# COMMENTS ON THE 2027 NATIONAL BUDGET

# HEAD 41 – MINISTRY OF ELECTRICITY

# HEAD 42 – MINISTRY OF PETROLEUM

# HEAD 52 – MINISTRY OF WATER DEVELOPMENT AND SANITATION

## SUBMITTED TO THE COMMITTEE ON ENERGY, WATER DEVELOPMENT AND TOURISM OF THE NATIONAL ASSEMBLY OF ZAMBIA

## BY

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## PREAMBLE

On Friday, 6th November 2026, the Minister of Finance and National Planning, Hon. Dr Situmbeko Musokotwane, MP, presented the proposed 2027 National Budget to Parliament under the theme "Grow Zambia: From Stabilisation to Unlocking Opportunities, Creating Jobs and Improving Livelihoods for All". The Estimates of Revenue and Expenditure for 2027 total K284.8 billion and include Head 41, the Ministry of Electricity, Head 42, the Ministry of Petroleum, and Head 52, the Ministry of Water Development and Sanitation.

By letter reference NAS/11/19/13 Conf of 7th November 2026, the Office of the Clerk of the National Assembly invited the Jesuit Centre for Theological Reflection (JCTR) to comment on the 2027 allocations to these Heads. JCTR makes this submission jointly with WaterAid Zambia, its partner in the Strengthening Inclusive and Climate-Resilient WASH Accountability project in Choma, Mazabuka, Monze and Nkeyema districts. In line with the invitation, the memorandum covers (i) an overview of each allocation, (ii) its adequacy and ramifications for meeting set targets, (iii) its alignment with national and international commitments, and (iv) recommended variations.

The memorandum draws on the 2027 Estimates (Yellow Book), the 2027-2029 Medium Term Budget Plan (Green Paper), the 2027 Budget Address, the 2026 Estimates for the former Ministry of Energy, and the joint analysis of the 2027 WASH budget that WaterAid Zambia, JCTR, the Local Government Association of Zambia (LGAZ) and the Lusaka Water Security Initiative (LuWSI) are preparing. Its evidence comes from the partners' own work: JCTR's State of WASH assessment in the four districts, community score cards on 25 water points completed with 616 residents in July 2026, follow-up engagement with Mazabuka Municipal Council and the Southern Water and Sanitation Company (SWASCO), JCTR's Basic Needs and Nutrition Basket (BNNB) and Satellite Homes Survey (SHS), and WaterAid Zambia's research on financing WASH through the Constituency Development Fund.

## 2. SUMMARY

The three Heads are presented together because, for the households we work with, water and energy are one problem. Pumps need power. When the grid fails, taps run dry or water returns discoloured, and when diesel prices rise, so does the cost of moving water and food. Yet the 2027 Estimates plan for the two sectors separately, with almost no line that connects them.

Head 52, the Ministry of Water Development and Sanitation, receives K3.03 billion, up 12.6 percent. We welcome the increase, the doubling of groundwater exploration ahead of El Niño and the larger transfer to water utilities. But water supply and sanitation together receive K2.08 billion, only 0.73 percent of the Budget, against an Eighth National Development Plan requirement of about K3.5 billion a year. And the Ministry plans to do less with more: new boreholes fall from 728 to 350, rehabilitations from 500 to 150, and household water connections from 20,000 to 5,000. Sanitation is about 0.08 percent of GDP against the Ngor commitment of 0.5 percent.

Head 41, the new Ministry of Electricity, receives K2.25 billion, and Head 42, the new Ministry of Petroleum, K897.2 million. Together they are 23.3 percent larger than the former Ministry of Energy in 2026, driven by a K1.79 billion rural electrification programme that relies on a K1.0 billion World Bank grant. We welcome the 160,000 planned new connections. But the renewable energy programme receives K21.1 million, under 1 percent of Head 41, and plans solar systems for electrification and water pumping in just 10 public institutions. Splitting the Ministry has also raised the cost of management and support from K43.6 million to K73.2 million.

We also read Heads 41 and 42 for their effect on the cost of living. JCTR's Satellite Homes Survey found that 88.9 percent of households in six high-density areas of Lusaka are connected to electricity, yet 98.4 percent cook with charcoal. Pre-approved tariffs would raise the price of the first 100 units by 54 percent from November 2026, while the Budget's only clean cooking target is 10 biomass stoves in public institutions. The added cost of running two ministries instead of one, K29.6 million a year, is larger than the whole renewable energy programme.

We recommend a variation of K400 million for Head 52, drawn from the K2.80 billion increase in the Constituency Development Fund, for maintenance of existing water points, solar back-up for mechanised boreholes, WASH in health facilities and schools, cholera preparedness and catchment protection. For Heads 41 and 42 we recommend changes to targets and reporting within their existing envelopes, so that new power reaches the water points, clinics and schools that need it, and so that low-income households can afford to use it, including for cooking.

## 3. WATER AND ENERGY: WHY THESE HEADS BELONG TOGETHER

Piped water supply depends on electricity to pump, treat and distribute water. Rural water increasingly depends on mechanised and solar-powered boreholes: the Ministry of Water

Development and Sanitation upgraded 419 boreholes to piped schemes by mid-2026 and plans 280 more in 2027. Each of these needs a reliable source of energy. Commercial utilities, which spend an average of K18.19 to produce a cubic metre of water that they sell for K7.19 according to the 2025 NWASCO sector report, carry energy as one of their largest costs. As electricity moves to cost-reflective tariffs, as the Budget Address confirms it will, that cost rises.

The power system is growing but remains stretched. The Budget Address projects 1,400 megawatts of new generation capacity in 2027. The Centre for Trade Policy and Development, citing official data, notes that available domestic generation in 2025 was about 1,635 megawatts against peak demand of around 2,400 megawatts, and that household electricity access was 53.6 percent nationally but only 34 percent in rural areas (National Energy Access Survey, 2023). Load management therefore remains a live risk for water supply in the 2027 El Niño season.

**Our evidence: when the power goes, so does the water**

In Mazabuka Central, residents scoring their water points in July 2026 said water is available every day "unless there is a power outage". When the community's Social Accountability Committee took its findings to Mazabuka Municipal Council in August, one of the Council's own responses was to recommend solar back-up for mechanised boreholes to protect supply during load shedding.

In Monze, JCTR's State of WASH assessment recorded that SWASCO's piped supply often returns as discoloured water after pipe failures and insufficient filtration during pump restarts following ZESCO outages.

In Nkeyema, where residents gave daily water availability a unanimous score of 5, the interface meeting revealed that the solar-powered system runs only twice a day for limited hours. Both Monze and Nkeyema turned to solar pumps and new boreholes after the 2023/24 drought dried up or weakened existing sources.

Where energy and water are planned together, results follow. In 2025, WaterAid Zambia and a private partner installed a 40,000-litre solar-powered water system at Mazabuka Research Health Centre. Health workers report better conditions, and antenatal attendance rose from about 10 to 15 mothers a week to 15 to 20.

Fuel prices complete the picture. Crude oil reached US$114 a barrel in October 2026, and the Budget Address attributes part of the rise in the 2026 deficit, to 5.9 percent of GDP against a target of 2.1 percent, to the suspension of VAT and excise duty on fuel. In Lusaka in October 2026, JCTR's BNNB recorded diesel at K33.27 a litre, petrol at K31.46 and paraffin at K29.76. Diesel

had been K26.86 in September; the increase of nearly a quarter in one month followed the return of excise duty after six months of relief, and VAT on fuel returns on 1st December 2026. In November, diesel rose again, to K34.45. Diesel moves water by bowser in drought, runs back-up generators at pumping stations and carries chlorine and spare parts to rural water points. Households, meanwhile, spent K1,593.33 on two bags of charcoal for cooking and K653.00 on electricity, together K2,246.33, or nearly a fifth of the Lusaka basket of K12,253.72.

Energy is one of the main drivers of the cost of living, so this submission also reads Heads 41 and 42 for their effect on households and small enterprises. Nationally, household electricity access is 53.6 percent and only 34 percent in rural areas, so for most rural families the choice between grid power and charcoal does not yet arise. In Lusaka's high-density areas, where most households are connected, that choice is made every day, and charcoal wins (see box). Any change in electricity tariffs or fuel prices therefore reaches the poorest households first, through cooking, lighting, transport and the price of food.

**Our evidence: connected to the grid, cooking on charcoal**

JCTR's Satellite Homes Survey interviewed 371 households in Chainda, Garden, Kalingalinga, Kamanga, Kanyama and Ngombe in the first half of 2026. Of the 369 households that answered, 88.9 percent were connected to electricity. Yet 98.4 percent cooked with charcoal, and seven in ten connected households did not use electricity for cooking at all. Even for lighting, 49.6 percent used candles and 39.6 percent solar.

Spending on electricity was low: 43.1 percent of connected households spent less than K100 a month, and only 18.6 percent spent K200 or more. Spending on charcoal was higher: 56.4 percent of charcoal users spent between K200 and K500 a month, between 7 and 17 percent of a K3,000 income. In the October 2026 Basic Needs and Nutrition Basket, two bags of charcoal cost K1,593.33 against K653.00 for electricity.

These households are not short of a connection. They ration its use, and cook on a fuel that costs them more, harms their health and strips the forests around Lusaka.

The same costs fall on small and medium enterprises, the main source of livelihoods in the communities we work with. Millers, welders, tailors, bakers, hairdressers, fish traders with cold storage, market vendors and small transporters all depend on grid electricity, diesel or petrol. For them, energy is an operating cost. Unreliable power forces them onto diesel generators, raises the cost of keeping produce fresh and cuts production hours, while fuel prices raise the cost of moving stock to market and delivering goods and water. With thin margins, they either absorb these costs

and earn less, or pass them on to customers who are themselves struggling, which feeds back into the price of basic necessities. As tariffs move towards cost recovery and fuel taxes return, the cost of running a small business rises with them.

For the Ministry of Electricity, the question is therefore whether new connections will be reliable and affordable to use, not merely installed, for low-income households and small enterprises, including the water points and cold storage they depend on. For the Ministry of Petroleum, it is whether fuel marking, the Uniform Petroleum Pricing mechanism and the Energy Fund deliver fair and stable pump prices for consumers and for the businesses that run on diesel and petrol.

## 4. CONTEXT

### 4.1 Access to water, sanitation and hygiene

According to the WHO/UNICEF Joint Monitoring Programme estimates for 2024, about 73 percent of Zambians have at least basic drinking water: 90 percent in urban areas and 58 percent in rural areas. Only 18 percent have a basic handwashing facility with soap and water at home, falling to 9 percent in rural areas. Around 13 percent of health facilities have no water service, and 21 percent of schools lack basic water. The 2024 Zambia Demographic and Health Survey found that 32 percent of households lack basic water, 64 percent lack basic sanitation, and 60 percent of the poorest fifth of households lack basic water.

Our field work shows how district averages hide ward-level gaps. In Choma, where SWASCO reports that about 80 percent of the population has piped water, about 3,000 households in Chilalantambo ward share water points with livestock. In Mazabuka, some households walk 4 to 5 kilometres to a water point. In Nkeyema, most communities rely on shallow, unprotected wells, and residents rated WASH services 1 out of 5. Across all four districts, girls reported missing school during menstruation because of inadequate facilities.

### 4.2 Policy and institutional developments

Three developments shape 2027. The Water Supply and Sanitation Services Act No. 13 of 2026, assented to on 4th June 2026, strengthens regulation, consumer protection and citizen participation, but takes effect only on a date set by the Minister by statutory instrument. The Ministry of Energy has been split into the Ministry of Electricity and the Ministry of Petroleum under Gazette Notice No. 1629 of 2026. And Government is implementing its National Energy Compact under Mission

300, which aims at universal electricity access, alongside a continued move to cost-reflective electricity and water tariffs. NWASCO began approving new water tariffs in October 2026, the first multi-year approval since the one covering 2017 to 2019.

## 5. HEAD 52: MINISTRY OF WATER DEVELOPMENT AND SANITATION

### 5.1 Overview of the allocation

***Table 1: Head 52 by programme and sub-programme, 2025-2027 (K million)***

| Programme / sub-programme | 2025 | 2026 | 2027 | Change 2026-27 | Share 2027 |
|---|---|---|---|---|---|
| **2118 Water Resource Management and Development** | **813.5** | **805.4** | **888.3** | **+10.3%** | **29.3%** |
| Water resources infrastructure (dams) | 769.1 | 722.7 | 721.4 | −0.2% | 23.8% |
| Water resources management (WARMA) | 18.6 | 39.2 | 69.2 | +76.5% | 2.3% |
| Groundwater exploration and wellfields | 20.5 | 37.5 | 81.5 | +117.5% | 2.7% |
| Transboundary and international cooperation | 5.4 | 6.0 | 16.3 | +170.9% | 0.5% |
| **2119 Water Supply and Sanitation** | **1,604.5** | **1,829.9** | **2,078.6** | **+13.6%** | **68.7%** |
| Water supply | 890.1 | 1,094.9 | 1,235.5 | +12.8% | 40.8% |
| Sanitation | 714.4 | 735.0 | 843.1 | +14.7% | 27.8% |
| **2199 Management and Support Services** | **40.5** | **53.2** | **60.4** | **+13.6%** | **2.0%** |
| **Head total** | **2,458.6** | **2,688.5** | **3,027.3** | **+12.6%** | **100%** |

*Source: Yellow Book 2027, Head 52, Table 3. Real growth of the Head is about 5.9 percent using inflation of 6.3 percent (October 2026).*

By economic classification, 86.0 percent of the Head (K2.60 billion) is for assets and only 1.7 percent (K52.3 million) for goods and services, the line that pays for monitoring, regulation and field operations. Transfers rise 72.5 percent to K334.4 million, mainly because the transfer to commercial water utilities rises from K112.4 million to K207.9 million. WARMA receives K69.2 million and NWASCO K12.4 million. Of the Water Supply and Sanitation programme, K935.4 million (45 percent) is externally financed, including 67.6 percent of sanitation.

### 5.2 Adequacy

The Water Supply and Sanitation programme, at K2.08 billion, is 0.73 percent of the Budget, about K94 per person or roughly US$4.5 a year on the joint partners' calculation. The Eighth National Development Plan estimated an annual requirement of about K3.5 billion, and the World Bank estimates that countries such as Zambia need at least US$25 per person a year to meet the WASH targets of the Sustainable Development Goals. The sanitation sub-programme, at K843.1 million, is about 0.08 percent of GDP, against the 0.5 percent of GDP for sanitation and hygiene that Zambia committed to under the eThekwini (2008) and Ngor (2015) declarations.

Money allocated is also not money spent. The 2024 Annual Progress Report on the Eighth National Development Plan records that against a WASH financing target of K3.5 billion, K1.5 billion was allocated and only K31.9 million was disbursed. Where funds were released, over 99 percent was used, which shows that the constraint is release, not absorption.

### 5.3 Ramifications for set targets

The clearest warning in this Head is that more money is planned to buy fewer outputs (Figure 1 and Table 2).

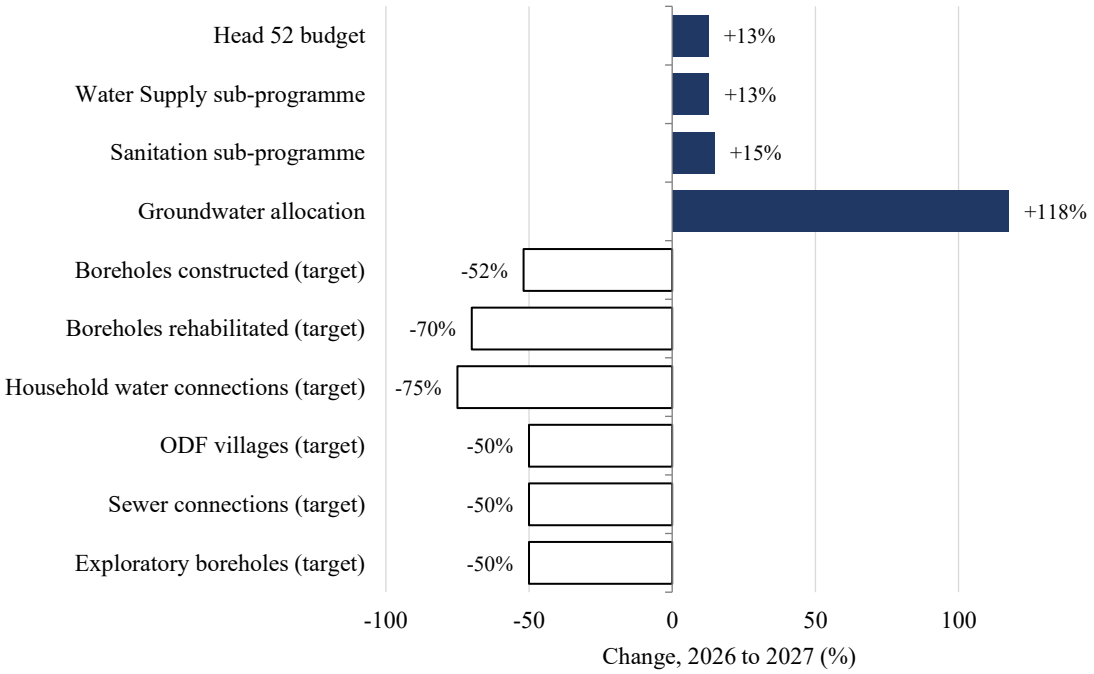



***Figure 1: Change between 2026 and 2027 in Head 52 allocations and output targets (%)***

*Source: Yellow Book 2027, Head 52. Output targets compare 2027 with 2026 targets.*

***Table 2: Selected Head 52 output targets and results, 2025-2027***

| Output | 2025 target | 2025 actual | 2026 target | 2026 actual (June) | 2027 target |
|---|---|---|---|---|---|
| Boreholes constructed | 947 | 218 | 728 | – | 350 |
| Boreholes rehabilitated | 500 | 69 | 500 | 368 | 150 |
| Boreholes mechanised or upgraded to piped schemes | 400 | 520 | 200 | 419 | 280 |
| Household connections to piped water | 30,000 | 14,700 | 20,000 | 4,718 | 5,000 |
| Piped water schemes constructed | 100 | 80 | 37 | 92 | 37 |
| Hours of water supply per day | 19 | 14 | 19 | 16 | 16 |
| Non-revenue water (%) | 51 | 55 | 50 | 54 | 53 |
| Open Defecation Free villages | 1,000 | 1,688 | 1,000 | 237 | 500 |
| Household connections to sewer | 6,000 | 6,251 | 1,000 | 1,140 | 500 |

*Source: Yellow Book 2027, Head 52, programme output tables. A dash means no figure was reported.*

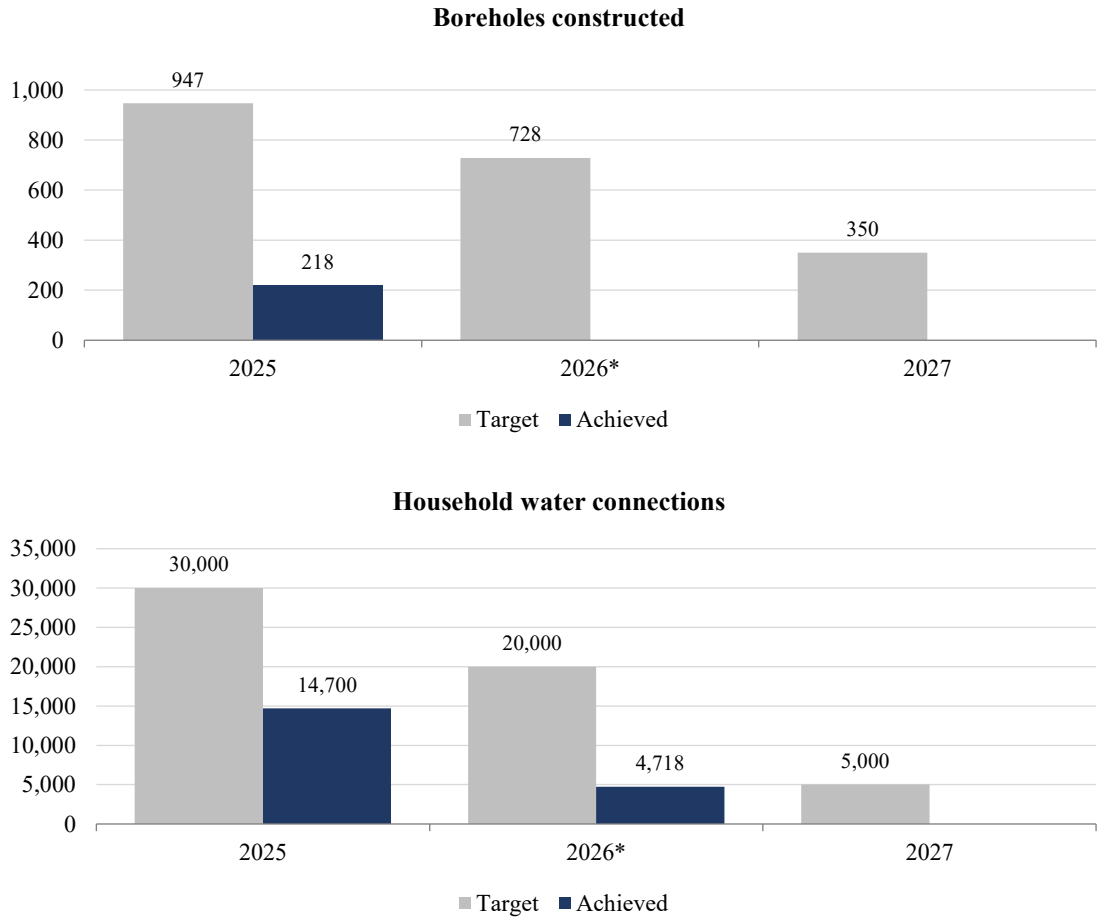



***Figure 2: Boreholes constructed and household water connections, targets and results***

*Source: Yellow Book 2027, Head 52. * 2026 achieved is to 30th June 2026; no borehole construction figure is reported for 2026.*

The Water Supply and Sanitation programme grows by K248.7 million, yet targets for boreholes, rehabilitation, household water and sewer connections and Open Defecation Free villages are halved or worse, with no explanation. The targets for hours of supply (16) and non-revenue water (53 percent) are below the 2026 targets, so the Ministry is planning for utilities to perform worse than it planned a year ago. Only 150 boreholes are to be rehabilitated in a drought year, and no indicator measures El Niño response.

### 5.4 Utilities, tariffs and the Water Development Trust Fund

We welcome the larger transfer to commercial utilities. The 2025 NWASCO sector report puts their annual financing gap at K583.5 million and their debts to statutory bodies and suppliers at about K3 billion in December 2025, while non-revenue water remains above 50 percent and water

production across the 11 utilities fell by about 5.9 percent between 2024 and 2025. But the K207.9 million transfer carries no condition on reducing losses, extending supply hours or connecting poor households. As tariffs move towards cost recovery, public money should buy better service for those least able to pay, through a funded lifeline tariff, kiosks and pro-poor connections, rather than cover losses.

The Water Development Trust Fund receives K12.4 million again in 2027, as it has each year, although it is not yet operational. We recommend that this allocation be redirected until the Fund is functioning.

### 5.5 WASH in health facilities, schools and public health emergencies

The 2027 Budget funds new health facilities, maternity annexes and classrooms but has no dedicated line for infection prevention and control in health facilities, or for water, sanitation and menstrual hygiene in schools. The National Budget has also remained silent on financing the Multi-Sectoral Cholera Control Plan launched in 2019. In Mazabuka, the community pressed the Council in October 2026 for chlorine to reach every household using a shallow well before cholera cases are reported, not after. The Council acknowledged that distribution is currently reactive.

### 5.6 Evidence from the field

**Our evidence: community score cards on 25 water points, July 2026**

Trained community monitors scored 25 water points with 616 residents in Choma (Mubula, Simacheche and Sikalundu wards), Monze (Manungu ward), Mazabuka Central and Nkeyema (Munkuye ward), without JCTR or WaterAid staff directing the exercise. Each point was scored from 1 (Very Poor) to 5 (Very Good).

Daily availability scored well everywhere. Access for persons with disabilities did not: it averaged 2.14 in Choma, 2.83 in Mazabuka and 1.25 in Nkeyema, where steps, heavy handpumps and unprotected wells shut users out. In Nkeyema, five of six sites had no functioning water point committee, including the one serving a health facility, and safety for women and girls scored 1.80. Responsiveness of duty bearers to complaints was the weakest indicator in Mazabuka (2.50) and Nkeyema (2.33). These are failures of maintenance, inclusion and accountability that a construction-heavy budget does not reach.

| Indicator | Choma | Monze | Mazabuka | Nkeyema |
|---|---|---|---|---|
| Daily availability | 4.86 | 3.33 | 4.00 | 5.00 |
| Protected from contamination | 3.86 | 3.83 | 4.33 | 2.33 |
| Disability access | 2.14 | 4.00 | 2.83 | 1.25 |
| Safety for women and girls | 4.17 | 4.17 | 4.67 | 1.80 |
| Water point committee functioning | 3.71 | 3.80 | 3.33 | 1.60 |
| Duty bearers act on complaints | 3.67 | 3.83 | 2.50 | 2.33 |

***Figure 3: Community score card averages by district, July 2026 (1 = Very Poor, 5 = Very Good)***

*Source: JCTR and WaterAid Zambia, Score Card Brief: Four-District Evidence Summary, July 2026 (25 water points, 616 participants). Darker shading indicates a higher score.*

**Our evidence: from score card to council chamber in Mazabuka**

The Mazabuka Central Social Accountability Committee, trained under the project, lodged its findings with the Town Clerk in writing (received 7th August 2026) and met the Acting Chief Health Inspector on 21st August, obtaining eight commitments: on water quality, inspection and chlorination of shallow wells, pipe repairs, a ramp for persons with disabilities, regulation of per-bucket water drawing fees, solar back-up for mechanised boreholes and waste collection. None carried a completion date or a responsible officer.

At a follow-up meeting on 21st October 2026 with the Council, SWASCO and the District Health Office, the commitments were converted into a dated action plan with named officers, and, in a session facilitated by LGAZ, the Council agreed to take full ownership of a roadmap towards a Citizen Engagement Strategy with a WASH grievance mechanism. Communities will use evidence to hold duty bearers to account. What they need from the 2027 Budget is a maintenance and inclusion allocation that duty bearers can draw on when they respond.

## 6. HEAD 41: MINISTRY OF ELECTRICITY

### 6.1 Overview of the allocation

Head 41 is a new Head created when the Ministry of Energy was divided, so the Yellow Book shows no figures for 2025 or 2026. Table 3 shows its 2027 allocation, and Figure 4 compares the two new ministries with the former Ministry of Energy (Head 62) in 2026.

*Table 3: Head 41 by programme and sub-programme, 2027 (K million)*

| Programme / sub-programme | 2027 | Share |
|---|---|---|
| **2134 Electricity Development and Electrification Management** | **2,195.2** | **97.4%** |
| Electricity Development and Management (incl. Kariba Dam rehabilitation) | 408.5 | 18.1% |
| Rural Electrification (REA K107.1m; ASCENT K1,000.0m World Bank grant; projects) | 1,786.7 | 79.3% |
| **2135 Renewable and Alternative Energy Development and Management** | **21.1** | **0.9%** |
| **2199 Management and Support Services** | **37.6** | **1.7%** |
| **Head total** | **2,253.9** | **100%** |

*Source: Yellow Book 2027, Head 41, Tables 3 and 4.*

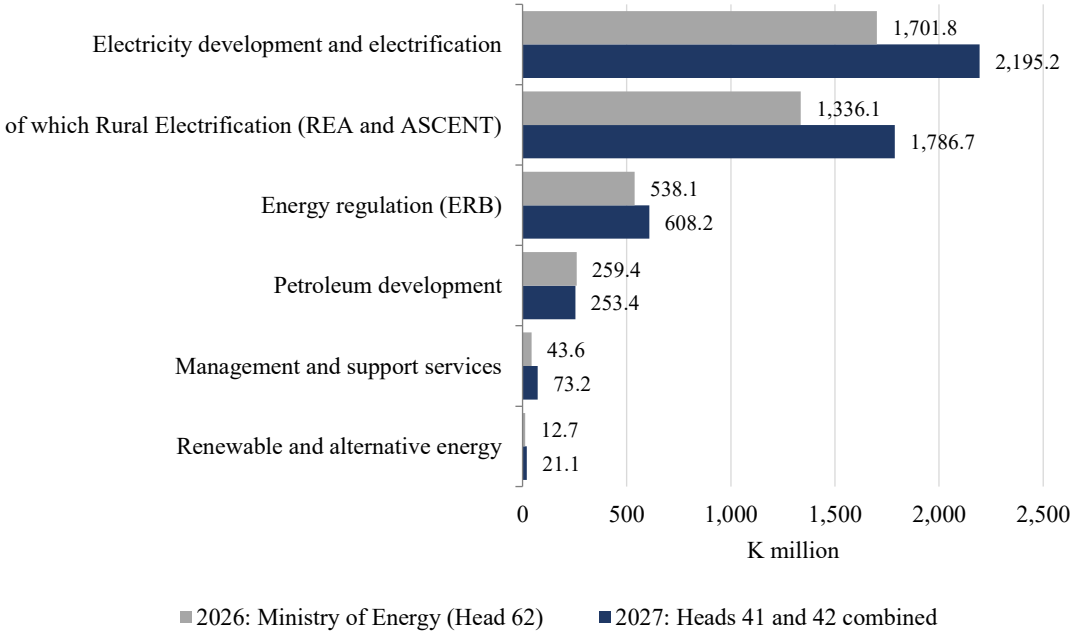



***Figure 4: Former Ministry of Energy (2026) compared with the Ministries of Electricity and Petroleum (2027), by programme (K million)***

*Source: Estimates of Revenue and Expenditure 2026, Head 62; Yellow Book 2027, Heads 41 and 42. Programmes are matched by function.*

Taken together, Heads 41 and 42 total K3.15 billion, 23.3 percent more than the former Ministry of Energy's K2.56 billion in 2026. Most of the increase is in rural electrification, which rises from K1.34 billion to K1.79 billion. Management and support services rise from K43.6 million in one ministry to K73.2 million across two, an extra K29.6 million a year for administration, more than

the entire K21.1 million renewable energy programme. Across the two Heads, personal emoluments rise from K30.7 million to K39.3 million and goods and services from K29.7 million to K65.0 million. The Estimates do not set out the one-off costs of the split, such as offices, vehicles and a second set of senior officers, or the benefits expected from it. The split also separates the regulator from the policy it serves: the Energy Regulation Board, which sets electricity tariffs including the lifeline, is funded through Head 42, the Ministry of Petroleum, while tariff and access policy sits under Head 41. Cooking energy, which spans electricity, LPG and biomass, now falls between the two Ministries.

**6.2 Adequacy and ramifications for set targets**

We welcome the targets of 110,000 on-grid and 50,000 off-grid connections, 100 rural on-grid projects and 30 off-grid renewable energy projects, and a National Energy Access Survey in 2027. Three gaps matter for water and for the households we work with.

First, the renewable energy programme receives K21.1 million, under 1 percent of the Head. Its only water-related output is solar systems for electrification and water pumping in 10 public institutions, nationwide. In the same year the Ministry of Water Development and Sanitation plans to mechanise 280 boreholes, and the Mazabuka case shows councils themselves now asking for solar back-up. The two ministries should plan these outputs together, so that new mechanised water points have reliable power from the start.

Second, none of the electrification targets is linked to public institutions. There is no target for connecting rural health facilities or schools, although 13 percent of health facilities have no water service and many depend on electric pumps for the water they do have. The Mazabuka Research Health Centre shows how quickly a solar-powered water system improves care.

Third, the move to cost-reflective electricity tariffs, which the Budget Address confirms, will raise the cost of pumping water for utilities that already sell water below cost. Neither Head 41 nor Head 52 says how this will be managed. Without coordination, higher power bills will feed into higher water tariffs or deeper utility debt.

Rural electrification relies heavily on external finance: K1.0 billion of the K1.79 billion sub-programme is a World Bank grant under the ASCENT programme. The Green Paper reports that

grants in the first eight months of 2026 were well below target. The Committee should require quarterly reporting on these disbursements and on the connections they deliver.

### 6.3 Tariffs, the lifeline band and clean cooking

The move to cost-reflective tariffs is not new. In April 2023, the Energy Regulation Board (ERB) approved a Multi-Year Tariff Framework for ZESCO covering 2023 to 2027, with increases of 37, 9, 15, 10 and 14 percent, the later steps conditional on annual review. When drought cut hydropower in 2024, the scheduled steps were postponed and an emergency tariff applied from November 2024 to October 2025. It raised charges for high users by up to 162 percent but cut the first residential band (up to 100 kWh) by 20 percent, to K0.35, and the second by 5 percent, to K1.00, to protect low-income households. The Framework resumed in November 2025 with those lower rates kept. The relief that poor households received during the drought was therefore a pause, not a policy.

That pause is ending. The ERB's 2025 statistical bulletin lists pre-approved tariffs from 1st November 2026, subject to its review of ZESCO's performance, that would raise the first 100 kWh from K0.35 to K0.54, an increase of 54 percent, and the next band from K1.00 to K1.28. The first commercial band, used by barbershops, salons, welders and market vendors, would rise from K0.66 to K0.92, and tariffs for water pumping by up to 25 percent. We could not confirm whether these tariffs have taken effect. The steepest proportional increases fall on the lowest bands, the ones within which low-income households and small businesses have kept their use.

Is the lifeline enough? On our evidence, it protects light, not cooking. The first 100 kWh, or the first 200 units that the ERB has protected, cover lighting, phone charging and a few small appliances, but not cooking for a family of five, which pushes a household into the higher bands. Price per unit is not the only barrier. At current rates, 200 kWh costs about K135 before taxes and still under K200 after them, less than most charcoal users in our survey spend on charcoal. What also keeps them on charcoal is the experience of long hours of load-shedding in 2024 and 2025, the cost of an electric stove, complaints since late 2025 that prepaid units run out faster than expected, and, for the 76 percent who rent, the risk that a meter shared by several tenants pushes them all beyond the lifeline band. The result is an affront to human dignity that the Budget does not see: families with electricity in the house ration it and cook over charcoal, breathing its smoke and spending scarce income on it.

We are mindful of the case against consumption subsidies. ZIPAR's study of energy poverty in Zambia found that access to the grid and location predict energy poverty better than income, and that general energy subsidies tend to benefit households able to pay the full price. Our evidence does not contradict this for rural areas, where the grid has not arrived. It shows that in Lusaka's high-density areas, where most households are connected, affordability and reliability are what bind. Both findings point the same way: protection must be targeted. The ERB itself found that the current lifeline mechanism does not ensure fairness or equality, rejected ZESCO's proposal for a separate standard residential tariff and directed further studies. South Africa targets its Free Basic Electricity of 50 kWh a month at households on municipal indigent registers. Zambia already has a register of poor households in the Social Cash Transfer programme. A lifeline linked to it, and financed openly rather than through hidden cross-subsidies, would protect those who need it without subsidising every household that uses little power.

The Budget's response on cooking is small. Head 41's only clean cooking output is 10 biomass stoves in public institutions. The former Ministry of Energy set targets of 30 such stoves in 2024 and 12 in 2025 and 2026, with no results reported against the first two. Improved biomass stoves still burn wood or charcoal, so they are not clean fuel by the standard ZIPAR uses. There is no target for households, for LPG or for efficient electric cooking such as pressure cookers, which use little power and could fit within a well-designed lifeline. Head 42 has no output on LPG at all.

### 6.4 How Zambia's energy prices compare in the region

Zambia's electricity is among the cheapest in Africa in dollar terms. GlobalPetrolPrices puts the average household price at about US$0.022 a kWh in March 2026, under 8 percent of the world average and about a tenth of the African average, against US$0.233 in South Africa. Dollar prices, however, flatter a low-income country. Zambia's general price level is under a third of what the market exchange rate implies, with a purchasing power parity (PPP) conversion factor of about 7.6 kwacha per international dollar in 2024 against a market rate of 26.2, because incomes are low. Measured in PPP terms, income per head in South Africa is 3.7 times Zambia's and in Botswana 4.9 times, and 60 percent of Zambians lived below the national poverty line in 2022. Table 5 therefore sets energy prices against income.

***Table 5: Energy prices and income in selected SADC countries***

| Country | GDP per head, PPP (int. $, 2024) | GDP per head (US$, 2024) | Household electricity (US$/kWh) | Diesel (US$/litre, June 2026) | Litre of diesel as share of a day's income per head |
|---|---|---|---|---|---|
| Zambia | 4,227 | 1,190 | 0.022 | 1.82 | 56% |
| South Africa | 15,746 | 6,360 | 0.233 | 1.89 | 11% |
| Botswana | 20,631 | 7,690 | – | 1.87 | 9% |
| Mozambique | 1,700 | 654 | – | 1.82 | 102% |
| Malawi | 1,725 | 504 | – | 3.38* | 245% |

*Source: IMF World Economic Outlook (October 2026), 2024 estimates; GlobalPetrolPrices.com (electricity: Zambia, March 2026; South Africa, June 2025); Equity Axis, 22nd June 2026 (diesel); * Statista, 14th September 2026 (Malawi diesel). The last column divides the diesel price by GDP per head per day at market exchange rates. It is an average, and most households earn less.*

Measured against income, the picture divides. Electricity remains cheap: 100 kWh costs about two-thirds of a day's average income per head in Zambia, against well over a day in South Africa. Its low price reflects regulated tariffs that are still moving towards cost recovery, and in part what a country where six in ten people are poor can bear. Fuel is different. It is priced at import parity, so a poor country pays roughly what a richer one does. A litre of diesel costs much the same in dollars in Zambia, South Africa and Botswana, but in Zambia it takes more than half a day's average income per head, against about a tenth in South Africa and Botswana. For a Lusaka household earning K3,000 a month, the November price of K34.45 a litre is about a third of a day's household income. Averages also flatter the poor: with a Gini index of 51.5, most Zambians earn well below the mean.

These comparisons support two conclusions. On electricity, low tariffs are not simply a subsidy to be removed; they are partly what keeps power within reach of a population that is mostly poor. But blanket low tariffs benefit most those who are connected and use more power, while the poorest, in rural areas without the grid or in compounds cooking on charcoal, gain little, and everyone pays for the under-investment and load-shedding that under-recovery brings. As average tariffs rise, protection should be targeted at the lowest bands and the poorest households, and reliability should be part of what a higher price buys. On fuel, it is here, not in electricity, that Zambia's energy costs weigh most heavily against income. That is why the return of VAT on fuel

in December, and the performance of the Uniform Petroleum Pricing mechanism and the Energy Fund, matter so much for the cost of living.

## 7. HEAD 42: MINISTRY OF PETROLEUM

### 7.1 Overview of the allocation

***Table 4: Head 42 by programme and sub-programme, 2027 (K million)***

| Programme / sub-programme | 2027 | Share |
|---|---|---|
| **2159 Petroleum Development and Management** | **253.4** | **28.2%** |
| Petroleum Infrastructure and Development (New Lusaka Fuel Depot) | 243.3 | 27.1% |
| Petroleum Management | 10.0 | 1.1% |
| **2160 Energy Sector Standards and Regulations** | **608.2** | **67.8%** |
| o/w transfer to the Energy Regulation Board | 604.2 | 67.3% |
| o/w Fuel Marking Programme (within the ERB transfer) | 304.2 | 33.9% |
| **2299 Management and Support Services** | **35.6** | **4.0%** |
| **Head total** | **897.2** | **100%** |

*Source: Yellow Book 2027, Head 42, Tables 2 to 4.*

### 7.2 Adequacy and ramifications for set targets

Two-thirds of Head 42 is a transfer to the Energy Regulation Board (ERB), half of it for the Fuel Marking Programme. We support fuel marking as a measure against adulteration and smuggling, which damage engines and cost revenue. But the Head sets no output indicator for the programme: no target for samples tested, non-compliant stations sanctioned or revenue recovered. Given its cost of K304.2 million, more than Head 52 spends on water resources management, groundwater exploration and transboundary cooperation combined, the Committee should ask what results it is expected to deliver.

The ERB transfer also covers auditing licensees' remittances, including collections towards the Energy Fund. Neither the size of these collections nor their use is shown in the Estimates. The same applies to the Uniform Petroleum Pricing mechanism, for which the Ministry plans four quarterly reconciliations but publishes no figure on claims. Publishing these figures would let Parliament judge whether fuel pricing is fair to consumers in rural districts, where water operators, farmers and transporters depend on diesel.

Fuel prices reach households directly through transport fares and paraffin, and indirectly through every business that moves goods. For a minibus operator, a fish trader taking stock to market or a miller running a generator during outages, the rise in diesel from K26.86 a litre in September to K33.27 in October and K34.45 in November 2026 is not absorbed; it is passed on. VAT on fuel, zero-rated since April, returns on 1st December 2026. Applied to the ERB's November price build-up, it would take diesel to about K40 a litre, other things being equal. The 2027 Estimates do not show how Uniform Petroleum Pricing claims, Energy Fund collections or fuel marking are expected to affect the pump price, so Parliament cannot judge whether these instruments are working for consumers and small enterprises.

Fuel price shocks pass quickly to households. Blanket tax relief on fuel in 2026 was costly and benefited higher-income vehicle owners most. Should prices spike again in 2027, we recommend targeted support for essential services, including rural water pumping and transport of water treatment chemicals, rather than a general suspension of fuel taxes. The Ministry's attention to biofuels, with one blending facility to be operationalised, is welcome.

## 8. DECENTRALISATION AND LOCAL FINANCING FOR WASH

Under the Constitution, water and sanitation services are functions of local authorities, and 13 functions have now been devolved. Yet the Local Government Equalisation Fund rises by only 6.8 percent, from K1.449 billion to K1.548 billion, below the 12.5 percent growth of the Budget, so its share falls from 0.60 to 0.54 percent. The equalisation formula in the Intergovernmental Fiscal Architecture is still not in use.

The Constituency Development Fund, by contrast, rises from K6.25 billion to K9.05 billion. It has financed a growing number of WASH projects in schools, health facilities and markets, but WaterAid Zambia's analysis found that only 2.3 percent of CDF spending between 2022 and 2024 went to WASH. In the four project districts, Ward Development Committees, which feed community priorities into CDF decisions, were suspended after the August 2026 elections, removing a key channel for communities to put water and sanitation on the agenda. The planned review of the CDF allocation formula is an opportunity to give weight to WASH deprivation.

## 9. ALIGNMENT WITH NATIONAL AND INTERNATIONAL COMMITMENTS

***Table 6: Alignment of Heads 41, 42 and 52 with national and international commitments***

| Commitment | What it requires | What the 2027 Budget does | Assessment |
|---|---|---|---|
| SDG 6.1 and 6.2 | Universal and equitable access to safe water and adequate sanitation and hygiene by 2030 | Household connection target cut to 5,000; ODF villages to 500; hygiene unfunded | Not aligned |
| eThekwini (2008) and Ngor (2015) declarations | At least 0.5% of GDP for sanitation and hygiene | Sanitation sub-programme about 0.08% of GDP | Not aligned |
| SDG 7.1 and the National Energy Compact (Mission 300) | Universal access to affordable, reliable electricity and clean cooking by 2030 | 160,000 new connections planned; no targets for schools or health facilities; no household clean cooking target; lifeline protection not targeted | Partly aligned |
| Eighth National Development Plan | Improved water supply and sanitation; about K3.5 billion a year for WASH | K2.08 billion for water supply and sanitation | Partly aligned |
| Water Supply and Sanitation Services Act No. 13 of 2026 | Stronger regulation, consumer protection and citizen participation | Act awaits commencement order; no budget line for implementation | Not yet aligned |
| National Water Policy (2024) and Hand Hygiene for All Roadmap (2025) | Integrated water resources management; climate resilience; hygiene in all settings | WARMA and groundwater allocations rise; no hygiene or wetland line | Partly aligned |
| UN General Assembly Resolution 64/292; CRPD Articles 9 and 28 | Affordable water for all; accessible facilities for persons with disabilities | Cost-reflective tariffs without a funded lifeline; no accessibility indicator | Not aligned |

*Source: WaterAid Zambia and JCTR analysis. GDP of K1,003.1 billion for 2027 is from the Green Paper.*

## 10. RECOMMENDED VARIATIONS

### 10.1 Head 52

We recommend a variation of K400 million to Head 52 (Table 7), together with a reallocation within the Head of the K12.4 million for the Water Development Trust Fund.

***Table 7: Recommended variations to Head 52 (K million)***

| Line | Variation | Purpose |
|---|---|---|
| Water supply: operation and maintenance | +120.0 | Ring-fenced repair and rehabilitation of rural water points, water point committees, and accessibility retrofits for persons with disabilities |
| Water supply: energy for water | +80.0 | Solar back-up for mechanised boreholes and utility pumping stations exposed to load shedding, planned with the Ministry of Electricity |
| Sanitation: WASH in health facilities and schools | +120.0 | Water, infection prevention and control, accessible toilets and menstrual hygiene facilities |
| Sanitation: cholera and public health emergency preparedness | +40.0 | Preventive chlorine distribution, shallow well disinfection and the Multi-Sectoral Cholera Control Plan |
| Water resources management (WARMA) | +40.0 | Catchment, wellfield and wetland protection, including Lusaka's groundwater sources and the Kafue Flats |
| **Total** | **+400.0** | |

*Source: WaterAid Zambia and JCTR proposal. Indicative amounts.*

**Funding.** Article 202 of the Constitution allows the National Assembly to vary the Estimates without changing their total. We propose that the K400 million be drawn from the K2.80 billion increase in the Constituency Development Fund, which would still rise by K2.40 billion (38 percent) in 2027. This is consistent with JCTR's October 2026 submission on the Green Paper and its submissions on Heads 45 and 52. It also responds to the evidence that only 2.3 percent of CDF spending has reached WASH: appropriating these funds directly to WASH lines guarantees that they do.

The case for this variation rests on the Fund's record. JCTR's review of the Auditor General's reports on the CDF for 2022 to 2024 found that local authorities spent only K321.9 million of the K1.98 billion allocated to community projects in 2022, and carried K2.61 billion in unspent 2023 funds into 2024. Of K629.3 million in soft loans due for repayment in 2023 and 2024, only K90.6 million was recovered, leaving K538.7 million outstanding. Irregularities in empowerment grants rose from K18.7 million in 2022 to K25.7 million in 2024. A fund that has not yet absorbed its existing allocations is poorly placed to absorb a further K2.80 billion in a single year. Appropriating K400 million of that increase directly to WASH lines with published targets protects these resources while leaving the CDF to grow by 38 percent.

Within Head 52, we further recommend that the K12.4 million for the Water Development Trust Fund be redirected to the sector information and monitoring system until the Fund is operational, that the K207.9 million utility transfer be tied to published targets on non-revenue water, hours of supply, pro-poor connections and complaint resolution, and that the 2026 targets for boreholes, rehabilitations and household connections be restored or the unit costs justifying their reduction be published.

**10.2 Heads 41 and 42**

We do not propose changes to the totals of Heads 41 and 42, but recommend the following changes to targets and reporting, and one reallocation, within their existing envelopes:

1. Raise the Head 41 target for solar systems for electrification and water pumping in public institutions from 10 to at least 100, prioritising rural health facilities, schools and mechanised water schemes, within the Rural Electrification and ASCENT envelope.
2. Add Head 41 output indicators for the number of rural health facilities and schools connected to electricity.
3. Require the Ministries of Electricity and of Water Development and Sanitation to agree a joint plan for energy supply to the 280 boreholes to be mechanised in 2027, and for treating water pumping and health facilities as priority loads in any load management.
4. Require the Ministry of Electricity to report how cost-reflective electricity tariffs will affect water utilities' costs and water tariffs, and how low-income households will be protected.
5. Ask the Ministry of Electricity and the ERB to publish ZESCO's true-up report and the decision on the pre-approved November 2026 tariffs, with an assessment of their effect on low-income households, small businesses and water utilities, before any increase in the first two residential bands or the first commercial band takes effect.
6. Recommend a targeted lifeline, developed by the Ministry of Electricity with the ERB and the Ministry of Community Development and Social Services, that protects the first 100 kWh for households on the Social Cash Transfer register and other low-income households, is financed transparently, and addresses meters shared by tenants on rented plots.
7. Replace the Head 41 target of 10 biomass stoves in public institutions with household clean cooking targets, including LPG and efficient electric cooking, and reallocate K10.0 million

within Head 41 from Management and Support Services to the Renewable and Alternative Energy programme to pilot them with low-income households in high-density areas.

8. Require a statement of the one-off and recurring costs of dividing the Ministry of Energy into two, and of how the two Ministries will coordinate on tariffs, the ERB and cooking energy.
9. Add Head 42 output indicators for the Fuel Marking Programme, and require the publication of Energy Fund collections and their use and of Uniform Petroleum Pricing claims.
10. Require quarterly reporting to Parliament on the disbursement of external financing under Heads 41 and 52, including the K1.0 billion ASCENT grant and the K935.4 million for water supply and sanitation.

## 11. OTHER RECOMMENDATIONS

We further recommend that the Committee:

1. Urge the Minister to bring the Water Supply and Sanitation Services Act No. 13 of 2026 into force in 2027, with a budget for NWASCO's new consumer protection and citizen participation functions.
2. Recommend that 100 percent of approved WASH allocations be released on schedule, with quarterly reports on releases and use, given that only K31.9 million of K1.5 billion allocated in 2024 was disbursed.
3. Recommend that new water tariffs be accompanied by a funded lifeline tariff for low-income households before any increase takes effect.
4. Recommend that the review of the CDF formula give weight to WASH deprivation, that Ward Development Committees be restored promptly, and that the equalisation formula for the Local Government Equalisation Fund be put into operation.
5. Recommend the establishment of WASH accounts to track WASH spending across ministries, local authorities and utilities, and of a national WASH information system with functionality data on water points by district.
6. Recommend that Government prepare a pipeline of bankable WASH projects to use the K507 million Viability Gap Financing facility for public-private partnerships, particularly for urban water, sewerage and faecal sludge management.

## 12. CONCLUSION

The 2027 Budget gives water, electricity and petroleum more money, and we welcome that. But it plans them as if they were unrelated. The Ministry of Water Development and Sanitation will mechanise boreholes without a plan for powering them; the Ministry of Electricity will connect households without targets for the clinics and schools that need power to pump water; and the Ministry of Petroleum will spend heavily on fuel regulation without telling Parliament what it buys. And households that already have electricity will go on cooking with charcoal unless tariffs, reliability and clean cooking are planned around those who earn least. Meanwhile, water supply and sanitation remain below 1 percent of the Budget, and the Ministry plans fewer boreholes, connections and repairs than last year.

The communities we work with in Choma, Mazabuka, Monze and Nkeyema have shown that they will gather evidence and use it to hold duty bearers to account. What they need is water points that are repaired quickly, that everyone can use, and that keep running when the power goes off. The variations we propose would move the 2027 Budget in that direction without increasing its size. WaterAid Zambia and JCTR commend them to the Committee and remain available to provide further information.