REPUBLIC OF ZAMBIA

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

REPORT

BI ANNUAL BUDGET PERFORMANCE REVIEW FOR LOCAL AUTHORITIES FOR THE PERIOD BETWEEN 1ST JANUARY TO 30TH JUNE 2025

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EXECUTIVE SUMMARY

The budget performance review for local authorities in Zambia reveals a mixed picture, with some progress in revenue mobilization and expenditure management, but also significant challenges. For the Financial year 2025, the consolidated budgeted revenue and grants for 116 local authorities amounted to ZMW 14.07 billion, with only ZMW 6.14 billion collected by 30th June, 2025, representing a 44% overall revenue performance.

1. Key Findings

a. Revenue Performance:

i. National Support: The largest contributor to revenue, with a total budget allocation of ZMW 10.94 billion, ZMW 4.85 billion was received against the total budget, translating to 44% of the year's budget.

ii. Local Government Equalization Fund (LGEF): Disbursement was at 44%, with an additional 6% cleared in July, bringing the overall performance to 50%.

iii. Own-Source Revenue (OSR): Achieved 41% of its target, collecting ZMW 1.24 billion against a budget of ZMW 3.05 billion.

iv. Commercial Ventures: Lagged significantly at 20%, highlighting the need to strengthen revenue mobilization strategies.

v. Other Revenue: Although achieved 60% of its target, contributed minimally to total revenue, accounting for less than 1 percent of the total budget.

Figure 1 – Revenue Performance by Category

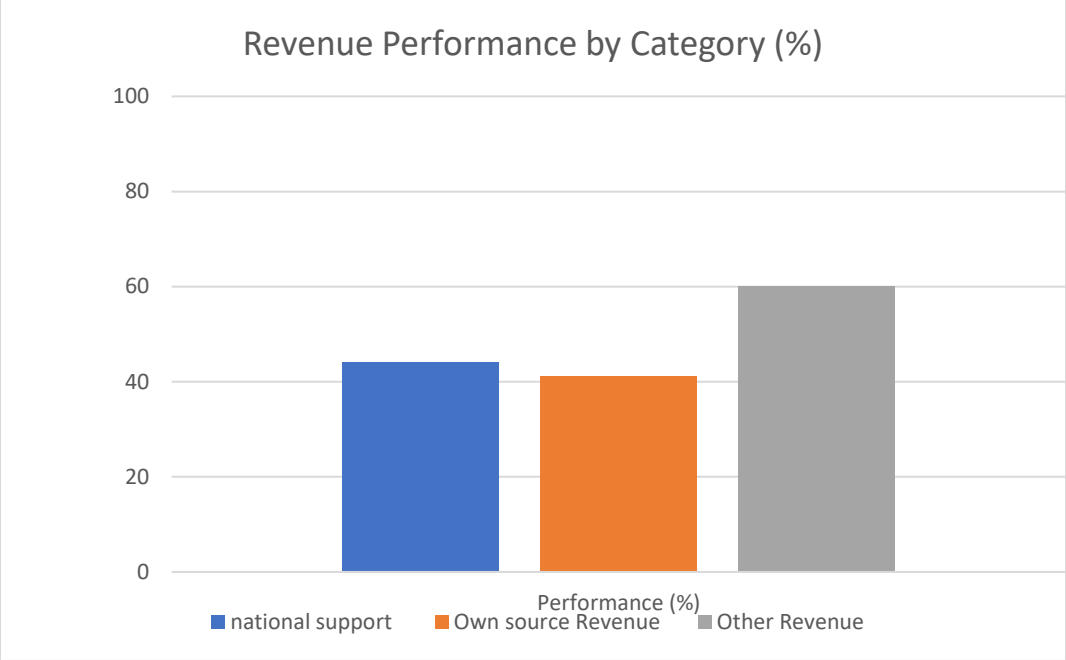

Table 1 – Comparative Budget versus Actual Revenue Sources

2025 BI ANNUAL PERFORMANCE REPORT			Period: 01-Jan-2025 to 30-Jun-2025		
REVENUE SOURCES					
#	Receipts	Budget a ZMW	Actual as at 30-June 2025 b ZMW	Varinace c=a-b ZMW	Performance b/a %
1	**National Support**				
	1.1 Local Government Equalisation Fund	1,444,004,186.24	724,952,406.35	719,051,779.89	50%
	1.2 Grants In Lieu of Rates	52,225,377.00	21,257,358.17	30,968,018.83	41%
	1.3 Sector Grants	1,775,564,746.58	839,436,333.15	936,128,413.43	47%
	1.4 ZDSP Capital Grants	667,054,408.57	-	667,054,408.57	0%
	1.5 Constituency Development Fund	5,589,013,363.77	2,685,213,357.72	2,903,800,006.05	48%
	1.6 Other Grants	1,409,400,995.35	581,496,529.44	827,904,465.91	41%
	Sub - total	10,937,263,077.50	4,852,355,984.83	6,084,907,092.67	44%
2	**Own Source Revenue**				
	2.1 Local Taxes	1,478,073,913.44	641,751,964.78	836,321,948.66	43%
	2.2 Fee & Charges	954,771,691.95	345,462,631.87	609,309,060.08	36%
	2.3 Licences	52,573,548.40	20,923,841.26	31,649,707.14	40%
	2.4 Levies	254,911,243.28	111,169,847.30	143,741,395.97	44%
	2.5 Permits	210,498,075.81	87,045,624.51	123,452,451.30	41%
	2.6 Commercial ventures	38,398,365.48	7,711,631.32	30,686,734.16	20%
	2.7 Others OSR	64,498,980.64	25,314,068.95	39,184,911.69	39%
	Sub - total	3,053,725,819.00	1,239,379,609.99	1,814,346,209.01	41%
3	**Other revenue**				
	4.1 Bank interest received	3,309,279.00	5,007,949.59	-	151%
	4.2 Borrowings - Loans	67,461,104.00	31,432,343.09	-	47%
	4.2 Borrowings - Overdraft	-	-	-	
	4.3 Others	8,217,435.00	10,775,822.54	-	131%
	Sub - total	**78,987,818.00**	**47,216,115.22**	**-**	**0.60**
	Total	**14,069,976,714.50**	**6,138,951,710.04**	**7,899,253,301.68**	**0.44**
	Funds B/F from 2023		**1,940,973,286.01**		
			8,079,924,996.05		

b. Expenditure Performance

i. Total Payments: Budgeted at ZMW 14.07 billion, with ZMW 5.58 billion spent, translating to 40% utilization against the annual budget.

ii. Personal Emoluments and Social Benefits: Utilized 47% each against the annual budget.

iii. Capital Investments: Lagged significantly, with only 32% of allocated funds disbursed.

Figure 2 – Expenditure Performance by Category (%)

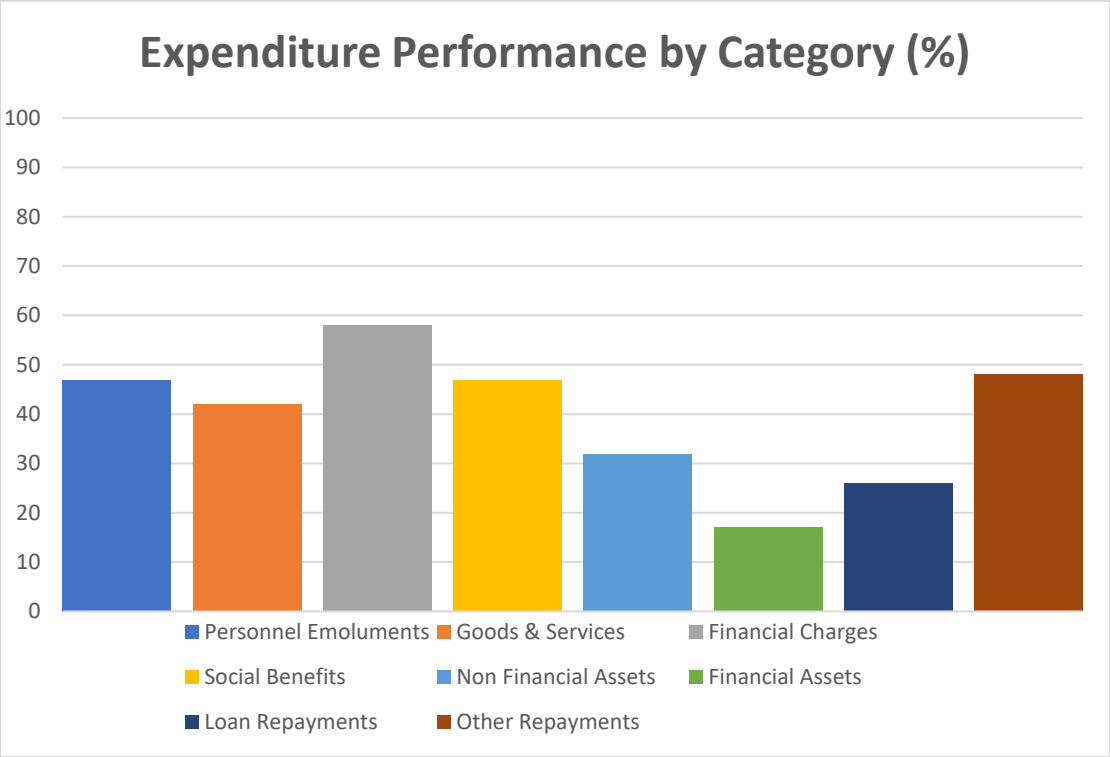

Table 2 – Comparative Budget versus Actual Expenditure

PAYMENTS					
#	Payments	Budget a ZMW	Actual as at 30-June 2025 b ZMW	Varinace c=a-b ZMW	Performance b/a %
1	Personal emoluments	2,551,498,498.90	1,191,789,619.03	1,359,708,879.87	47%
2	Use of goods and services	3,886,596,382.83	1,628,972,898.72	2,257,623,484.11	42%
3	Financial charges	189,875,206.41	109,815,377.75	80,059,828.66	58%
4	Social benefits	2,368,982,215.84	1,114,851,012.51	1,254,131,203.33	47%
5	Non-financial assets	3,747,378,572.19	1,202,445,766.16	2,544,932,806.03	32%
6	Financial assets	923,156,679.04	153,298,964.67	769,857,714.37	17%
7	Loan repayments	59,526,700.61	15,301,483.70	44,225,216.91	26%
8	Other repayments	342,962,458.84	164,275,788.64	178,686,670.20	48%
Total payments		**14,069,976,714.66**	**5,580,750,911.18**	**8,489,225,803.49**	**40%**
Net Budget Performance		**(0.16)**	**2,499,174,084.87**		

c. Debt and Arrears

The consolidated debt and arrears stood at K5.9 billion, with significant liabilities in NAPSA arrears, ZRA PAYE, and personnel emoluments

2. Challenges and Recommendations

a. **Insufficient Grants Disbursed to LAs**: Insufficient grants disbursed constrained most LAs' ability to implement development projects as priority is given to personal emoluments statutory obligations. Strengthening local revenue collection mechanisms, procurement and contract management, and accelerating project implementation can help address this.

b. **Inadequate Budget Planning:** Incomplete budget column population and failure to upload approved budgets on websites hindered transparency and accountability. Local authorities should institutionalize quarterly budget reviews to monitor budget execution and identify variances.

3. Conclusion

In conclusion, the budget performance review highlights the need for local authorities to improve revenue mobilization, expenditure execution, and budget planning. By addressing these challenges and implementing the recommended measures, local authorities can enhance their financial sustainability and deliver essential services to citizens. Key stakeholders, including the Ministry of Finance and National Planning, should prioritize support for local authorities in budget planning, execution, and debt management to ensure sustainable development. With timely and effective action, local authorities can overcome these challenges and achieve their development goals

1. BUDGET PERFORMANCE BY PROVINCE

1.1 Eastern Province (Qtr. 1 &2 2025)

1.1.1 Revenue Performance

Total revenue and grants were projected at K1.7 billion for the annual budget of 2025. The actual revenue collected was K627.6 million or 37.8 percent (see Table 1). The underperformance was heavily constrained by delayed disbursements from national level and underperforming own-source revenues from the local authorities. Further, it is observed that there is heavy dependence on national support.

a. Own Source Revenue

During the period under review, the own source revenue budget amounted to K139.9 million. Actual collections totalled K40.8 million, representing 29 percent performance. The strongest performance was recorded under Levies (62 percent) and Permits (54 percent), followed by Local Taxes (29 percent) and Licences (32 percent). Commercial ventures performed poorly at 17 percent, while Fees & Charges (21 percent) and Other OSR (24 percent) also recorded weak performance. Overall, although OSR performance was stronger than some grant inflows, it still remained low, indicating the need for diversification and strengthening of revenue collection in weaker streams such as commercial ventures, fees, and licences.

b. Grants

In the period under review, grants inflows totaled K583.3 million against the budget of K1.5 billion, representing 39 percent budget performance. The performance was negatively affected by non-disbursement of ZDSP Capital Grants (0 percent) and low receipts under Constituency Development Fund (39 percent) and Other Grants (34 percent). The Local Government Equalization Fund performed at 45 percent, Grants in Lieu of Rates at 72 percent, and Sector Grants at 47 percent. The overall underperformance of grants constrained service delivery and delayed implementation of capital projects, particularly those reliant on ZDSP and CDF. This underperformance was also partly attributed to low receipts under the CDF grant as the Local Authorities were still utilizing the carryover funds from the 2024 budget (see Table .3).

Table 3. Bi-Annual Revenue Performance for Eastern Province, 2025

#	Receipts	Budget	Actual as at 30-June 2025	Variance	Performance
1	**National Support**				
	1.1 Local Government Equalisation Fund	166,728,827.87	74,429,229.20	92,299,598.67	45%
	1.2 Grants In Lieu of Rates	4,400,000.00	3,147,000.00	1,253,000.00	72%
	1.3 Sector Grants	341,253,638.16	158,696,332.61	182,557,305.55	47%
	1.4 ZDSP Capital Grants	85,467,827.68	-	85,467,827.68	0%
	1.5 Constituency Development Fund	721,163,014.40	280,748,144.59	440,414,869.81	39%

	1.6 Other Grants	194,916,501.57	66,502,761.69	128,413,739.88	34%
	Sub - total	1,513,929,809.68	583,323,468.09	930,606,341.59	39%
2	**Own Source Revenue**				
	2.1 Local Taxes	29,742,629.00	8,697,577.04	21,045,051.96	29%
	2.2 Fee & Charges	66,848,181.00	14,064,952.92	52,783,228.08	21%
	2.3 Licences	3,687,621.00	1,168,556.50	2,519,064.50	32%
	2.4 Levies	11,821,477.00	7,380,114.42	4,441,362.58	62%
	2.5 Permits	10,744,703.00	5,831,773.19	4,912,929.81	54%
	2.6 Commercial ventures	5,787,035.00	980,472.48	4,806,562.52	17%
	2.7 Others OSR	11,240,108.84	2,670,582.10	8,569,526.74	24%
	Sub - total	139,871,754.84	40,794,028.65	99,077,726.19	29%
3	**Other revenue**				
	4.1 Bank interest received	550,000.00	772,698.46	-	140%
	4.2 Borrowings - Loans	-	823,926.00	-	-
	4.2 Borrowings - Overdraft	-	-	-	-
	4.3 Others	4,730,804.00	1,908,725.61	-	40%
	Sub - total	**5,280,804.00**	**3,505,846.81**	**-**	**66.38%**
Total		**1,659,082,368.52**	**627,262,324.25**	**1,029,684,067.78**	**37.83%**
Carry over funds			**254,662.129.64**		
TOTAL			**882,284,976.45**		

*** as at 30th June 2025**

1.1.2 Expenditure Performance

Total expenditures during the period under review, total expenditures amounted to K700.3 million and were below the target by 18 percent (see Table 4). This was mainly on account of constrained expenditure arising from lower than projected resources.

Table 4. Bi-annual Expenditure Performance for Eastern province,2025

	Receipts	Budget	Actual as at 30-June 2025	Variance	Performance
1	Personal emoluments	222,293,510.93	89,668,070.84	132,625,440.09	40%
2	Use of goods and services	503,435,096.11	176,936,054.79	326,499,041.32	35%
3	Financial charges	91,724,607.99	46,885,739.16	44,838,868.83	51%
4	Social benefits	294,328,605.88	138,425,454.33	155,903,151.55	47%
5	Non-financial assets	417,357,442.80	159,771,214.20	257,586,228.60	38%
6	Financial assets	94,669,272.20	42,373,592.00	52,295,680.20	45%
7	Loan repayments	4,255,124.61	2,619,460.00	1,635,664.61	62%
8	Other repayments	31,018,707.00	43,619,415.42	(12,600,708.42)	141%
	Total payments	**1,659,082,367.52**	**700,299,000.74**	**958,783,366.78**	**42%**
	Net Budget Performance	**1.00**	**181,985,975.71**		

a. Personal Emoluments

During the period under review, expenditure on Personal Emoluments amounted to K89.7 million against a budget of K222.3 million, representing 40 percent budget performance. The under expenditure reflects the net disbursement of salaries and allowances.

b. Goods and Services

Total expenditure performance for the half year on Goods and Services was at 35 percent. Total expenditures of K176.9 million against the budget of K503.4 million, signifying the lower expenditure on Community projects from this expenditure category due to the partial release of the Constituency Development Funds.

c. Financial Charges

During the period under review, the total expenditure under this category amounted to K46.9 million against the budget of K91.7 million, representing 51 percent.

d. Non-financial Assets (Capital Expenditure)

Total expenditure on asset acquisition was K159.8 million against the budget of K417.4 million, representing 38 percent budget performance. The lower percentage expenditure is attributed to the funding gap experienced in the implementation of CDF project.

e. Financial Assets

During the period under review, expenditure under financial assets amounted to K42.4 million against the budget of K94.7 million, representing a moderate performance of 45 percent.

f. Loan Repayments

During the period under review, loan repayments amounted to K2.6 million against the annual budget of K4.3 million, representing 62 percent of the budget. The performance represents debt obligations prioritization by the province.

g. Other Repayments

During the period under review, Other Payments presented an overperformance of 141 percent, with actual expenditure amounting to K43.6 million against the budget of K31.0 million. The overperformance under this category is mainly attributed to non-loan obligations, possibly to maintain fiscal credibility and meet contractual commitments.

1.2 North Western Province (Qtr. 1&2 2025)

1.2.1 Revenue Performance

Total revenue and grants were projected at K1.3 billion for the annual budget of 2025, out of which only K532.9 million was realized, translating into 41 percent budget performance. The performance reflects significant under-collection, mainly on account of low inflows from national support grants and weak performance in some own-source revenue categories. Despite this, OSR demonstrated relatively stronger performance compared to national grants, though it remained below target.

a. Own Source Revenue

The own source revenue budget for the period was K378.8 million, while actual collections amounted to K214.5 million, representing 57 percent performance. The strongest performance was recorded under Permits (77 percent) and Other OSR (75 percent), followed closely by Local Taxes (67 percent), Levies (59 percent), and Licences (56 percent). Commercial ventures underperformed, with only 25 percent of the budget realised. Fees and Charges performed weakest at 19 percent, highlighting compliance and enforcement challenges.

Overall, OSR performance was fairly strong compared to grants, with several categories surpassing the 50 percent mark. However, the performance remains heavily reliant on Local Taxes, while fees, charges, and commercial ventures continue to perform poorly.

b. Grants

Grant disbursements during the review period amounted to K288.7 million against a budget of K848.6 million, translating into a low 34 percent performance. Sector Grants and Other Grants performed moderately at 48 percent and 53 percent, respectively. Local Government Equalisation Fund registered 42 percent, while Constituency Development Fund (CDF) stood at 28 percent. Grants in Lieu of Rates performed poorly at 13 percent, and ZDSP Capital Grants at 0 percent. The overall underperformance of grants significantly constrained service delivery and delayed the implementation of critical capital projects, particularly those dependent on the CDF and ZDSP. (see Table .5).

c. Other Revenue

Other revenue sources contributed K29.8 million against a budget of K69.4 million, representing 43 percent performance. Borrowings from loans accounted for the bulk of this category, achieving 42 percent performance. Others under this heading stood at 40 percent, while Bank Interest received was realized at K0.93 million against no budget provision. Although these revenues were not major contributors, they provided some relief to the low performance of national support grants.

Table 5. Bi-annual Revenue Performance for North Western province,2025

#	Receipts	Budget	Actual as at 30-June 2025	Variance	Performance
1	**National Support**				
	1.1 Local Government Equalisation Fund	114,596,238.20	48,703,620.48	70,960,045.72	42%
	1.2 Grants In Lieu of Rates	2,738,275.00	475,709.09	2,262,565.91	13%
	1.3 Sector Grants	94,700,388.00	63,829,989.72	61,848,523.28	48%
	1.4 ZDSP Capital Grants	61,759,815.44	0	60,760,455.76	0%
	1.5 Constituency Development Fund	432,697,809.78	119,560,628.45	313,137,181.33	28%
	1.6 Other Grants	142,147,861.00	56120434.3	56,048,661.25	53%
	Sub - total	848,640,387.42	288,690,382.17	565,017,433.25	34%
2	**Own Source Revenue**				
	2.1 Local Taxes	277,169,578.55	184,673,237.35	92,496,341.20	67%
	2.2 Fee & Charges	73,288,639.00	13,567,827.29	59,720,811.71	19%
	2.3 Licences	6,426,904.30	3,627,483.90	2,799,420.40	56%
	2.4 Levies	12,596,869.22	7,478,456.27	5,118,412.95	59%
	2.5 Permits	3,687,224.00	2,845,968.31	841,255.69	77%
	2.6 Commercial ventures	3,953,120.00	997,967.00	2,955,153.00	25%
	2.7 Others OSR	1,685,619.80	1,259,077.69	426,542.11	75%

	Sub - total	378,807,954.87	214,450,017.81	164,357,937.06	57%
3	**Other revenue**				
	4.1 Bank interest received	-	925,385.96	-	-
	4.2 Borrowings - Loans	66,411,104.00	27,661,738.05	-	42%
	4.2 Borrowings - Overdraft	-	-	-	-
	4.3 Others	3,000,000.00	1,212,229.19	-	40%
	Sub - total	**69,411,104.00**	**29,799,353.20**	**-**	**0.43**
Total		**1,296,859,446.29**	**532,939,753.18**	**724,307,942.31**	**0.41**
Carry over funds			**224,757,225.00**		
TOTAL			**757,696,978.18**		

1.2.2 Expenditure Performance

a. Personal Emoluments

Expenditure on Personal Emoluments amounted to K93.7 million against a budget of K182.8 million, translating into 51 percent performance. This indicates relatively stable performance, reflecting continued prioritization of payroll obligations despite fiscal constraints (see table below)

Table 6. Bi-annual Expenditure Performance for North Western province,2025

#	Receipts	Budget	Actual as at 30-June 2025	Varinace	Performance
1	Personal emoluments	182,801,480.91	93,736,822.65	89,064,658.26	51%
2	Use of goods and services	482,094,598.59	210,559,848.19	276,602,178.41	44%
3	Financial charges	10,073,328.00	549,401.26	9,523,926.74	5%
4	Social benefits	163,858,322.08	80,556,572.11	83,301,749.97	49%
5	Non-financial assets	358,804,600.67	84,523,390.52	274,281,210.15	24%
6	Financial assets	49,511,119.77	6,693,984.88	42,817,134.89	14%
7	Loan repayments	34,891,698.00	10,000,000.00	24,891,698.00	29%
8	Other repayments	14,824,299.26	5,388,760.61	9,435,538.65	36%
Total payments		**1,296,859,447.28**	**492,008,780.22**	**804,850,667.06**	**38%**
Net Budget Performance		**(1.00)**	**265,688,197.96**		

b. Goods and Services

Expenditure on Goods and Services stood at K210.6 million compared to the budget of K482.1 million, representing 44 percent performance. This was one of the stronger expenditure categories, showing that operational costs for service delivery were sustained to some extent.

c. Financial Charges

Expenditure on Financial Charges was minimal, amounting to K0.55 million against a budget of K10.1 million, representing 5 percent performance. This underperformance suggests either deferred payments or the absence of major debt-related obligations in the first half of the year.

d. Non-financial Assets (Capital Expenditure)

Spending on Non-Financial Assets totalled K84.5 million against a budget provision of K358.8 million, translating into 24 percent performance. This reflects severe underperformance, largely due to the low disbursement of capital grants such as CDF and ZDSP, as most local authorities were utilizing the carryover funds for CDF from the 2024 budget.

e. Social Benefits

Expenditure on Social Benefits amounted to K80.6 million against a budget of K163.9 million, reflecting 49 percent performance. This indicates prioritization of social protection spending despite the limited fiscal space.

f. Financial Assets

Expenditure on Financial Assets stood at K6.7 million compared to the budget of K49.5 million, representing a weak 14 percent performance.

g. Loan Repayments

Loan repayments amounted to K10.0 million against a budget of K34.9 million, translating into 29 percent performance. This reflects partial compliance with debt servicing obligations.

h. Other Repayments

Other Repayments were K5.4 million against a budget of K14.8 million, representing 36 percent performance. Although underperforming, this shows some level of prioritization of non-loan repayment obligations**.**

1.3 Luapula Province (Qtr. 1 &2 2025)

1.3.1 Revenue Performance

Total revenue and grants were projected at K971.2 million for the annual budget of 2025, out of which only K311.1 million was realized, translating into 32 percent budget performance. The

performance reflects significant under-collection, mainly on account of low inflows from national support grants. Despite this, OSR demonstrated relatively stronger performance compared to national grants, though it remained below target.

a. Own Source Revenue (OSR)

During the period under review, the own source revenue budget amounted to K82.4 million. Actual collections accounted for K28.1 million, representing 34 percent performance. The strongest performance was recorded under Other OSR (56 percent) followed by Local Taxes and Levies (48 percent each), while Permits stood at 40 percent. Commercial ventures performed moderately at 33 percent. The weakest revenue sources were Fees and Charges (26 percent) and Licences (15 percent), indicating challenges in enforcement and compliance in these categories.

Overall, although OSR performance was stronger than grant inflows, it still remained low, with heavy reliance on a few categories such as local taxes and levies. This points to the need for diversification and strengthening of collections in weaker streams like licences and fees.

b. Grants (National Support)

In the period under review, grant inflows totalled K281.1 million against a budget of K887.0 million, representing 32 percent budget performance. The performance was negatively affected by non-disbursement of ZDSP Capital Grants (0 percent) and low receipts under Grants in Lieu of Rates (28 percent). The Local Government Equalisation Fund performed at 40 percent, while Sector Grants and Constituency Development Fund stood at 33 percent and 34 percent, respectively. Other Grants also recorded low inflows at 31 percent.

The overall underperformance of grants significantly constrained service delivery and delayed implementation of capital projects, particularly those reliant on the ZDSP and CDF.

c. Other Revenue

Other revenue sources contributed modestly to provincial revenues during the period. Bank Interest Income amounted to K0.8 million against a budget of K1.4 million, achieving 61 percent performance. Borrowings from loans performed exceptionally at 192 percent due to higher than anticipated collections (K0.77 million against a budget of K0.4 million). Additional receipts of K0.19 million were realized under the “Other” category, which was not initially budgeted for.

These results suggest that while “Other Revenues” are not a major contributor to total inflows, they provided some buffer to the poor performance of national grants. (see Table .7).

Table 7. Bi-annual Revenue Performance for Luapula province,2025

#	Receipts	Budget	Actual as at 30-June 2025	Variance	Performance
1	**National Support**				
	1.1 Local Government Equalisation Fund	135,826,068.82	54,796,410.09	81,029,658.73	40%
	1.2 Grants In Lieu of Rates	3,266,200.00	900,000.00	2,516,200.00	23%
	1.3 Sector Grants	89,725,498.00	29,747,638.02	59,977,859.98	33%
	1.4 ZDSP Capital Grants	84,504,813.00	-	84,504,813.00	0%
	1.5 Constituency Development Fund	540,872,259.00	185,458,681.52	355,413,577.48	34%
	1.6 Other Grants	32,853,534.00	10,336,304.14	22,517,229.86	31%
	Sub - total	887,048,372.82	281,239,033.77	605,809,339.05	32%
2	**Own Source Revenue**				
	2.1 Local Taxes	13,583,015.00	6,538,414.37	7,044,600.63	48%
	2.2 Fee & Charges	47,315,652.00	12,470,877.31	34,844,774.69	26%
	2.3 Licences	2,488,922.00	373,192.00	2,115,730.00	15%
	2.4 Levies	7,309,528.00	3,541,099.82	3,768,428.18	48%
	2.5 Permits	4,409,323.00	1,763,422.85	2,645,900.15	40%
	2.6 Commercial ventures	2,814,054.00	932,362.92	1,881,691.08	33%
	2.7 Others OSR	4,486,700.00	2,493,960.76	1,992,739.24	56%
	Sub - total	82,407,194.00	28,113,330.03	54,293,863.97	34%
3	**Other revenue**				
	4.1 Bank interest received	1,360,000.00	825,732.04	-	61%
	4.2 Borrowings - Loans	400,000.00	767,222.58	-	192%
	4.2 Borrowings - Overdraft	-	-	-	#DIV/0!
	4.3 Others	-	189,983.00	-	#DIV/0!
	Sub - total	**1,760,000.00**	**1,782,937.62**	**-**	**1.01**
	Total	**971,215,566.82**	**311,135,301.42**	**660,103,203.02**	**0.32**
	Carry over funds		**162,543,151.00**		
	TOTAL		**473,678,452.42**		

1.3.2 Expenditure Performance

a. Personal Emoluments

During the period under review, expenditure on Personal Emoluments amounted to K64.98 million against a budget of K161.58 million, representing 40 percent performance. This indicates moderate performance, likely influenced by delayed payroll disbursements or unfilled positions across local authorities (see table 8 below).

Table 8. Bi-annual Expenditure Performance for Luapula province,2025

#	Payments	Budget	Actual as at 30-June 2025	Varinace	Performance
1	Personal emoluments	161,580,514.00	64,977,749.08	96,602,764.92	40%
2	Use of goods and services	275,738,364.82	86,625,028.12	189,113,336.70	31%
3	Financial charges	-	-	-	
4	Social benefits	117,085,911.00	56,589,638.46	60,496,272.54	48%
5	Non-financial assets	350,094,473.00	107,431,095.57	242,663,377.43	31%
6	Financial assets	56,801,418.00	17,640,110.00	39,161,308.00	31%
7	Loan repayments	307,000.00	115,808.98	191,191.02	38%
8	Other repayments	9,607,887.00	7,731,221.57	1,876,665.43	80%
	Total payments	**971,215,567.82**	**341,110,651.78**	**630,104,916.04**	**35%**
	Net Budget Performance	**(1.00)**	**132,567,800.64**		

b. Use of Goods and Services

Expenditure on Goods and Services stood at K86.63 million against a budget of K275.74 million, translating into 31 percent performance. This significant underperformance is attributed to constrained revenue inflows, which limited the ability of councils to procure essential goods and services as planned.

c. Social Benefits

Expenditure on Social Benefits amounted to K56.59 million against a budget provision of K117.09 million, representing 48 percent performance. This is the highest performing category, indicating that social protection interventions were prioritized despite fiscal constraints.

d. **Non-Financial Assets (Capital Expenditure)**

Total expenditure on Non-Financial Assets stood at K107.43 million against a budget of K350.09 million, translating to 31 percent performance. The underperformance is attributed to slower disbursement of capital grants, particularly the CDF and ZDSP, leading to delayed implementation of infrastructure projects.

e. Financial Assets

During the period under review, expenditure on Financial Assets was K17.64 million compared to the budget of K56.80 million, representing 31 percent performance. This reflects slow progress in investment-related activities or allocations towards financial instruments.

f. Loan Repayments

Loan repayments amounted to K0.12 million against the budget provision of K0.31 million, representing 38 percent performance. This indicates partial compliance with debt obligations by local authorities during the first half of the year.

g. Other Repayments

Other Repayments accounted for K7.73 million against a budget of K9.61 million, translating into 80 percent performance. This is the strongest performing category, reflecting prioritization of non-loan obligations, possibly to maintain fiscal credibility and meet contractual commitments.

1.4 Northern Province (Qtr. 1 &2 2025)

1.4.1 Revenue Performance

Total revenue and grants were projected at K866.7 million for the annual budget of 2025, out of which only K288.0 million was realized, translating into 33 percent budget performance. The performance reflects significant under-collection, mainly on account of low inflows from national support grants. Despite this, Own Source Revenue (OSR) demonstrated relatively stronger performance compared to national grants, though it still remained below target.

a. Own Source Revenue (OSR)

The Own Source Revenue budget amounted to K65.8 million, of which only K25.0 million was collected, representing 38 percent performance. Strongest performance was recorded under Permits (55 percent) and Levies (53 percent), showing resilience in collections in these areas. Local Taxes and Licences recorded 36 percent and 35 percent, respectively. Fees and Charges achieved 31 percent, performing below expectations despite being the largest OSR line item.

OSR showed moderate strength compared to grants, but it remained far below potential, highlighting challenges in enforcement, compliance, and diversification of local revenue sources.

b. Grants (National Support)

Grant inflows accounted for K261.3 million against a budget of K799.6 million, representing 33 percent performance. The poor performance was mainly driven by non-disbursement of key grants such as ZDSP Capital Grants and delays in the disbursement of Constituency Development Fund, severely constraining service delivery. Local Government Equalisation Fund performed at 39 percent, Grants in Lieu of Rates recorded 26 percent, while Sector Grants stood at 31 percent. CDF stood at 36 percent. Other grants stood at 119% despite being the smallest contributor of the national support.

c. Other Revenue

Other revenue contributed K1.74 million against a budget of K1.23 million, representing 141 percent performance. This overperformance came from higher-than-anticipated inflows under "Others" (K1.13 million), which was not originally budgeted. Bank interest (K0.27 million) and loans (K0.34 million) provided modest contributions. Although small in proportion, Other Revenue helped cushion the shortfalls in National Support and Own Source Revenue (see table below).

Table 9. Bi-annual Revenue Performance for Northern province,2025

#	Receipts	Budget	Actual as at 30-June 2025	Variance	Performance
1	**National Support**				
	1.1 Local Government Equalisation Fund	142,812,200.12	55,252,671.37	87,559,528.75	39%
	1.2 Grants In Lieu of Rates	5,827,662.00	1,540,000.00	4,287,662.00	26%
	1.3 Sector Grants	97,808,005.22	30,334,479.75	67,473,525.47	31%
	1.4 ZDSP Capital Grants	80,674,736.61		80,674,736.61	0%
	1.5 Constituency Development Fund	468,755,960.70	169,668,584.14	299,087,376.56	36%
	1.6 Other Grants (2024 CDF)	3,742,847.00	4,472,353.69	(729,506.69)	119%

	Sub - total	799,621,411.65	261,268,088.95	538,353,322.70	33%
2	**Own Source Revenue**				
	2.1 Local Taxes	10,595,413.00	3,839,985.76	6,755,427.24	36%
	2.2 Fee & Charges	38,070,509.00	11,837,450.10	26,233,058.90	31%
	2.3 Licences	1,453,048.00	507,174.00	945,874.00	35%
	2.4 Levies	9,209,504.00	4,920,509.34	4,288,994.66	53%
	2.5 Permits	3,509,586.31	1,914,719.10	1,594,867.21	55%
	2.6 Commercial ventures	870,579.98	271,051.92	599,528.06	31%
	2.7 Others OSR	2,104,395.00	1,685,068.52	419,326.48	80%
	Sub - total	65,813,035.29	24,975,958.74	40,837,076.55	38%
3	**Other revenue**				
	4.1 Bank interest received	424,004.00	267,300.36	-	63%
	4.2 Borrowings - Loans	650,000.00	343,060.93	-	53%
	4.2 Borrowings - Overdraft	-	-	-	0%
	4.3 Others	159,010.00	1,128,842.03	-	710%
	Sub - total	**1,233,014.00**	**1,739,203.32**	**-**	**141%**
	Total	**866,667,460.94**	**287,983,251.01**	**579,189,711.17**	33%
	Carry over funds		**131,336,062.02**		
			419,320,001.11		

1.4.2 Expenditure Performance

During the period under review, total expenditure amounted to K319.6 million against a budget provision of K866.7 million, translating into 37 percent budget absorption.

a. Personal Emoluments

Expenditure on Personal Emoluments amounted to K70.3 million against a budget of K169.6 million, representing 41 percent performance. This indicates moderate performance, likely influenced by delayed payroll disbursements or unfilled positions.

b. Use of Goods and Services

Expenditure on Goods and Services stood at K70.3 million against a budget of K205.7 million, translating into 34 percent performance. This underperformance is attributed to constrained revenue inflows, which limited councils' ability to procure goods and services, see table below.

Table 10. Bi-annual Expenditure Performance for Northern province,2025

#	Receipts	Budget	Actual as at 30-June 2025	Variance	Performance
1	Personal emoluments	169,626,645.05	70,338,329.57	99,288,315.48	41%
2	Use of goods and services	205,665,431.98	70,282,268.85	135,383,163.13	34%
3	Financial charges	1,768,300.00	-	1,768,300.00	0%
4	Social benefits	94,927,601.18	42,561,935.51	52,365,665.67	45%
5	Non-financial assets	277,223,576.57	124,094,635.69	153,128,940.88	45%
6	Financial assets	105,504,251.16	1,689,985.61	103,814,265.55	2%
7	Loan repayments	-	1,438,000.00	(1,438,000.00)	
8	Other repayments	11,951,657.00	9,153,100.72	2,798,556.28	77%
	Total payments	**866,667,460.94**	**319,558,255.95**	**547,109,204.99**	**37%**
	Net Budget Performance		**99,761,745.16**		

c. Social Benefits

Expenditure on Social Benefits amounted to K42.6 million against a budget of K94.9 million, translating into 45 percent performance. This reflects prioritisation of social protection interventions despite fiscal constraints.

d. Non-Financial Assets (Capital Expenditure)

Capital expenditure stood at K124.1 million against a budget of K277.2 million, representing 45 percent performance. While absorption was relatively higher than in other categories, it was still constrained by delayed disbursements of CDF and ZDSP grants, resulting in slowed implementation of infrastructure projects.

e. Financial Assets

Expenditure on Financial Assets amounted to K1.69 million against a budget of K105.5 million, giving a performance of only 2 percent. This reflects low progress in investment-related activities during the period.

f. Loan Repayments

Loan repayments of K1.44 million were recorded despite no budgetary provision, creating a negative variance. This points to unplanned obligations being met during the half-year.

g. Other Repayments

Other repayments totalled K9.15 million against a budget of K11.95 million, translating into 77 percent performance, the highest absorption level among expenditure items. This reflects prioritisation of contractual and non-loan obligations, possibly to maintain fiscal credibility.

1.5 Muchinga Province (Qtr. 1 &2 2025)

1.5.1 Revenue Performance

Total revenue and grants were projected at K609.1 million for the annual budget of 2025 , of which only K249.1 million was collected, resulting in a 41 percent budget performance. This low performance reflects delays in the disbursement of national grants and uneven performance across own-source revenue (OSR) streams, highlighting both fiscal and administrative challenges in mobilizing funds.

a. Own Source Revenue (OSR)

The province generated K42.3 million from OSR against a budget of K89.6 million, representing 47 percent performance. Among the revenue streams, Levies and Permits showed relative strength, demonstrating moderate compliance and collection efficiency. Fee and Charges, although a significant contributor, achieved only half of the target, suggesting weaknesses in enforcement and payment compliance. Commercial ventures and Other OSR performed poorly, indicating limited revenue diversification and reliance on a few sources. Overall, OSR contributed meaningfully to revenue but remained insufficient to offset shortfalls in national grants.

b. Grants (National Support)

Grant inflows totaled K206.5 million against a budget of K519.1 million, achieving 40 percent performance. The underperformance was particularly pronounced for ZDSP Capital Grants, which were not received during the period, and for the Constituency Development Fund (CDF), which collected less than half of the budgeted amount. Sector Grants and Grants in Lieu of Rates performed moderately. The low grant disbursements significantly constrained the province's capacity to implement capital projects and deliver services, particularly in development-focused programs dependent on CDF and ZDSP.

c. Other Revenue

Other revenue sources, including bank interest and miscellaneous receipts, contributed K0.34 million against a budget of K0.40 million, representing 84 percent performance. While these amounts were small relative to the total revenue, they provided limited relief to the underperformance in grants and OSR. Borrowings were not utilized during the period. (see table below).

Table 11. Bi-annual Revenue Performance for Muchinga Province,2025

#	Receipts	Budget	Actual as at 30-June 2025	Variance	Performance
1	**National Support**				
	1.1 Local Government Equalisation Fund	88,950,440.51	37,435,229.31	51,515,211.20	42%
	1.2 Grants In Lieu of Rates	1,820,000.00	1,280,679.00	539,321.00	70%
	1.3 Sector Grants	94,389,010.00	49,193,253.79	45,195,756.21	52%
	1.4 ZDSP Capital Grants	43,749,780.00	-	43,749,780.00	0%
	1.5 Constituency Development Fund	288,465,207.00	117,849,049.67	170,616,157.33	41%
	1.6 Other Grants	1,719,942.00	726,987.10	992,954.90	42%
	Sub – total	519,094,379.51	206,485,198.87	312,609,180.64	40%
2	**Own Source Revenue**				
	2.1 Local Taxes	8,988,693.00	2,541,608.92	6,447,084.08	28%
	2.2 Fee & Charges	65,673,431.00	32,658,219.94	33,015,211.06	50%
	2.3 Licences	664,420.00	274,181.00	390,239.00	41%
	2.4 Levies	4,891,248.00	3,688,740.58	1,202,507.42	75%
	2.5 Permits	4,505,592.00	2,373,207.40	2,132,384.60	53%
	2.6 Commercial ventures	361,378.00	23,235.81	338,142.19	6%
	2.7 Others OSR	4,509,634.00	724,148.43	3,785,485.57	16%
	Sub – total	89,594,396.00	42,283,342.08	47,311,053.92	47%
3	**Other revenue**		-		
	4.1 Bank interest received	87,530.00	232,442.43	-	266%
	4.2 Borrowings – Loans	-	-	-	
	4.2 Borrowings - Overdraft	-	-	-	
	4.3 Others	312,621.00	105,260.36	-	34%
	Sub – total	**400,151.00**	**337,702.79**	**-**	**0.84**

Total	**609,088,926.51**	**249,106,243.74**	**359,920,234.56**	**0.41**
Carry over funds		**116,747,774.00**		
TOTAL		**365,854,014.74**		

1.5.2 Expenditure Performance

a. Personal Emoluments

Expenditure on payroll amounted to K57.6 million against a budget of K130.6 million, translating to 44 percent performance. Despite fiscal constraints, the province prioritized payment of salaries and allowances, ensuring continued motivation and retention of personnel.

b. Use of Goods and Services

Spending on operational costs totaled K58.8 million of a K147.1 million of the budget, representing 40 percent performance. While under the planned budget, these allocations maintained essential service delivery functions across departments (see table below).

Table 12. Bi-annual Expenditure Performance for Muchinga Province,2025

#	Receipts	Budget	Actual	Variance	Performance
			as at 30-June 2025		
1	Personal emoluments	130,636,720.17	57,633,124.81	73,003,595.36	44%
2	Use of goods and services	147,145,444.51	58,751,273.24	88,394,171.27	40%
3	Financial charges	5,054,580.00	2,716,608.00	2,337,972.00	54%
4	Social benefits	107,580,392.00	51,145,718.20	56,434,673.80	48%
5	Non-financial assets	180,432,845.82	26,547,603.34	153,885,242.48	15%
6	Financial assets	31,108,352.01	7,573,380.90	23,534,971.11	24%
7	Loan repayments	-	844,487.00	(844,487.00)	
8	Other repayments	7,130,592.00	2,014,589.00	5,116,003.00	28%
	Total payments	**609,088,926.51**	**207,226,784.49**	**401,862,142.02**	**34%**
	Net Budget Performance		**151,627,230.25**		

c. Financial Charges

Financial charges totaled K2.7 million, achieving 54 percent performance against the budget of K5.1 million. Low expenditure in this category suggests limited debt obligations during the period or deferred payments

d. Social Benefits

Expenditure on social programs was K51.1 million, representing 48 percent performance. The province continued to prioritize social protection programs despite limited overall revenue, reflecting a commitment to vulnerable groups.

e. Non-Financial Assets (Capital Expenditure)

Spending on capital projects was significantly constrained, with only K26.5 million disbursed against a budget of K180.4 million (15 percent performance). The delays were largely due to late or non-disbursement of key grants such as CDF and ZDSP, resulting in postponed implementation of infrastructure and development projects.

f. Financial Assets

Expenditure on financial assets stood at K7.6 million of the K31.1 million budgeted, indicating weak utilization of funds for investment purposes.

g. Loan Repayments

Loan repayments amounted to K0.84 million, and other repayments were K2.01 million, reflecting partial compliance with financial obligations. Overall, repayments were limited due to constrained fiscal space.

h. Other Repayments

Other repayments totalled K2.0 million against a budget of K7.1 million, translating into 28 percent performance. Although underperforming, this shows some level of prioritization of non-loan repayment obligations**.**

1.6 Copperbelt Province (Qtr. 1 &2 2025)

1.6.1 Revenue Performance

Total revenue and grants were projected at K2.37 billion for the annual budget of 2025, out of which only K924.4 million was collected. This represents an overall revenue performance of 39 percent. The low performance was mainly due to delayed disbursements of national support grants,

particularly capital grants and uneven performance across own-source revenue (OSR) categories. This shortfall limited the fiscal space available for executing development programmes and meeting service delivery obligations.

a. Own Source Revenue (OSR)

The province collected K409.7 million from OSR against a budget of K1.01 billion, representing 40 percent performance. Local taxes were the largest contributor, bringing in K276.1 million (42 percent performance), followed by fees and charges at K92.3 million (36 percent performance). Levies and permits also recorded moderate performances of 41 and 40 percent, respectively. Licenses achieved 38 percent, while commercial ventures significantly underperformed at 23 percent, pointing to weak diversification of income sources. On the other hand, "Other OSR" achieved 83 percent, though its overall contribution to the revenue envelope remained small. Overall, OSR performance was moderate but insufficient to offset shortfalls in national transfers.

b. Grants (National Support)

Grants from the central government during the first half of the year amounted to K508.5 million against a budget of K1.35 billion, giving a performance rate of 38 percent. The Local Government Equalization Fund was the most predictable transfer, but it only registered 30 percent of its target. Grants in Lieu of Rates performed at 30 percent, while Sector Grants were at 36 percent. Disbursements for the Constituency Development Fund (CDF) stood at K316.1 million, translating to 40 percent of the budget, while ZDSP Capital Grants recorded a 0 percent. Other Grants contributed K77.2million, reflecting 46 percent performance. The overall weak grant disbursement constrained the ability of the province to implement development projects, especially those tied to capital and constituency-level initiatives.

c. Other Revenue

Other revenue, though a small portion of the budget, performed significantly above target. A budget of only K15,000 yielded K6.17 million, translating to over 400 times the projected figure, largely due to unanticipated receipts under miscellaneous revenue. Bank interest contributed modestly at K88,159, while no borrowings were contracted during the period. Despite the impressive variance, the absolute amounts remained marginal relative to total revenue. (see table below).

Table 13. Bi-annual Expenditure Performance for Copperbelt Province,2025

#	Receipts	Budget	Actual as at 30-June 2025	Variance	Performance
1	**National Support**				
	1.1 Local Government Equalisation Fund	155,815,243.38	46,365,890.38	109,449,353.00	30%
	1.2 Grants In Lieu of Rates	2,830,000.00	842,893.00	1,987,107.00	30%

	1.3 Sector Grants	191,272,237.15	68,024,766.70	123,247,470.45	36%
	1.4 ZDSP Capital Grants	41,617,000.00		41,617,000.00	0%
	1.5 Constituency Development Fund	793,279,312.40	316,107,891.59	477,171,420.81	40%
	1.6 Other Grants	168,485,474.12	77,201,337.00	91,284,137.12	46%
	Sub - total	1,353,299,267.05	508,542,778.67	844,756,487.56	38%
2	**Own Source Revenue**				
	2.1 Local Taxes	653,833,442.81	276,111,868.12	377,721,574.69	42%
	2.2 Fee & Charges	258,862,630.68	92,272,566.78	166,590,063.90	36%
	2.3 Licences	11,587,531.10	4,405,511.29	7,182,019.81	38%
	2.4 Levies	38,046,983.00	15,758,193.88	22,288,789.12	41%
	2.5 Permits	45,837,544.00	18,476,132.39	27,361,411.61	40%
	2.6 Commercial ventures	414,778.00	96,983.00	317,795.00	23%
	2.7 Others OSR	3,139,824.00	2,590,519.13	549,304.87	83%
	Sub - total	1,011,722,733.59	409,711,774.59	602,010,959.00	40%
3	**Other revenue**				
	4.1 Bank interest received	-	88,159.00	-	-
	4.2 Borrowings - Loans	-	-	-	-
	4.2 Borrowings - Overdraft	-	-	-	-
	4.3 Others	15,000.00	6,084,239.35	-	40562%
	Sub - total	**15,000.00**	**6,172,398.35**	**-**	**411.49**
Total		**2,365,037,000.64**	**924,426,951.61**	**1,446,767,447.38**	**0.39**
Carry over funds			**202,460,219.95**		
TOTAL			**1,126,887,171.56**		

1.6.2 Expenditure Performance

Total expenditure for the first half of 2025 was budgeted at K2.37 billion, with actual spending of K970.9 million, representing an overall execution rate of 41 percent. While recurrent expenditures such as personal emoluments and use of goods and services performed relatively better, capital expenditure and financial asset spending lagged behind significantly.

a. Personal Emoluments

Expenditure on personal emoluments amounted to K271.1 million against a budget of K588.9 million, giving a performance rate of 46 percent. This reflects prioritization of salaries and allowances to ensure staff motivation and continuity in public service delivery.

b. Use of Goods and Services

Operational costs consumed K315.5 million out of a budgeted K574.6 million, representing 55 percent performance. This was the strongest performing category, underscoring the continued provision of essential services despite fiscal constraints. (see table below).

Table 14. Bi-annual Expenditure Performance for Copperbelt Province,2025

#	Payments	Budget	Actual as at 30-June 2025	Varinace	Performance
		a	b	c=a-b	b/a
		ZMW	ZMW	ZMW	%
1	Personal emoluments	588,896,606.89	271,093,002.35	317,803,604.54	46%
2	Use of goods and services	574,627,335.64	315,526,395.49	259,100,940.15	55%
3	Financial charges	-	-	-	
4	Social benefits	311,502,781.38	139,424,116.87	172,078,664.51	45%
5	Non-financial assets	451,746,362.21	180,789,852.26	270,956,509.95	40%
6	Financial assets	342,210,361.61	38,076,631.04	304,133,730.57	11%
7	Loan repayments	7,473,871.00	-	7,473,871.00	0%
8	Other repayments	88,579,681.48	25,965,785.57	62,613,895.91	29%
Total payments		**2,365,037,000.22**	**970,875,783.58**	**1,394,161,216.64**	**41%**
Net Budget Performance		**0.42**	**156,011,387.98**		

c. Social Benefits

Spending on social benefits reached K139.4 million out of the K311.5 million budgeted, representing 45 percent performance. Despite low revenues, this reflects the province's sustained commitment to social protection and support for vulnerable groups.

d. Non-Financial Assets

Capital spending was budgeted at K451.7 million, of which K180.8 million was spent, translating to 40 percent performance. The delays in the disbursement of CDF and ZDSP grants largely contributed to the under-execution of capital projects, slowing down infrastructure development and service delivery improvements.

e. Financial Assets

Expenditure on financial assets was extremely low, with only K38.1 million spent out of the K342.2 million budgeted, representing 11 percent performance.

f. Other Repayments

Other repayments amounted to K26.0 million out of a budget of K88.6 million, representing a performance rate of 29 percent. Although underperforming, this shows some level of prioritization of non-loan repayment obligations

1.7 Lusaka Province (Qtr. 1 &2 2025)

1.7.1 Revenue Performance

Total revenue and grants were projected at K1.7 billion for the annual budget of 2025, out of which only K558.4 million was collected. This represents an overall revenue performance of 32 percent. The low performance was mainly due to delayed disbursements of national support grants and uneven performance across own-source revenue (OSR) categories. This shortfall limited the fiscal space available for executing development programmes and meeting service delivery obligations.

a. Grants

Grants from the central government during the period under review amounted to K319.0 million against a budget of K1.1 billion, giving a performance rate of 30 percent. Accounting for this was the lagged release of the LGEF, where the June 2025 grant was not received as of the end of the month, the weaning of Lusaka District from the LGEF recipient list, lower burning rate than planned for the CDF and ZDSP, as releases are made on a reimbursement basis based on the value of the IPCs executed.

b. Own Source Revenue

The province collected K239.4 million from OSR against a budget of K672.8 million, representing 36 percent performance. Local taxes were the largest contributor, bringing in K87.1 million (31 percent performance), followed by fees and charges at K73 million (45 percent performance). Levies and permits also recorded moderate performances of 35 percent each. Licences achieved 44 percent, while commercial ventures significantly underperformed at 18 percent, pointing to weak diversification of income sources. On the other hand, “Other OSR” achieved 104 percent, though its overall contribution to the revenue envelope remained small. Overall, OSR performance was moderate but insufficient to offset shortfalls in national transfers.
Find the table below showing revenue performance for Lusaka Province at Table 15.

Table 15. Bi-annual Revenue Performance for Lusaka Province,2025

#		Budget	Actual	Varinace	Performance
			as at 30-June 2025		
1	**National Support**				
	1.1 Local Government Equalisation Fund	102,901,724.00	30,102,385.16	72,799,338.84	29%
	1.2 Grants In Lieu of Rates	18,773,240.00	1,699,000.00	17,074,240.00	9%
	1.3 Sector Grants	89,940,358.00	43,212,277.67	46,728,080.33	48%
	1.4 ZDSP Capital Grants	49,088,085.00		49,088,085.00	0%
	1.5 Constituency Development Fund	432,697,809.00	121,901,680.03	310,796,128.97	28%
	1.6 Other Grants	385,050,853.00	122,185,054.33	262,865,798.67	32%
	Sub - total	1,062,723,984.00	319,021,051.19	743,702,932.81	30%
2	**Own Source Revenue**				
	2.1 Local Taxes	278,908,982.00	87,137,604.95	191,771,377.05	31%
	2.2 Fee & Charges	165,146,513.00	73,915,435.50	91,231,177.50	45%
	2.3 Licences	11,397,849.00	5,048,874.33	6,348,974.67	44%
	2.4 Levies	95,495,271.00	33,388,637.80	62,106,633.20	35%
	2.5 Permits	104,381,323.00	36,034,560.00	68,346,763.00	35%
	2.6 Commercial ventures	16,654,500.00	3,000,000.00	13,654,500.00	18%
	2.7 Others OSR	845,000.00	880,801.00	-35,801.00	104%
	Sub - total	672,829,538.00	239,405,913.58	433,423,624.42	36%
3	**Other revenue**				
	4.1 Bank interest received		0		
	4.2 Borrowings - Loans	-		-	
	4.2 Borrowings - Overdraft	-	-	-	
	4.3 Others	-	-	-	
	Sub - total				
Total		**1,735,553,522.00**	**558,426,964.77**	**1,177,126,557.23**	**0.32**
Carry over funds			**177,170,572.00**		
TOTAL			**735,597,536.77**		

*** as at 30th June 2025**

1.7.2 Expenditure Performance

a. Personal Emoluments

Expenditure on payroll amounted to K187.7 million against a budget of K385.1 million, translating to 49 percent performance. Despite fiscal constraints, the province prioritized payment of salaries and allowances, ensuring continued motivation and retention of personnel.

b. Use of Goods and Services

Spending on operational costs totaled K138.3 million of a K409.0 million of the budget, representing 34 percent performance. While under the planned budget, these allocations maintained essential service delivery functions across departments (see table below). The summary of the expenditure is provided in table 16 below.

Table 16. Bi-annual Expenditure Performance for Lusaka Province,2025

#	Receipts			Varinace	Performance
1	Personal emoluments	385,022,880.00	187,664,802.11	197,358,077.89	49%
2	Use of goods and services	408,968,875.00	138,283,291.04	270,685,583.96	34%
3	Financial charges	-	5,394,012.00	-5,394,012.00	
4	Social benefits	448,546,299.00	116,390,420.56	332,155,878.44	26%
5	Non-financial assets	392,754,742.00	115,516,786.90	277,237,955.10	29%
6	Financial assets	45,049,977.00	3,228,690.00	41,821,287.00	7%
7	Loan repayments	6,753,408.00	-	6,753,408.00	0%
8	Other repayments	48,457,341.00	30,700,444.44	17,756,896.56	63%
Total payments		**1,735,553,522.00**	**597,178,447.05**	**1,138,375,074.95**	**34%**
Net Budget Performance		**-**	**138,419,089.72**		

c. Social Benefits

Spending on social benefits reached K116.4 million out of the K448.5 million budgeted, representing 26 percent performance. Despite low revenues, this reflects the province's sustained commitment to social protection and support for vulnerable groups.

d. Non-Financial Assets (Capital Expenditure)

Capital spending was budgeted at K115.5 million, of which K392.8 million was spent, translating to 29 percent performance. The delays in the disbursement of CDF and ZDSP grants largely contributed to the under-execution of capital projects, slowing down infrastructure development and service delivery improvements.

e. Financial Assets

Expenditure on financial assets was extremely low, with only K3.2 million spent out of the K45.0 million budgeted, representing 7 percent performance.

f. Other Repayments

Other repayments amounted to K30.7 million out of a budget of K48.5 million, representing a performance rate of 63 percent.

1.8 Southern Province (Qtr. 1 &2 2025)

1.8.1 Revenue Performance

Total revenue and grants were projected at K1.7 billion for the annual budget of 2025, out of which only K697.1 million was collected. This represents an overall revenue performance of 40 percent. The low performance was mainly due to delayed disbursements of national support grants, particularly capital grants and uneven performance across own-source revenue (OSR) categories. This shortfall limited the fiscal space available for executing development programmes and meeting service delivery obligations.

a. Own Source Revenue (OSR)

The province collected K133.1 million from OSR against a budget of K336.2 million, representing 40 percent performance. Local taxes were the largest contributor, bringing in K49.2 million (35 percent performance), followed by fees and charges at K45.1 million (40 percent performance). Levies and permits also recorded moderate performances of 52 and 56 percent respectively. Licences achieved 38 percent, while commercial ventures significantly underperformed at 9 percent, pointing to weak diversification of income sources. On the other hand, "Other OSR" achieved 39 percent, though its overall contribution to the revenue envelope remained small. Overall, OSR performance was moderate but insufficient to offset shortfalls in national transfers.

b. Grants (National Support)

Grants from central government during the first half of the year amounted to K562.7 million against a budget of K1.4 billion, giving a performance rate of 40 percent. The Local Government Equalization Fund was the most predictable transfer, but it only registered 38 percent of its target. Grants in Lieu of Rates performed at 59 percent, while Sector Grants were at 56 percent. Disbursements for the Constituency Development Fund (CDF) stood at K252.9 million, translating to 37 percent of the budget, while ZDSP Capital Grants recorded a 0 percent. Other Grants contributed K43.7 million, reflecting 48 percent performance. The overall weak grant disbursement constrained the ability of the province to implement development projects, especially those tied to capital and constituency-level initiatives.

c. Other Revenue

Other revenue, though a small portion of the budget, performed well. Despite the impressive performance, the absolute amounts remained marginal relative to total revenue as there was no budget set. Find the table below showing revenue performance for Southern Province at Table 17.

Table 17. Bi-annual Revenue Performance for Southern Province,2025

#	Receipts	Budget	Actual	Varinace	Performance
			as at 30-June 2025		
		a	b	c=a-b	b/a
		ZMW	ZMW	ZMW	%
1	**National Support**				
	1.1 Local Government Equalisation Fund	192,341,092.32	72,987,021.14	119,354,071.18	38%
	1.2 Grants In Lieu of Rates	3,560,000.00	2,100,000.00	1,460,000.00	59%
	1.3 Sector Grants	343,523,641.05	191,328,981.67	152,194,659.38	56%
	1.4 ZDSP Capital Grants	94,600,587.00	-	94,600,587.00	0%
	1.5 Constituency Development Fund	685,104,863.90	252,561,410.94	432,543,452.96	37%
	1.6 Other Grants	91,464,290.00	43,766,591.27	47,697,698.73	48%
	Sub - total	1,410,594,474.26	562,744,005.02	847,850,469.24	40%
2	**Own Source Revenue**				
	2.1 Local Taxes	140,107,724.71	49,150,469.63	90,957,255.08	35%
	2.2 Fee & Charges	112,664,464.27	45,132,283.08	67,532,181.19	40%
	2.3 Licences	7,833,904.00	2,954,445.68	4,879,458.32	38%
	2.4 Levies	38,102,765.06	19,635,401.80	18,467,363.26	52%
	2.5 Permits	14,157,805.50	7,965,952.00	6,191,853.50	56%
	2.6 Commercial ventures	3,090,338.50	286,233.00	2,804,105.50	9%
	2.7 Others OSR	20,269,255.00	7,969,923.28	12,299,331.72	39%
	Sub - total	336,226,257.04	133,094,708.47	203,131,548.57	40%
3	**Other revenue**				
	4.1 Bank interest received	-	545,599.20	(545,599.20)	
	4.2 Borrowings - Loans	-	708,260.54	(708,260.54)	
	4.2 Borrowings - Overdraft	-	-	-	
	4.3 Others	-	-	-	
	Sub - total	**-**	**1,253,859.74**	**(1,253,859.74)**	
	Total	**1,746,820,731.31**	**697,092,573.23**	**1,049,728,158.08**	**0.40**
	Carry over funds		**274,842,008.00**		
	TOTAL		**971,934,581.23**		

1.8.2 Expenditure Performance

a. Personal Emoluments

Expenditure on personal emoluments amounted to K145.2 million against a budget of K296.6 million, giving a performance rate of 49 percent. This reflects prioritization of salaries and allowances to ensure staff motivation and continuity in public service delivery.

b. Use of Goods and Services

Operational costs consumed K279.3 million out of a budgeted K499.5 million, representing 56 percent performance. This was the strongest performing category, underscoring the continued provision of essential services despite fiscal constraints. The summary of the expenditure is provided in the table below:

Table 18. Bi-annual Expenditure Performance for Southern Province,2025

#	Receipts	Budget	Actual as at 30-June 2025	Varinace	Performance
1	Personal emoluments	296,623,117.09	145,211,646.34	151,411,470.75	49%
2	Use of goods and services	499,527,124.57	279,292,848.94	220,234,275.63	56%
3	Financial charges	27,335,939.42	42,767,982.83	(15,432,043.41)	156%
4	Social benefits	261,072,746.55	130,812,150.18	130,260,596.37	50%
5	Non-financial assets	514,065,807.24	147,638,879.98	366,426,927.26	29%
6	Financial assets	92,108,360.04	22,934,245.00	69,174,115.04	25%
7	Loan repayments	3,736,936.00	-	3,736,936.00	0%
8	Other repayments	52,350,699.98	21,080,890.19	31,269,809.79	40%
Total payments		**1,746,820,730.90**	**789,738,643.46**	**957,082,087.44**	**45%**
Net Budget Performance		**0.41**	**182,195,937.77**		

c. Social Benefits

Spending on social benefits reached K130.8 million out of the K261.1 million budgeted, representing 50 percent performance. Despite low revenues, this reflects the province's sustained commitment to social protection and support to vulnerable groups.

d. Non-Financial Assets (Capital Expenditure)

Capital spending was budgeted at K514.1 million, of which K147.6 million was spent, translating to 29 percent performance. The delays in the disbursement of CDF and ZDSP grants largely contributed to the under-execution of capital projects, slowing down infrastructure development and service delivery improvements.

e. Financial Assets

Expenditure on financial assets was low, with only K22.9 million spent out of K92.1 million budgeted, representing 25 percent performance.

f. Other Repayments

Other repayments amounted to K21.1 million out of a budget of K52.4 million, representing a performance rate of 40 percent.

1.9 Western Province (Qtr. 1 &2 2025)

1.9.1 Revenue Performance

Total revenue and grants were projected at K1.4 billion for the annual budget of 2025, out of which only K509.6 million was collected. This represents an overall revenue performance of 36 percent. The low performance was mainly due to delayed disbursements of national support grants, particularly capital grants and uneven performance across own-source revenue (OSR) categories. This shortfall limited the fiscal space available for executing development programmes and meeting service delivery obligations.

a. Own Source Revenue (OSR)

The province collected K23.3 million from OSR against a budget of K72.6 million, representing 32 percent performance. Fees and charges were the largest contributor, bringing in K9.9 million (31 percent performance), followed by Levies K6.2 million (45 percent performance). Permits and other OSR brought in K2.1 million and K2.2 million representing 88 percent and 20 percent respectively. Local taxes and Commercial ventures followed at 16 and 29 percent while Licences with the least contribution at 37 percent. Overall, OSR performance was moderate but insufficient to offset shortfalls in national transfers.

b. Grants (National Support)

Grants from the central government during the first half of the year amounted to K485.3 million against a budget of K1.4 billion, giving a performance rate of 36 percent. The Local Government Equalization Fund was the most predictable transfer, but it only registered 40 percent of its target. Grants in Lieu of Rates performed at 19 percent, while Sector Grants were at 43 percent. Disbursements for the Constituency Development Fund (CDF) stood at K240.1 million, translating to 35 percent of the budget, while ZDSP Capital Grants recorded a 0 percent. Other Grants contributed K66.6 million, reflecting 42 percent performance. The overall weak grant disbursement constrained the ability of the province to implement development projects, especially those tied to capital and constituency-level initiatives.

c. Other Revenue

Other revenue, though a small portion of the budget, performed well, 252 percent. Despite the impressive performance, the absolute amounts remained marginal relative to total revenue, as there was a low budget set.

Table 19. Bi-annual Revenue Performance for Western Province,2025

#	Receipts	Budget	Actual as at 30-June 2025	Variance	Performance
1	**National Support**				
	1.1 Local Government Equalisation Fund	204,525,476.05	82,280,464.68	122,245,011.37	40%
	1.2 Grants In Lieu of Rates	4,575,000.00	850,000.00	3,725,000.00	19%
	1.3 Sector Grants	220,277,358.00	95,464,525.75	124,812,832.25	43%
	1.4 ZDSP Capital Grants	79,739,850.00	-	79,739,850.00	0%
	1.5 Constituency Development Fund	685,104,866.59	240,090,497.87	445,014,368.72	35%
	1.6 Other Grants	156,976,344.00	66,578,286.78	90,298,057.22	42%
	Sub - total	1,351,198,894.64	485,263,775.08	865,935,119.56	36%
2	**Own Source Revenue**				
	2.1 Local Taxes	10,271,446.00	1,645,211.66	8,626,234.34	16%
	2.2 Fee & Charges	31,500,876.00	9,869,337.36	21,631,538.64	31%
	2.3 Licences	1,484,753.00	549,886.41	934,866.59	37%
	2.4 Levies	13,637,284.00	6,199,020.47	7,438,263.53	45%
	2.5 Permits	2,371,824.00	2,082,473.48	289,350.52	88%
	2.6 Commercial ventures	2,610,409.00	764,664.36	1,845,744.64	43%
	2.7 Others OSR	11,259,360.00	2,219,036.53	9,040,323.47	29%
	Sub - total	72,570,740.00	23,284,084.47	49,286,655.53	32%
3	**Other revenue**				
	4.1 Bank interest received	415,000.00	407,031.70	-	98%
	4.2 Borrowings - Loans	-	640,557.99	-	
	4.2 Borrowings - Overdraft	-	-	-	
	4.3 Others	-		-	
	Sub - total	**415,000.00**	**1,047,589.69**	**-**	**252%**
Total		**1,424,184,634.64**	**509,595,449.24**	**915,221,775.09**	**0.36**
Carry over funds			**164,291,350.40**		
TOTAL			**673,886,799.64**		

1.9.2 Expenditure Performance

a. Personal Emoluments

Expenditure on personal emoluments amounted to K87.7 million against a budget of K189.8 million, giving a performance rate of 46 percent. This reflects prioritization of salaries and allowances to ensure staff motivation and continuity in public service delivery.

b. Use of Goods and Services

Operational costs consumed K173.2 million out of a budgeted K382.9 million, representing 45 percent performance. This was the strongest performing category, underscoring the continued provision of essential services despite fiscal constraints.

c. Social Benefits

Spending on social benefits reached K120.3 million out of the K282.5 million budgeted, representing 43 percent performance. Despite low revenues, this reflects the province's sustained commitment to social protection and support for vulnerable groups.

d. Non-Financial Assets (Capital Expenditure)

Capital spending was budgeted at K403.3 million, of which K137.7 million was spent, translating to 34 percent performance. The delays in the disbursement of CDF and ZDSP grants largely contributed to the under-execution of capital projects, slowing down infrastructure development and service delivery improvements.

e. Financial Assets

Expenditure on financial assets was low, with only K4.3 million spent out of the K45.5 million budgeted, representing 9 percent performance.

f. Other Repayments

Other repayments amounted to K13.1 million out of a budget of K64.2 million, representing a performance rate of 20 percent.

Table 20. Bi-annual Expenditure Performance for Western Province,2025

PAYMENTS					
#	Receipts	Budget	Actual as at 30-June 2025	Varinace	Performance
		a	b	c=a-b	b/a
		ZMW	ZMW	ZMW	%
1	Personal emoluments	189,828,163.25	87,688,673.57	102,139,489.68	46%

2	Use of goods and services	382,916,749.68	173,227,887.84	209,688,861.84	45%
3	Financial charges	53,875,220.00	11,267,747.50	42,607,472.50	21%
4	Social benefits	282,487,933.01	120,332,371.53	162,155,561.48	43%
5	Non-financial assets	403,308,622.70	137,713,943.07	265,594,679.63	34%
6	Financial assets	45,511,886.00	4,302,882.97	41,209,003.03	9%
7	Loan repayments	2,108,663.00	283,727.72	1,824,935.28	13%
8	Other repayments	64,147,397.00	13,055,778.97	51,091,618.03	20%
Total payments		**1,424,184,634.64**	**547,873,013.17**	**876,311,621.47**	**38%**
			126,013,786.47		

1.10 Central Province (Qtr. 1 &2 2025)

1.10.1 Revenue Performance

Total revenue and grants were projected at K1.4 billion for the annual budget of 2025, out of which only K552.7 million was collected. This represents an overall revenue performance of 40 percent. The low performance was mainly due to delayed disbursements of national support grants, particularly capital grants and uneven performance across own-source revenue (OSR) categories. This shortfall limited the fiscal space available for executing development programmes and meeting service delivery obligations.

a. Own Source Revenue (OSR)

The province collected K83.3 million from OSR against a budget of K203.8 million, representing 41 percent performance. Fees and charges were the largest contributor, bringing in K39.7 million (42 percent performance), followed by Local taxes at K21.4 million (39 percent performance). Levies and permits also recorded moderate performances of 39 and 46 percent respectively. Licenses achieved 36 percent, while commercial ventures at 19 percent. On the other hand, “Other OSR” achieved 52 percent. Overall, OSR performance was moderate but insufficient to offset shortfalls in national transfers.

b. Grants (National Support)

Grants from central government during the first half of the year amounted to K467.8 million against a budget of K1.2 billion, giving a performance rate of 39 percent. The Local Government Equalization Fund was the most predictable transfer, but it only registered 39 percent of its target. Grants in Lieu of Rates performed at 113 percent, while Sector Grants were at 60 percent. Disbursements for the Constituency Development Fund (CDF) stood at K165.6 million, translating to 31 percent of the budget, while ZDSP Capital Grants recorded a 0 percent. Other Grants contributed K115.2 million, reflecting 50 percent performance. The overall weak grant disbursement constrained the ability of the province to implement development projects, especially those tied to capital and constituency-level initiatives.

c. Other Revenue

Other revenue, though a small portion of the budget, performed well 334%. Despite the impressive performance, the absolute amounts remained marginal relative to total revenue as there was a low budget set.

Table 21. Bi-annual Revenue Performance for Central Province,2025

#	Receipts	Budget	Actual	Variance	Performance
			as at 30-June 2025		
1	**National Support**				
	1.1 Local Government Equalisation Fund	139,506,874.93	53,776,009.91	85,730,865.02	39%
	1.2 Grants In Lieu of Rates	4,535,000.00	5,002,000.00	(567,000.00)	113%
	1.3 Sector Grants	212,674,613.00	128,294,776.29	84,379,836.71	60%
	1.4 ZDSP Capital Grants	61,579,998.84	-	61,579,998.84	0%
	1.5 Constituency Development Fund	540,872,261.00	165,585,532.00	375,286,729.00	31%
	1.6 Other Grants	232,043,348.66	115,190,021.10	116,853,327.56	50%
	Sub - total	1,191,112,096.47	467,848,339.30	723,263,757.17	39%
2	**Own Source Revenue**				
	2.1 Local Taxes	54,872,989.00	21,415,986.98	33,457,002.02	39%
	2.2 Fee & Charges	95,400,696.00	39,673,681.59	55,727,014.41	42%
	2.3 Licences	5,548,596.00	2,014,536.15	3,534,059.85	36%
	2.4 Levies	23,800,314.00	9,179,672.92	14,620,641.08	39%
	2.5 Permits	16,923,151.00	7,757,415.79	9,165,735.21	46%
	2.6 Commercial ventures	1,842,173.00	358,660.83	1,483,512.17	19%
	2.7 Others OSR	5,494,296.00	2,865,809.23	2,628,486.77	52%
	Sub - total	203,882,215.00	83,265,763.49	120,616,451.87	41%
3	**Other revenue**				
	4.1 Bank interest received	472,745.00	943,600.44	-	200%
	4.2 Borrowings - Loans	-	487,577.00	-	
	4.2 Borrowings - Overdraft	-	-	-	
	4.3 Others	-	146,543.00	-	
	Sub - total	**472,745.00**	**1,577,720.44**	**-**	**334%**
Total		**1,395,467,056.83**	**552,691,823.23**	**843,880,209.04**	**0.40**
Carry over funds			**232,162,797.00**		
TOTAL			**784,854,620.23**		

1.10.2 Expenditure Performance

a. Personal Emoluments

Expenditure on personal emoluments amounted to K123.8 million against a budget of K224.2 million, giving a performance rate of 55 percent. This reflects prioritization of salaries and allowances to ensure staff motivation and continuity in public service delivery.

b. Use of Goods and Services

Operational costs consumed K119.5 million out of a budgeted K406.5 million, representing 29 percent performance. This was the strongest performing category, underscoring the continued provision of essential services despite fiscal constraints.

c. Social Benefits

Spending on social benefits reached K238.6 million out of the K287.6 million budgeted, representing 83 percent performance. Despite low revenues, this reflects the province's sustained commitment to social protection and support for vulnerable groups.

d. Non-Financial Assets (Capital Expenditure)

Capital spending was budgeted at K401.6 million, of which K118.4 million was spent, translating to 29 percent performance. The delays in the disbursement of CDF and ZDSP grants largely contributed to the under-execution of capital projects, slowing down infrastructure development and service delivery improvements.

e. Financial Assets

Expenditure on financial assets was low, with only K8.8 million spent out of the K60.7 million budgeted, representing 14 percent performance.

f. Other Repayments

Other repayments amounted to K5.6 million out of a budget of K14.9 million, representing a performance rate of 37 percent.

Table 22 Bi-annual Expenditure Performance for Central Province,2025

PAYMENTS					
#	Receipts	Budget	Actual as at 30-June 2025	Varinace	Performance
1	Personal emoluments	224,188,860.60	123,777,397.71	100,411,462.90	55%
2	Use of goods and services	406,477,361.93	119,488,002.21	286,989,359.71	29%
3	Financial charges	43,231.00	233,887.00	(190,656.00)	541%

4	Social benefits	287,591,623.76	238,612,634.76	48,978,989.00	83%
5	Non-financial assets	401,590,101.17	118,418,364.63	283,171,736.54	29%
6	Financial assets	60,681,681.25	8,785,462.27	51,896,218.98	14%
7	Loan repayments	-	-	-	
8	Other repayments	14,894,197.12	5,565,802.15	9,328,394.97	37%
Total payments		**1,395,467,056.83**	**614,881,550.73**	**780,585,506.10**	**44%**
Net Budget Performance			**169,973,069.50**		

2. DEBT AND ARREARS

The consolidated debt and arrears stood at K5.9 billion, with significant liabilities in NAPSA arrears, ZRA PAYE, and personnel emoluments. See the table below;

Table 23: Debt / Arrears for LAs

NATIONAL D&A CONSOLIDATED		
DEBT and ARREARS		
DEBT AND ARREARS TYPE	**OUTSTANDING AMOUNTS**	**OUTSTANDING AMOUNTS**
	1-Jan-2025	**30-Jun-2025**
	ZMW	ZMW
PE'S	259,896,162.15	289,926,530.23
ZAMTEL	10,671,391.36	11,820,803.09
ZESCO	36,354,139.27	36,732,241.32
WATER	34,704,768.49	34,470,968.53
LEGAL COSTS	12,913,241.01	13,605,014.22
NAPSA ARREARS	819,655,000.77	1,163,258,044.95
NAPSA ARREARS - PENALTIES	2,040,548,217.81	2,404,691,698.82
LASF ARREARS	294,226,398.65	194,845,549.92
LASF ARREARS - PENALTIES	12,982,925.44	13,010,055.24
OTHER PENSION ARREARS	121,766,909.01	121,154,375.50
OTHER PENSIONS ARREARS - PENALTIES	5,514,103.98	6,001,379.83
ZRA PAYE	1,320,986,961.26	1,382,139,073.77
ZRA - PENALTIES	47,023,312.96	141,856,491.90

GOODS & SERVICES	53,971,699.65	39,613,028.01
CAPITAL	32,411,497.99	11,062,700.08
Total	5,103,626,729.79	5,864,187,955.41

3. AUDIT RECOMMENDATIONS AND IMPLEMENTATION

The audit recommendations and implementation for the Local Authorities were summarized in a table and extracted from the draft Treasury Minute on the report of the committee of Local Government accounts on the report of the Auditor General on the accounts of Local Authorities for the financial year ended 31st December, 2022. See appendix 1

4. CONCLUSION

In conclusion, the budget performance review highlights the need for local authorities to improve revenue mobilization, expenditure execution, and budget planning. By addressing these challenges and implementing the recommended measures, local authorities can enhance their financial sustainability and deliver essential services to citizens. Key stakeholders, including the Ministry of Finance and National Planning, should prioritize support for local authorities in budget planning, execution, and debt management to ensure sustainable development. With timely and effective action, local authorities can overcome these challenges and achieve their development goals