	7.0	7.0
Inflation (end period)	7.0	5.0	5.0
Inflation rate (annual average)	7.3	5.9	5
Domestic borrowing (% of GDP)	1.2	1.0	1.0
Current account balance, excluding grants (% of GDP)	(7.5)	(8.7)	(9.8)
Current account balance, including grants (% of GDP)	(2.5)	(3.6)	(4.8)
Gross International Reserves (months of import cover)	2.4	2.8	3.2
Nominal GDP (K 'Billions)	51,559	56,670	61,475

Source: Ministry of Finance and National Planning

Strategies

4. **Government will target new growth opportunities as a means to achieving broad-based growth.** Government's strategy over the medium-term will still be focused on expanding the structure of growth by concentrating on new growth opportunities that will significantly contribute to wealth creation and employment, apart from the mining sector. This implies that more resources will be directed towards rural development and key sectors such as agriculture, tourism and manufacturing. Broad-based economic growth will be underpinned by prudent monetary and fiscal policies and human resource development in the key sectors of health and education.

5. **Poor and inadequate infrastructure has been identified as a key constraint to attaining higher rates of growth in various sectors**. It is, therefore, Government's intention to develop and improve infrastructure as a stimulus for growth and development. Another impediment to broad based and higher rates of growth has been the slow pace of implementation of structural reforms such as the Private Sector Development (PSD) Initiative and Public Expenditure Management and Accountability (PEMFA) reforms, which has translated into weak systems and institutions. In this regard, the Government will quicken the pace of implementation of these reforms.

Expanding the Structure of Growth

6. The economy has been experiencing relative higher growth in the last three years averaging 5.6 percent per year. However, this has translated into a modest reduction in poverty as the majority of the Zambians still remain poor. This, to a large extent can be explained by the growth that has largely emanated from the mining sector which has little impact on the majority of the population who are mainly in the agriculture sector. Government will therefore target new growth opportunities and diversify exports in the agriculture, manufacturing and tourism sectors. This will be in addition to supporting the existing sources of growth like mining, construction, and wholesale and retail trade.

7. Government will also focus on stimulating growth in rural areas. In this regard, the focus will be on infrastructural development such as construction and rehabilitation of roads (including feeder roads), bridges, schools, health centres, housing for teachers, police and frontline medical personnel and opening up of land for large commercial farming. Infrastructure will be developed in the border towns of Nakonde, Kasumbalesa and Mwami. In addition, Government will focus on improving rural and peri-urban water supply and sanitation. Expanding electricity generation, including rural electrification, to meet the objectives of sustained and high growth and poverty reduction will also be accorded high priority.

8. In agriculture, key programmes over the medium-term will include irrigation, livestock and fisheries development, input support for small- scale farmers and provision of extension services.

9. Government's policy under irrigation development is to reduce dependence on rain-fed agriculture and limited utilisation of irrigation. In this regard, an Irrigation Development Fund has been established to enable farmers' access funds for comprehensive irrigation development that goes beyond provision of irrigation equipment. With regard to livestock development, the main thrust will be to control livestock diseases of an epidemic nature such as the Contagious Bovine Pleural Pneumonia (CBPP). In addition, restocking, stocking and increasing overall productivity and management of marketable livestock and livestock products will be promoted.

10. In the fisheries sub-sector, Government will promote community resource management of captured fisheries, aquaculture development and restocking of fish seed in natural water bodies as well as improving processing facilities. In agricultural marketing, trade and agribusiness development, Government's policy is to promote a public and private sector driven marketing system that is competitive, efficient and transparent.

11. In mining, growth will be enhanced with the coming on stream of the Lumwana Copper Project, the Kansanshi Expansion Project, the Konkola Deep Mining Project, the Konkola Copper Mines Smelter and the Munali Nickel Project. In order to facilitate new large-scale mining ventures, Government's focus will be developing capacities in geological and structural mapping including acquiring geological laboratory facilities and equipment. In addition, more effort will be made in undertaking mineral exploration and resource surveys, particularly by expanding non-traditional mineral surveys such as petroleum and uranium exploration. Government will also focus on small-scale mining development and technical support, by among other things, providing revolving funds and technical services in geology.

12. Further, Government will be pro-active on mine accidents preventions by improving capacity in the Mines Safety Department. In this regard, establishment and rehabilitation of mines safety laboratory will be a priority. This will be complemented with stepped up mining safety inspections.

13. In tourism, Government's focus will be to enhance the sustainability and conservation of Zambia's wildlife and its eco-systems, development of tourism infrastructure and continue with the marketing of tourism in Zambia. The key interventions in the medium term will be the recapitalisation of the Zambia Wildlife Authority (ZAWA) and the development of infrastructure in the Kafue National Park and surrounding Game Management Areas (GMAs), the Northern Circuit, Lower Zambezi National Park and surrounding areas, North and South Luangwa National Parks and surrounding areas, and Sioma-Ngwezi and West -Lunga National Park. Government also intends to engage Cooperating Partners with a view to seek their support in promoting the tourism sector through the wildlife conservation programme. In addition, Government will continue to provide an enabling environment for the development of the hospitality industry. In this regard, a number of private sector led projects are being undertaken including the construction of a tourist resort in Livingstone involving two hotels and 450 villas, David Livingstone Safari Hotel and Protea Hotels in Livingstone and Lusaka, among others.

14. In the energy sector, Government plans to expand electricity generation in order to support private sector growth and continue with the implementation of the rural electrification programme. It is expected that the private sector will play a leading role in the development of hydro power stations. In this regard, Zesco Limited in partnership with private investors will commission works on the Kariba -North Bank Extension Project and Itezhi-tezhi hydro-power station. Works on Kariba-North Extension Project are expected to commence in March 2008 and the first units will be commissioned by the end of 2010.

15. As for the manufacturing sector, Government's focus will be to unlock the potential of this sector in order to promote value-addition and exports. In this respect, amongst the key strategies,

Government will: promote the growth of Micro, Small and Medium Enterprises (MSMEs) through training in business management and technical skills; and strengthening the linkage between MSMEs and large manufacturing firms especially those supplying intermediate raw materials.

16. In addition, Government will promote the development of the indigenous investment through the Citizens Economic Empowerment (CEE) initiative to ensure that local entrepreneurs are afforded easy access to factors of production especially finance and land.

17. Government will continue to facilitate the development of Multi-Facility Economic Zones (MFEZ) including the Chambishi MFEZ and the Lusaka South MFEZ. Industries in these zones will include copper processing, mechanical and light engineering, clothing and textile, food and medical.

Social Sector Strategies

18. **Social sector policies will focus mainly on addressing human resource constraints especially in health and education in order to improve service delivery**. The health sector continues to be faced with numerous problems, amongst them being, the inadequate supply of drugs and medical supplies as a result of high utilisation levels. This has further been exacerbated by the removal of user fees. In addition, there is shortage of frontline medical personnel, inadequate and dilapidated infrastructure and equipment, high and rising disease burden and inadequate logistics for health services delivery.

19. During the 2008-2010 MTEF, Government will scale up recruitment of health personnel. It is expected that 3,000 health workers will be recruited annually. Government will also expand the capacity of training institutions to enable them increase their current enrolment levels.

20. In line with the FNDP focus on infrastructural development, Government will continue to invest in the construction of district hospitals as well as constructing, rehabilitating and expanding existing health centres, district hospitals and second level hospitals. In addition, logistics for service delivery will be enhanced by procuring ambulances, motor vehicles, motor bikes for outreach areas and other medical equipment.

21. In the education sector, Government in the medium term will recruit 15,500 teachers. In addition, programmes such as retention of teachers, provision of education materials, and improvement of infrastructure in the sector, including construction of classrooms and teachers' houses will be undertaken. These programmes are aimed at improving the quality of education by among other things, reducing the high pupil/teacher ratios to 36:1 by 2010.

22. With regard to water and sanitation, Government will focus on improving access to safe drinking water and basic sanitation in the peri-urban and rural areas. Investments will, therefore, be scaled up for the construction of integrated rural water supply and sanitation facilities with priority given to extension of water and sanitation facilities and related hygiene education awareness national wide.

Public Order and Safety

23. **Improvement in the provision of public order and safety services will be centred on dealing with the poor conditions of service and working environment, in particular housing for law enforcement wings**. In this regard, more investments are earmarked for infrastructure development especially in the area of housing. Government plans to build over 1,000 houses for Zambia Police in the medium term. In order to maximise efficiency on cost and output, the houses will be a combination of prefabricated and conventional houses. Other infrastructure support in the area of housing is planned for officers in the Immigration department and the Prisons Service. The

completion of the Mwembeshi Prison is another project that will be undertaken in order to decongest prisons countrywide. Furthermore, Government plans to increase public spending on the construction and rehabilitation of the courts and other infrastructure. This is aimed at improving the accessibility and delivery of justice.

24. Resources will also be provided for procurement of forensic equipment and other forms of logistical support to the law enforcement agencies. This is an ongoing programme that aims at modernising the law enforcement agencies.

Monetary and Financial Sector Strategies

25. **High and sustained economic growth will be underpinned by prudent monetary and financial policies**. In this respect, monetary policy will focus on meeting the objective of achieving end-year inflation of no more than 5 percent by 2009. In the financial sector, the primary objective will be to deepen financial markets and increase access to financial services and credit by individuals and all business entities in the economy. Consequently, Government will continue to implement the Financial Sector Development Plan (FSDP). Some of the milestones to be achieved will be obtaining a country sovereign rating from a reputable international rating agency in 2008 and establishing a secondary market for Government securities. The benefits of getting a sovereign rating include increased transparency in pricing for international financial transactions and the opportunity to gain access to competitive long term capital by the local entrepreneurs.

26. With regard to the exchange rate, Government will continue to maintain the flexible exchange rate regime in harmony with other macroeconomic objectives. The Bank of Zambia will endeavour to smoothen undesirable movements in the exchange rate of the Kwacha against major foreign currencies so as to maintain stability.

External Sector Strategies

27. **External sector strategies will continue to focus on sustaining a viable current account balance and maintaining a sustainable external debt position**. In this regard, Government will finalise the debt management strategy in the medium term which will spell out how loans will be contracted. Meanwhile, the country will continue to rely on highly concessional loans. However, external borrowing on commercial terms for growth- enhancing expenditures will be undertaken on a limited basis.

28. Implementation of other programmes such as trade expansion and facilitation will continue in the medium-term. This will involve integrating the operations of all institutions involved in trade facilitation at two points of entry (Chirundu Border Post and Lusaka International Airport). This is expected to help border agencies exercise clear, transparent and holistic operations to facilitate quick trade and the passage of goods and persons transiting Zambian borders.

Structural Reforms

29. **Implementation of structural reforms will be stepped up in order to support private-sector-led growth and strengthen public sector management in the medium-term**. Slow pace of implementation of structural reforms in the recent past has resulted in weak systems and institutions thereby impeding higher private sector growth. In this regard, implementation of Government's reform agenda such as the Financial Sector Development Plan (FSDP), Public Service Management (PSM), PEMFA, and the PSD Initiative will be quickened. In particular, it is expected that the Integrated Financial Management Information System (IFMIS) pilot sites will "go live" in 2008 and

the Treasury functions will be strengthened in order to improve cash and expenditure management and budget execution.

30. Under the PSM, the main focus will continue to be on right-sizing of Government, pay reform and payroll management and establishment control. In particular, structures for four (4) cities, 14 Municipal and 54 District Councils will be adopted and operationalised by 2009 and Service Delivery charters for Public Service Management Division, Department of National Registration, Passport and Citizenship will be adopted and institutionalised by 2009.

31. Government shall undertake Public Service Pension Reforms which shall among other things, resolve the financing gap of the Public Service Pension Fund (PSPF). In this regard, Government will enhance the modalities of financing which will include the liquidation of the PSPF arrears in the medium term.

2.0 FISCAL POLICY OBJECTIVES 2008 - 2010

Overall Fiscal Policy Objectives

Fiscal Discipline

32. Government intends to exercise prudence in spending and fiscal consolidation it has been pursuing over the past three years. As such the overall fiscal deficit is projected to decline moderately to 1.70 percent of GDP by 2010.

Creating Fiscal Space

33. In the medium term, Government intends to create fiscal space so as to increase wealth creating spending, develop infrastructure and support other FNDP programmes. In this regard, Government's strategy is to accelerate the dismantling of domestic arrears, improve revenue collection by improving tax policy and administration, including renegotiating tax concessions with the large scale mining sector. Secondly, Government will continue to advocate for debt relief and increased receipts of general budget support grants from the cooperating partners.

Domestic Resource Mobilisation

34. Government intends to improve the policy and administration of tax and non- tax revenues in the medium term. This will be achieved through improved enforcement of tax and non- tax revenue administration, renegotiation of the concessions applicable to the mining companies and restricting adhoc and discretionary tax exemptions. With these measures, Government projects to increase domestic revenues to 18.71 percent of GDP by 2010 with tax revenues contributing about 17.95 percent of GDP while the balance will come from non-tax revenue.

Expenditure Policy

Increasing Spending on Strategic Programmes

35. In the medium term, Government's strategic focus will be to liquidate domestic arrears and increase expenditure on infrastructure development. As such the allocation has more than doubled on infrastructure development moving from the K898.61 billion level in 2007 to K2,300.18 billion by 2010. These resources will be directed towards agricultural programmes, infrastructure investments such as road construction and rehabilitation including township roads, dam construction for irrigation and water supply and sanitation purposes, construction of hospitals/clinics and schools, street lighting and housing construction.

36. In order to accommodate the above, Government will restrain non-priority spending and focus on strategic programmes in line with the FNDP. Specifically, Government will continue to cut down on expenditures of recurrent nature such as local workshops and foreign travel.

Aid Policy and Debt Strategy

37. **External resource mobilization will be underpinned by the Government's aid policy and debt strategy.** The strategic objectives of the aid policy and debt strategy are: i) debt restructuring or reorganization ii) more emphasis on grants and highly concessional loans iii) increased direct budget support as a mode of aid delivery as opposed to project financing; iv) improved financial management systems; and (v) aid delivery to be aligned to the country's strategic priorities.

38. **Prudent debt management continues to be an integral part of the management of public finances and Government's overall macro-economic programme**. Debt management in Zambia has been challenged in previous years by high interest rates, and fiscal overruns which resulted in an increased need for debt financing. Government's objective in the medium term is to raise adequate levels of financing at minimum cost and risk while at the same time ensuring that the national public debt is maintained at sustainable levels.

39. **The Government's medium-term debt management strategy will be to maintain the public debt at sustainable levels by ensuring that the overall borrowing is kept within prudent levels and secured on the best terms available.** This will be supported by the continued implementation of sustainable fiscal and monetary policies as well as better cash and treasury management functions. In addition, any new borrowings will be targeted at enhancing the country's social economic development.

Revenue and Grants

40. The revenue and grants forecasts for 2008-2010 are based on the favourable 2007 revenue trend, which is projected to continue during the medium term and they take into account projections of key macroeconomic variables. As a result, Government projects to raise revenue and grants of K11, 728.47 billion in 2008, K12,794.26 billion in 2009 and K13,756.99 billion in 2010. This translates to 22.75 percent of GDP in 2008, 22.58 percent of GDP in 2009 and 22.38 percent of GDP in 2010 (See Table 2.0 below).

41. The decline in the revenues and grants, as a share of GDP, is mainly on the account of the decline of project grants from cooperating partners due to the completion of some projects.

Table 2.0: Revenue and Grants in K' billions, 2008- 2010

	2008	% of GDP	2009	% of GDP	2010	% of GDP
TOTAL REVENUE AND GRANTS	**11,728.47**	**22.75**	**12,794.26**	**22.58**	**13,756.99**	**22.38**
Domestic Revenue	**9,347.65**	**18.13**	**10,429.17**	**18.40**	**11,499.44**	**18.71**
Tax revenue	8,955.80	17.37	9,998.47	17.64	11,032.23	17.95
Income taxes	4,098.94	7.95	4,552.49	8.03	4,964.65	8.08
Value-added tax (VAT)	2,665.60	5.17	2,992.18	5.28	3,338.09	5.43
Domestic VAT	360.91	0.70	419.36	0.74	491.80	0.80
Import VAT	2,304.69	4.47	2,572.82	4.54	2,846.29	4.63
Customs duty	948.69	1.84	1,059.73	1.87	1,161.88	1.89
Excise taxes	1,242.57	2.41	1,394.08	2.46	1,567.61	2.55
Non-tax revenue	391.85	0.76	430.69	0.76	467.21	0.76
Grants	**2,380.83**	**4.62**	**2,365.09**	**4.17**	**2,257.55**	**3.62**
Programme	625.11	1.30	707.68	1.25	722.24	1.12
Sector Wide Approaches (SWAPs)	402.84	0.78	355.48	0.63	137.12	0.22
Project Grants	1,352.88	2.62	1,301.93	2.30	1,398.19	2.27

Source: Ministry of Finance and National Planning

Domestic Revenues

42. Domestic revenues are projected to be K9, 347.65 billion or 18.13 percent of GDP in 2008. This is projected to increase to K11,499.44 billion or 18.71 percent of GDP by 2010. The increment in the domestic revenue yield is on account of improved enforcement of both tax and non -tax

administration. In addition, Government will invest in the border facilities particularly the Nakonde and Kasumbalesa border posts to ease operational problems and thereby enhance revenue collection.

Tax Revenue

43. Tax revenue is projected to increase from K 8,955.80 billion in 2008 to K11,032.23 billion by 2010. In terms of tax revenue as a proportion of GDP, this is expected to increase by 0.58 percentage points from 17.37 percent in 2008 to 17.95 percent by 2010. Tax revenues as a proportion of total domestic revenues will account for an average of 96 percent over the medium term.

Non-tax Revenue

44. Non-tax revenues are projected to contribute about 4.0 percent of the total domestic revenues. As a percentage of GDP non-tax revenues are projected at 0.76 percent over the medium term. Government will continue with the Appropriation-in-Aid policy in order to ease operational problems of institutions mandated to collect these revenues.

External Grants

45. External grants are projected to be declining over the medium term from 4.62 percent of GDP in 2008 to 3.67 percent of GDP in 2010. This is mainly on account of project support which is declining in the outer years due to the completion of some projects and no new commitments yet by the cooperating partners (See Table 3).

Table 3.0: External Grant Flows Projections (in K' billions), 2008-2010

	2008 Proj	2009 Proj	2010 Proj
General Budget Support	625.11	707.68	722.24
Sector Wide Approaches (Pool Funding)	402.84	355.48	137.12
Project Assistance	1,352.88	1301.93	1,398.19
Total	**2,380.83**	**2,365.09**	**2,257.55**

Source: Ministry of Finance and National Planning

3.0 EXPENDITURE BY ECONOMIC CLASSIFICATION

Total Expenditures

46. Total expenditures (excluding amortisation) are projected to be at K12,680.40 billion, K13, 759.72 billion and K14,802.99 billion in 2008, 2009 and 2010 respectively. As a percentage of GDP, the expenditures are projected to decline from 24.59 percent in 2008 to 24.08 percent by 2010 on account of the foreign financed expenditures declining over the medium term. However, domestically financed expenditures are increasing over the medium term from 19.50 percent of GDP in 2008 to 20.08 percent of GDP by2010. Current expenditure is projected to stand at K9,571.56, K10,173.61billion, K10,356.65 billion, while capital expenditure is projected at K3, 108.84 billion, K3, 586.11 billion and K4,446.34 billion in 2008, 2009 and 2010, respectively. As a proportion of GDP, current expenditures are projected to decline by 1.71 percentage points from 18.56 percent in 2008 to 16.85 percent by 2010, while capital expenditures are projected to increase by 1.20 percentage points from 6.03 percent in 2008 to 7.23 percent by 2010.

Expenditure by Type

Personal Emoluments

47. Government for a long time has constrained personal emoluments as a share of GDP to no more than 8.0 percent. However, human resource constraint particularly in the health and education sectors requires urgent attention. Consequently, in the medium term Government intends to recruit more personnel. In this regard, Government proposes to set aside K4, 133.15 billion or 8.02 percent of GDP for personal emoluments in 2008. For 2009 and 2010 Government has provided K4,691.57 billion or 8.28 percent of GDP and K5,197.57 billion or 8.45 percent of GDP, respectively. These amounts will cater for the existing civil servants and the net recruitment of personnel in education, health, agriculture, judiciary and Zambia Police. For instance, in the ministries of education and health, Government intends to recruit 15,500 teachers and 9,000 medical staff in the medium term.

Expenditure on Recurrent Departmental Charges (RDCs)

48. Recurrent departmental charges are projected to increase from 3.82 percent of GDP anticipated in 2007 to 4.35 percent of GDP in 2008 and 4.25 percent in 2009. This is mainly on account of Government's policy to clear the domestic arrears to suppliers of goods and services by 2009. In addition Government projects to spend a total of K477.40 billion or 0.87 percent of GDP on the Constitutional Review Process by 2009. By 2010 expenditure on RDCs are expected to significantly reduce to 3.64 percent of GDP and will include the programme of National Census for Population and Housing.

49. With regard to Awards and Compensations, Government projects to spend K100.0 billion, K120.0 billion and K100.0 billion in 2008, 2009 and 2010, respectively. Compared to 2007, the allocation to this expenditure has increased by about 30.0 percent. This increase is meant to clear a number of court judgements and litigations against Government which have accumulated huge amounts of interest.

Grants and Other Payments

50. Government proposes to spend a total of K2, 027.63 billion in 2008, K1, 954.94 billion in 2009 and K1,813.59 billion in 2010 on Grants and Other Payments. As share of GDP, these expenditures are projected to decline by 0.96 percentage points from 3.93 percent in 2008, to 2.95 percent by 2010. This is mainly on account of the decline in foreign inflows related to basket funding (Sector Wide Approaches) by cooperating partners to the health and education sectors. The accelerated dismantling of the pension arrears in 2008 will also contribute to the projected decline in the allocation to Grants and Other Payment in 2010.

51. On transfers to local governments, Government proposes to continue with the transfer of grants and as such provisions of K107.57 billion, K112.95 billion and K118.59 billion have been made in 2008, 2009 and 2010 respectively. These funds are meant to cater for recurrent, restructuring and capital grants as well as grants in lieu of rates.

52. Similarly, Government proposes to provide a grant to the Zambia Revenue Authority of K210.79 billion in 2008, K238.01 billion in 2009 and K264.34 billion in 2010 in order to support its effort to mobilise domestic resources through improved tax administration and enforcement.

Other Current Expenditures

53. Government intends to provide K150.0 billion and K80.0 billion annually to the Fertiliser Support Programme and the Strategic Food Reserve, respectively.

54. As for financial restructuring and contingent liabilities, Government proposes to allocate K75.40 billion in 2008, and K57.10 billion each in 2009 and 2010. The objective of these resources is to meet costs associated with parastatal restructuring and recapitalisation.

55. In order to cater for unforeseen expenditure items that may arise during the medium term, a provision for contingency at 0.25 percent of total domestic revenues per annum is being proposed.

Constitutional and Statutory Expenditure

56. Expenditure on Constitutional and Statutory obligations are projected at K738.81 billion in 2008, K786.44 billion in 2009 and K771.29 billion in 2010. Of these amounts K650.75 billion, K703.75 billion and K693.75 billion will cater for domestic interest payments for 2008, 2009 and 2010 respectively.

57. As a result of the debt forgiveness under HIPC initiative and MDRI, the projected external debt interest payments is only K40.86 billion in 2008, K35.48 billion in 2009 and K30.34 billion in 2010. As share of GDP, interest payments on foreign debt are declining from 0.08 percent in 2008 to 0.05 percent by 2010.

Capital Expenditure

58. Government's objective in the medium term is to increase allocations towards capital programmes from 5.85 percent of GDP expected outturn in 2007 to 7.23 percent of GDP by 2010. In this regard, Government will allocate K3,108.84 billion in 2008, K3,586.11 billion in 2009 and K4,446.34 billion in 2010. The main focus in the medium term will be on infrastructure development such as road construction and rehabilitation and other programmes, in line with the FNDP. In particular, Government will direct more resources towards infrastructure development in health, education and skills training, public order and safety, communication and meteorology. In addition, Government has allocated a total K330.15 billion for sports infrastructure development, in the medium term, in preparation for the 2011 All Africa Games to be hosted by Zambia.

59. On road projects, Government proposes to spend K501.38 billion or 0.97 percent of GDP in 2008, K658.0 billion or 1.16 percent of GDP in 2009 and K1,169.28 billion or 1.90 percent of GDP in 2010. In this respect, it is proposed all monies collected as road user charges shall form part of the Road Fund.

60. In addition to domestic resources allocated to capital programmes, Government expects to undertake foreign financed capital projects amounting to K1,823.66 billion in 2008, K1,722.63 billion in 2009 and K1,916.34 billion in 2010.

Projected Deficit (Financing requirement)

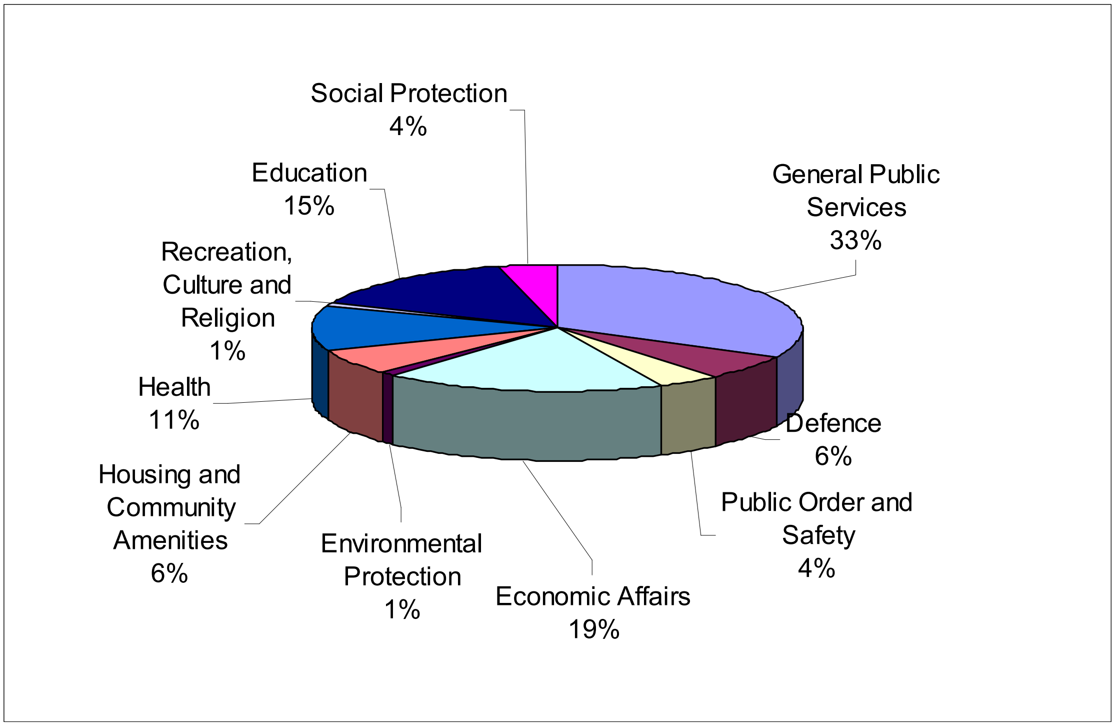
61. The projected overall deficits [difference between revenues and grants and total expenditures] in 2008, 2009 and 2010 are K951.93 billion or 1.85 percent of GDP, K965.46 billion or 1.70 percent of GDP and K1, 046.00 billion or 1.70 percent of GDP, respectively. These will be financed from domestic and external resources. In this regard, domestic financing is estimated at 1.20 percent of GDP (K618.71 billion) in 2008 while net external financing is projected at K333.22 billion or 0.65 percent of GDP. For 2009 and 2010, domestic and net external financing are estimated at 1.0 and 0.70 percent of GDP per year, respectively.

4.0 TOTAL EXPENDITURE BY FUNCTIONAL CLASSIFICATION

62. This chapter gives a detailed analysis of the level of spending in the different functional areas of Government for the years 2008 to 2010. The functional classifications system is based on the International Monetary Fund (IMF) Classification of Functions of Government (COFOG) which is a detailed classification of the functions or socio-economic objectives that Government aims to achieve through various kinds of outlays. It provides a strategic overview of the allocation of budget resources among the different sectors of the economy.

63. The key public spending priorities over the 2008-2010 MTEF include infrastructure and agricultural development so as to accelerate growth, enhancing the quality of health and education provision and stepping up budgetary allocations to the law enforcement services in line with the focus of FNDP.

Figure 1: Proposed spending by Function in 2008, as percentage of Total Expenditure



Source: Ministry of Finance and National Planning

64. In this regard, spending in the economic affairs, education and health, functions is expected to remain high over the medium term. As a percentage of the total expenditure, spending on Economic Affairs function will be scaled up to 23.33 percent of the total budget by 2010 from 18.58 percent in 2008. The allocation to health is projected to increase from 11.45 percent in 2008 to 11.93 percent by 2010 while that for education is projected to rise to 15.30 percent by 2010 from 14.56 percent in 2008. The Government also targets to raise spending on public order and safety as a percent of total expenditure from 4.24 percent in 2008 to 4.34 by 2010.

Table 4.0: Functional Classification as a Percentage of Total Expenditure, 2007 to 2010

Function	2007	2008	2009	2010
General Public Services	33.11%	32.51%	31.22%	27.92%
Defence	6.63%	6.42%	6.47%	6.56%
Public Order and Safety	3.83%	4.24%	4.34%	4.34%
Economic Affairs	19.33%	18.58%	19.98%	23.33%
Environmental Protection	0.86%	0.83%	0.84%	0.85%
Housing and Community Amenities	6.72%	6.48%	6.52%	6.56%
Health	10.75%	11.45%	11.57%	11.93%
Recreation, Culture and Religion	0.89%	1.12%	1.76%	1.56%
Education	15.03%	14.56%	14.96%	15.30%
Social Protection	2.85%	3.82%	2.34%	1.64%
Total	100.00%	100.00%	100.00%	100.00%

Source: Ministry of Finance and National Planning

Table 5.0: Total expenditure by functional classification, 2007 to 2010 (in Kwacha, billions)

	Budget	**MEDIUM TERM ESTIMATES**		
Function	**2007**	**2008**	**2009**	**2010**
General Public Services	**3,984.80**	**4,164.94**	**4,334.23**	**4,167.55**
Executive	318.05	338.42	356.63	375.71
Legislation	451.82	444.19	670.76	340.71
General Government Services	2,528.20	2,648.99	2,557.99	2,552.00
Centralised Administrative Services	686.73	733.34	748.86	899.13
Defence	**798.17**	**821.98**	**898.39**	**978.37**
Public Order and Safety	**460.92**	**542.62**	**602.43**	**647.59**
Police Services	344.22	383.90	423.55	459.16
Fire Protection Services	0.73	0.75	0.82	0.90
Law Courts	11.56	9.06	18.52	14.48
Prisons	58.47	60.27	66.05	72.10
Immigration, Passport and Registration	45.94	88.63	93.48	100.96
Economic Affairs	**2,326.23**	**2,379.74**	**2,773.57**	**3,481.47**
General Economic, Commercial and Labour	137.53	185.27	204.92	213.84
Agriculture, Forestry and Fishing	1,062.85	868.53	1,060.03	1,181.96
Fuel and Energy	56.63	48.29	66.47	69.61
Mining	27.31	43.16	36.86	38.68
Transport	919.98	1,085.81	1,267.56	1,3827.04
Communication	13.90	14.33	15.70	17.14

Source: Ministry of Finance and National Planning

Table 5.0: Total expenditure by functional classification, 2007 to 2010 (Cont'd)

Tourism	108.02	134.35	122.03	133.20
Environmental Protection	**103.30**	**106.48**	**116.68**	**127.37**
Waste Management	10.05	10.36	11.35	12.39
Waste Water Management	0.12	0.12	0.13	0.14
Pollution Abatement	24.93	25.70	28.16	30.74
Protection of Biodiversity & Landscape	0.66	0.68	0.74	0.81
R & D Environmental Protection	0.47	0.48	0.53	0.58
Forestry Management & Protection	23.15	23.86	26.15	28.54
Other Environmental Protection	43.93	45.28	49.62	54.17
Housing and Community Amenities	**808.35**	**829.70**	**904.49**	**979.36**
Housing Development	23.05	23.76	26.04	28.42
Community Development	15.29	15.76	17.27	18.85
Water supply and Sanitation	335.05	340.49	371.44	405.93
Street Lighting	0.03	0.03	0.03	0.04
R & D Housing and Community Amenities	192.70	198.63	217.67	237.61
Physical Planning	23.69	24.42	26.77	29.22
Resettlement	8.82	9.10	9.97	10.88
Other Housing & Community Amenities	209.72	217.51	235.30	248.42
Health	**1,294.01**	**1,466.49**	**1,606.61**	**1,781.18**
Medical Products and Appliances	127.91	252.33	346.37	366.16
Out Patient Services	37.33	38.48	42.16	46.03
Hospital services	91.92	94.75	103.83	113.34
Public Health Services	1,036.85	1,080.94	1,214.24	1,255.65
Recreation, Culture and Religion	**106.66**	**143.32**	**244.49**	**232.48**
Recreation and Sporting Services	53.14	88.15	184.03	166.49
Cultural Services	24.47	25.22	27.64	30.17
Promotion & Preservation of Culture	1.69	1.74	1.90	2.08
Broadcasting and Publishing Services	26.12	26.92	29.50	32.20
Other Recreation, Culture and Religion	1.25	1.28	1.41	1.54
Education	**1,808.43**	**1,865.22**	**2,076.72**	**2,283.89**
Pre-primary and Basic Education	187.22	192.98	211.49	230.85
High School	62.49	64.41	70.59	77.05
Tertiary Education	292.58	300.38	328.27	357.32
Non- Tertiary Education	2.12	2.18	2.39	2.61
Education Not Definable By Level	241.86	249.31	273.21	298.23

Subsidiary Services to Educate	176.79	187.95	213.11	238.74
Rehabilitation & Development Ed	100.53	110.04	128.67	152.38
Education (Other)	744.86	757.97	849.01	926.71
Social Protection	**343.54**	**489.75**	**324.36**	**245.47**
Disability	9.93	10.23	11.22	12.24
Old Age	0.25	0.26	0.28	0.31
Orphans and Vulnerable Children	14.81	20.11	21.08	22.10
Social Security Welfare	31.78	1.84	2.01	2.20
Rehabilitation and Devt Social Protection	4.93	5.09	5.57	6.08
National Disaster	8.57	8.83	9.68	10.56
Other Social Protection	273.27	443.40	274.51	191.98
Grand Total (including Amortisation)	**12,034.40**	**12,810.23**	**13,881.96**	**14,924.73**

Source: Ministry of Finance and National Planning

General Public Services

65. Under General Public Services function, Government's objective in the medium term is to continue supporting Local Authorities through transfers, dismantling of arrears, facilitate the constitutional review process and undertake the national census of population and housing. Thus, the Government plans to scale- down spending on this function from 33.11 percent in 2007 to 27.92 percent of total expenditure by 2010. This is in line with the Government's policy to reduce expenditure on general public services, especially of an administrative nature and to direct more resources to areas of strategic focus in line with the FNDP.

Table 6.0: General Public Service function spending, 2007-2010 (in Kwacha, billions)

	Budget	MEDIUM TERM ESTIMATES		
Function	**2007**	**2008**	**2009**	**2010**
General Public Services	**3,984.80**	**4,164.94**	**4,334.23**	**4,167.55**
Executive	**318.05**	**338.42**	**356.63**	**375.71**
o/w Local Government Transfers		107.57	112.95	118.59
Legislation	**451.82**	**444.19**	**670.76**	**340.71**
o/w CRC		159.37	318.03	-
General Government Services	**2,528.20**	**2,648.99**	**2,557.99**	**2,552.00**
o/w Dismantling of Arrears		398.62	101.46	-
Domestic Debt		650.75	703.75	693.75
External Debt		170.69	157.72	152.08
Awards and Compensation		100.00	120.00	100.00
Infrastructure Devt (Missions Abroad)		10.00	34.00	34.00
Centralised Administrative Services	**686.73**	**665.26**	**674.75**	**824.75**
o/w National Census for Population and Housing		-	-	100.00
Public Service Retrenchment Programme		53.00	20.00	20.00

Source: Ministry of Finance and National Planning

Defence

66. This function includes activities directly related to the defence and security of the Country. It encompasses Government spending on military, research and development, and other defence related activities. Public spending on Defence as a percentage of total expenditure will average 6.48 percent over the MTEF period.

Public Order and Safety

67. Government targets to raise spending on public order and safety to 4.34 percent by 2010 from 3.83 percent of total expenditure in 2007. The focus will be on infrastructure development and rehabilitation, including the housing programme for the security wings. In addition crime prevention will be accorded high priority during the MTEF period.

Table 7.0: Economic Affairs Function Spending, 2007-2010 (in Kwacha, billions)

	Budget	MEDIUM TERM ESTIMATES		
Function	**2007**	**2008**	**2009**	**2010**
Economic Affairs	**2,326.23**	**2,379.74**	**2,773.57**	**3,481.47**
General Economic, Commercial and Labour	**137.53**	**185.27**	**204.92**	**213.84**
o/w Border Infrastructure (Nakonde, Kasumbalesa and Mwami)		26.00	25.00	19.00
Citizen Empowerment Fund		50.00	72.00	77.04
Lusaka MFEZ		6.80	-	-
Agriculture, Forestry and Fishing	**1,062.85**	**868.53**	**1,060.03**	**1,181.96**
o/w Fertiliser Support		150.00	150.00	150.00
Food Strategic Reserve		80.00	80.00	80.00
Irrigation Development		10.00	43.45	40.45
Agriculture Infrastructure Development		10.80	40.40	40.40
Livestock Development		20.50	81.70	94.70
Agriculture Services &Tech. Devt		10.00	40.70	60.85
Fisheries Development		24.40	10.00	47.40
Input Packs		10.00	10.00	10.00
Recruitment		11.00	10.00	10.00
Fuel and Energy	**56.63**	**48.29**	**66.47**	**69.61**
o/w Rural Electrification Fund		13.45	14.12	14.83
Water and Resource Mgt & Development		10.70	25.90	25.90
Mining	**27.31**	**4 3.16**	**36.86**	**38.68**
o/w Strengthening Institutional Capacity		15.00	6.00	5.00
Transport	**919.98**	**1,085.81**	**1,267.56**	**1,827.04**
o/w Road Fund + GRZ Cont.		501.38	658.00	1,169.28
Solwezi and Kasama Airports		45.00	25.00	25.00
Rail Infrastructure Devt (including Chipata/ Mchinji)		10.00	-	-
Meterological Infrastructure		2.40	7.00	2.30
Communication	**13.90**	**14.33**	**15.70**	**17.14**
Tourism	**108.02**	**134.35**	**122.03**	**133.20**
O/W ZAWA Recapitalisation		23.00	**-**	**-**
Rehabilitation of Heritage Sites		**-**	**-**	10.00

Source: Ministry of Finance and National Planning

Economic Affairs

68. Government plans to increase its allocation to this function from 19.33 percent of the total expenditure in 2007 to 23.33 percent by 2010. The bulk of the resources will be directed towards agriculture and transport (road, rail and air) sub functions. Government will also provide resources for border infrastructure, rural electrification programme as well as empowerment of citizens through the Citizens Empowerment Fund. During the 2008 to 2010 MTEF, spending in the Agriculture and Transport sub-functions are expected to increase as indicated in Table 7.

Agriculture, Forestry and Fishing

69. Over the medium term, agriculture, forestry and fishing will remain the key priority in the growth and poverty reduction programmes of Zambia. To this end, government spending is programmed to increase from K868.53 billion in 2008 to K1, 060.03 billion and K1, 181.96 billion in 2009 and 2010, respectively. This increased spending in Agriculture is to support programmes such as the improvement of agricultural productivity; enhancement of animal health, livestock production and extension services; support to small scale farmers; agricultural research; and technological development. This is in line with the objective of increasing and sustaining agricultural production in order to ensure food security, income generation and employment creation.

Transport (Road, Rail, Air and Water)

70. The Government spending is programmed to be raised towards the transport sector to allow for road infrastructure development and maintenance. In this regard, Government proposes to spend K501. 38 billion in 2008, K658.00 billion in 2009 and K1,169.28 billion in 2010. Apart from the roads, the development of rail and air transport has been accorded priority. In the medium term, K95.00 billion has been provided for the upgrading of Solwezi and Kasama airports and K10.00 billion in 2008 for the Chipata-Muchinji rail line.

Other Programmes

71. Other programmes under Economic Affairs function include the recapitalisation of the Zambia Wildlife Authority and facilitation of the development of Lusaka-South MFEZ. In this regard, Government will allocate K23 billion and K6.8 billion in 2008, respectively.

Environmental Protection

72. This function is comprised of waste management, wastewater management, pollution abatement, protection of biodiversity and landscape and protection of forests. It also includes research and development in the area of environmental protection. During the 2008-2010 MTEF, the Government plans to give much attention to the sustainable management of natural resources and the environment. In this regard, K106.48 billion, K116.68 billion and K127.37 billion has been provided for environmental protection for 2008, 2009 and 2010, respectively.

Housing and Community Amenities

73. The Government plans to spend K829.70 billion in 2008, K904.49 billion in 2009 and K979.36 in 2010 on the Housing and Community Amenities function. A key element of this function, as reflected in the FNDP, is the water supply and sanitation sub-function. Therefore, the increase in government spending over the medium term is meant to improve access to safe drinking water, particularly in rural and peri -urban areas.

Recreation, Culture and Religion

74. Over the MTEF period, Government targets to increase resource allocation in this function from K106.66 billion in 2007 to K232.48 billion by 2010. The increase in allocation is mainly due to the need to develop and improve infrastructure in readiness for the All Africa Games to be held in 2011.

Social Sectors

Health

75. Total expenditure on health as a share of the total budget is projected to scale up by 1.18 percentage points from 10.75 percent in 2007 to 11.93 percent by 2010. This increase is essential to improve the provision of quality health care. The key interventions in Health will be the recruitment of 3,000 health workers per year, procurement of essential drugs and provision of infrastructure and equipment.

Table 8.0: Social Sector Spending, 2007-2010

Function	Budget	MEDIUM TERM ESTIMATES		
	2007	2008	2009	2010
Health	**1,294.01**	**1,466.49**	**1,606.61**	**1,781.18**
Medical Products and Appliances	**127.91**	**252.33**	**246.37**	**366.16**
o/w Provision of Essential Drugs		113.60	99.70	191.60
Medical Equipment & Accessories		61.10	61.60	81.70
Public Health Services	**1,036.85**	**1,080.94**	**1,214.24**	**1,255.65**
o/w Infrastructure Development		117.50	160.80	108.00
Education	**1,808.43**	**1,865.22**	**2,076.72**	**2,283.89**
Tertiary Education	**292.58**	**300.38**	**328.27**	**357.32**
o/w TEVET		34.87	37.30	39.70
Subsidiary Services to Educate	**176.79**	**187.95**	**213.11**	**238.74**
o/w Curriculum Development & Education Materials		82.00	97.00	112.00
Rehabilitation & Development Ed	**100.53**	**110.04**	**128.67**	**152.38**
o/w Infrastructure Development		93.00	110.00	132.00
Social Protection	**343.54**	**489.75**	**324.36**	**245.47**
Orphans and Vulnerable Children	**14.81**	**20.11**	**21.08**	**22.10**
o/w Child Protection		10.00	10.00	10.00
Other Social Protection	**273.27**	**443.40**	**274.51**	**191.98**
o/w Pension Fund & Arrears		435.90	266.30	183.02

Source: Ministry of Finance and National Planning

Education

76. Government outlays on education are expected to increase over the MTEF period. As a proportion of the total government expenditure, spending on Education is planned to be increased from 15.03 percent in 2007 to 15.30 percent by 2010. The increased expenditure is meant to cater for the recruitment of teachers, procurement of educational materials and construction of classrooms and teachers houses. It is estimated that the Government will need to recruit an average of 5000 teachers per year to reduce the high pupil-teacher ratios and eliminate the system of double and triple shifts.

Social Protection

77. During the MTEF, the Government proposes to dismantle pension arrears in 2008. As such, allocation to the Social Protection function is projected at K489.75 billion out of which K269.90 billon is for dismantling of pension arrears. A further K324.36 billion and K245.47 billion has been allocated to social protection in 2009 and 2010, respectively. Of these amounts, K266.30 billion and K183.02 billion has been allocated to Pensions Fund in 2009 and 2010 respectively. These amounts include K92.00 billion to cater for the financing gap.

5.0 SUMMARY OF CENTRAL GOVERNMENT BUDGET 2008-2010

78. The Central Government budget for 2008-2010 is projected as follows:

- Total revenues and grants are projected to amount to K11,728.47 billion, K12, 794.26 billion, K13,756.99 billion in 2008, 2009 and 2010 respectively.

- Total expenditures excluding amortisation are expected to amount to K12,680.40 billion, K13, 759.72 billion and K14,802.99 billion in 2008, 2009 and 2010 respectively.

- Total revenues and grants minus total expenditures will result into an overall budget deficit of K951.93 billion in 2008, K965.46 billion in 2009 and K1,046.00 billion in 2010.

- These deficits will be financed from both external and domestic resources. Domestic financing over the medium term is projected to be K618.71 billion or 1.20 percent of GDP in 2008, K566.70 billion in 2009 or 1.0 percent of GDP and K614.75 billion or 1.0 percent of GDP in 2010. Net external financing is projected at K333.22 billion or 0.65 percent of GDP in 2008, K398.77 billion or 0.70 percent in 2009 and K431.25 billion or 0.70 percent of GDP in 2010.

6.0 CONCLUSION

79. The proposed Medium Term Expenditure Framework is expected to draw us closer to meeting the strategic objectives set in the FNDP. The framework is expected to create fiscal space and realign resources to strategic programmes. In particular, more resources have been directed towards capital programmes which are core in the FNDP. With such expected level of investment in capital formation, growth is expected to be accelerated. However, the key challenge remains that of overcoming the slow pace of budget execution by MPSAs.

80. Macroeconomic stability has been attained in the recent years. Economic growth is rising while inflation is relatively low. The external sector has also strengthened, with record levels of reserves being accumulated, supported by the commodity boom. Macroeconomic policies in the medium term will continue to be focused on maintaining the progress that has been made in macroeconomic stability and further raising the rate of the economic growth through infrastructure investments, enhancing the business and investment climate. Accelerating and broadening growth is important to contribute to rapid poverty reduction.

81. Though relative macroeconomic stability has been achieved and growth is on the rise, there is need to make significant progress on the social and human dimensions of development. Health and education service provision and quality require major improvements just like access to safe drinking water and sanitation. Similarly, the working conditions and facilities in the law enforcement agencies, especially the police service, require extensive upgrading.

82. Zambia has the unenviable distinction of not finishing projects on time, especially road infrastructure. There are many projects around the country whose construction started many years ago and have not been completed to date. The country has consequently lost a lot of money on either settling interest or penalties with very little actual works done. The challenge, therefore, is to complete all major on-going projects in 2008 and 2009, to preserve existing assets through maintenance and rehabilitation before embarking on new projects.

83. The challenge also remains with the private sector to take advantage of these newly created opportunities to create wealth by fully and aggressively participating in the development agenda of the nation. With Government's intention to invest massively in capital formation and its determination to clear its indebtedness to suppliers of goods and services including contractors, the private sector needs to rise up and expand its capacity so that it can ably participate in this Government programme of rebuilding the country.

7.0 APPENDICES

1. 2008 - 2010 Fiscal Framework.

2. 2007 Domestic Budget and 2008 - 2010 Indicative Expenditure Allocations.

    (i) Aggregated Indicative Expenditure Ceilings.

    (ii) Personal Emoluments and Other PE - Related Expenditure Ceilings.

    (iii) Non - Personal Emoluments Programmes Ceilings.

    (iv) Constitutional and Statutory Expenditure Ceilings.