

SUBMISSIONS ON THE 2026 NATIONAL BUDGET: HEAD 29 MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

**SUBMITTED TO THE COMMITTEE ON LOCAL GOVERNANCE AND
TRADITIONAL AFFAIRS OF THE NATIONAL ASSEMBLY OF ZAMBIA**

Submitted By
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MECHANISM ON
SRH/FP ZAMBIA

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FOR THEOLOGICAL
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TABLE OF CONTENTS

INTRODUCTION & BACKGROUND	1
POLICY AND BUDGET ALIGNMENT CONTEXT	2
health and Decentralization commitments	
head 292026 budget allocation and analysis	
HEALTH AND DECENTRALISATION COMMITMENTS	
HEAD 29 2026 BUDGET ALLOCATION	
OVERALL BUDGET ALLOCATION AND PERCENTAGE CHANGE IN 2026	
Analysis of the Local Governance Allocation as a program	3
Local Governance Programme (K8.98 billion decrease – 86.32%)	
ANALYSIS OF THE LOCAL GOVERNANCE PROGRAMME ALLOCATION	
BUDGET TREND ANALYSIS TABLE 2024-2026	4
GENERAL OBSERVATIONS	7
CONCLUSION	9



→ 1.0 INTRODUCTION AND BACKGROUND

1.1 Background

The Ministry of Local Government and Rural Development (MLGRD) serves as the central institution for Zambia's decentralized governance and rural service delivery. Its mandate, which includes overseeing local authorities, rural development programmes, and traditional leadership affairs, positions it as a key actor in achieving national objectives for poverty reduction, equitable development, and improved access to basic services. The effectiveness of this mandate is heavily dependent on the financing of key instruments under its purview, primarily the Constituency Development Fund (CDF) and the Local Government Equalisation Fund, which are critical for funding local infrastructure, community projects, and primary services such as healthcare, water, and sanitation. Presently, the Ministry of Local Government and Rural Development is present in all the 116 districts, and many of the functions have been devolved and decentralised such as Primary Health Care, especially since the Ministry functions through the local authorities as means to achieve the decentralisation.

The Government has devolved functions of the Ministry of Local Government and Rural Development (MLGRD) to play a critical role in advancing Primary Health Care (PHC). Under the decentralization framework, local authorities are responsible for the provision of essential services that directly shape health outcomes, including water and sanitation (WASH), settlement planning, waste management, public health infrastructure, and community mobilization. By bringing decision-making and resources closer to the people, these devolved functions strengthen access to PHC services.

The realization of the right to health depends on addressing the broader determinants of health that local authorities manage. When the ministry prioritizes equitable service delivery, transparent budgeting, and citizen participation, it advances the principles of universality, non-discrimination, and accountability core elements of a human rights-based approach. In this way, devolved governance under it becomes a channel for ensuring that every individual, particularly women, children, persons with disabilities, and rural populations, can access quality primary health care without discrimination.



On 26th September 2025, the Minister of Finance and National Planning, Dr. Situmbeko Musokotwane, MP, presented the 2026 National Budget to the National Assembly. The budget, themed "Consolidating Economic and Social Gains Towards a Prosperous, Resilient and Equitable Zambia," explicitly emphasizes decentralized funding as a vehicle for inclusive growth. In line with the parliamentary consultative process, this Committee subsequently resolved to analyze the proposed allocations.

This brief, submitted in response to that request, provides a critical examination of the proposed budget for Head 29: Local Government and Rural Development. The analysis assesses the fiscal sufficiency of the allocation in relation to the Ministry's mandate and its potential implications for achieving planned outputs and outcomes, with particular attention to implementation capacity and service delivery. Furthermore, it evaluates the alignment of the proposed budget with Zambia's national development priorities, including the Eighth National Development Plan (8NDP), and its coherence with international commitments such as the Sustainable Development Goals (SDGs). Based on this analysis, the brief concludes with recommendations aimed at enhancing the budget's responsiveness, equity, and accountability.

POLICY AND BUDGET ALIGNMENT CONTEXT

The national framework for local government is guided by key statutes and policies, including the Constitution as amended in 2016, the Local Government Act of 2019, Urban and Regional Planning Act No. 3 of 2015 the 2023 Decentralization Policy, and the 8NDP. This is complemented by international commitments such as the Abuja Declaration, the African Charter on Decentralization, the Strategic Development Goals (SDGs), Agenda 2063 and the Paris Agreement.



HEALTH AND DECENTRALISATION COMMITMENTS

The MLGRD budget, though concentrated on the Local Governance Programme (K8.975 billion) and the Rural Development Programme (K771.9 million), relates to health through:

- **Eighth National Development Plan (8thNDP)** The 'Human and Social Development' pillar of the 8NDP seeks to provide quality essential health-care services for the entire population. This is to be achieved through strengthening of public health programmes by addressing the following; Population Dynamics, Poverty and Inequality, Education and Skills Development, Health and Nutrition, Water and Sanitation and Governance Environment
- **National Decentralisation Policy (Revised, 2023):** This policy provides the framework for transferring critical government functions, specifically primary healthcare services, ambulance operations, and public health management, to Local Authorities. It mandates capacity-building for local health managers and officials to enhance planning and resource management.
- **National Health Strategic Plan (NHSP 2022–2026):** This plan champions decentralisation as central to achieving Universal Health Coverage (UHC). It envisions delivering quality, accessible health services "as close to the family as possible," giving a critical role to Local Authorities in inter-sectoral collaboration for health outcomes like water, sanitation, and hygiene (WASH).

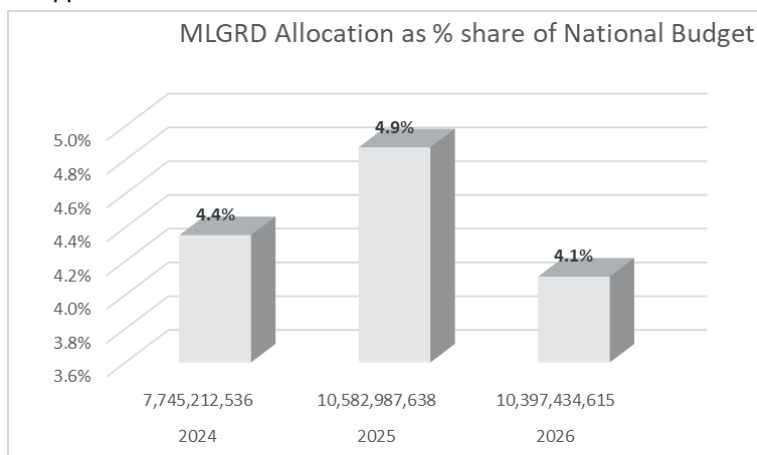
- **National Strategic Plan for Infection Prevention and Control (IPC) 2022–2032):** This plan explicitly assigns Local Authorities the central role in ensuring health facilities and communities have access to safe water, adequate sanitation, proper waste management, and hygienic living conditions. This is critical for reducing healthcare-associated infections and enhancing community resilience.
- **Local Government Equalisation Fund (LGEF):** The LGEF allocates at least 5% of projected income tax revenue to councils to deliver essential services. While not earmarked for health, councils can allocate capital and operational funds toward health and WASH services.

NOTE

While the 8NDP comes to an end in 2026, it is critical to understand its achievements for the health sector and its responsiveness to the needs in the face of emerging issues such as drought and withdrawal of donor funding for the health sector.

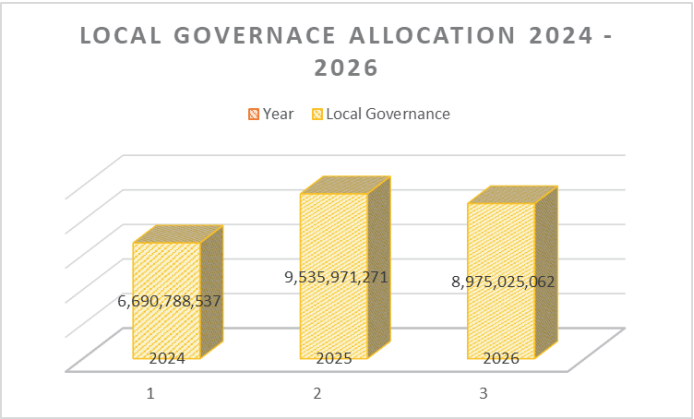
HEAD 29 2026 BUDGET ALLOCATION OVERALL BUDGET ALLOCATION AND PERCENTAGE CHANGE IN 2026

The Ministry of Local Government and Rural Development has been allocated a total of K10.4 bn in 2026. The total budget for the Ministry decreased from 10.6 bn in 2025 to 10.4 bn in 2026. This reflects a total decrease of K185 million from the 2025 to the 2026 budget allocation.. The MLGRD's share of the national budget dropped from 4.9% in 2025 to 4.1% in 2026



In 2026, when adjusted for inflation, the real value of the Ministry's total allocation declines to K9.7 billion. This significant reduction undermines the Ministry's capacity to implement its planned activities effectively. It also signals a concerning shift in government priorities—suggesting that this Ministry is receiving comparatively less attention and investment than others. Such underfunding risks stalling progress in critical areas and weakening institutional delivery at a time when strategic investment is most needed.

ANALYSIS OF THE LOCAL GOVERNANCE ALLOCATION AS A PROGRAM

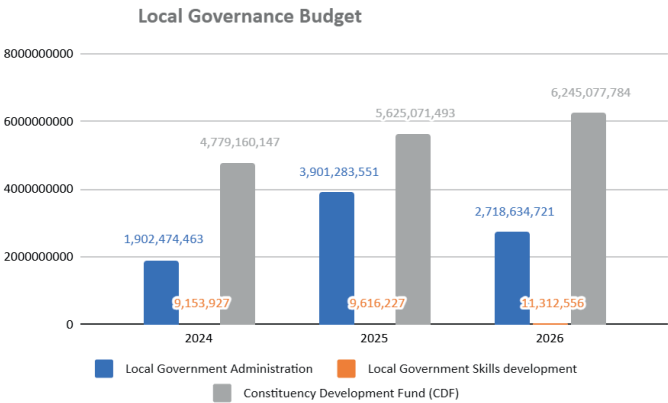


The Chart shows the Local Government allocation

As the largest programme, its funding fluctuations have the biggest impact on the Ministry's total budget. It saw a huge injection of funds between 2024 and 2025 with a 42.52% increase. However, for 2026, the budget is estimated to decrease by 5.88% to K8.98 billion. Despite this reduction, it remains the overwhelmingly dominant programme, commanding 86.32% of the Ministry's entire budget. It is of concern that the budget lines of "Use of Goods and Services", "Provincial Local Government Office Administration" and "Local Government Equalization Fund" have all stagnated.

Local Governance saw a decrease, particularly under the sub-programme of local administration. This is of concern as it facilitates the supervision of Local Authorities' performance and ensures the Decentralisation of functions from Central Government to Local Authorities, in line with the National Decentralisation Policy. The CDF tracking sub-programme failed to meet its targets of "Percentage of disbursed CDF utilised"; 80% was targeted, and 75% achieved. Additionally, the number of constituencies approving CDF components within the stipulated timeline was not achieved at 140 against 156.

ANALYSIS OF THE LOCAL GOVERNANCE PROGRAMME ALLOCATION



The Chart shows the Local Government allocation

The 2026 budget for Head 29 demonstrates strong rhetorical commitment to decentralisation and rural transformation, but the intra-programme allocations and emerging trends indicate uneven prioritisation and growing implementation risks.

LOCAL GOVERNANCE PROGRAMME (K8.98 BILLION DECREASE – 86.32%)

This remains the dominant programme by a wide margin, largely because it houses the Constituency Development Fund (CDF). However, contrary to the overall size, the programme faces a 5.88% reduction from 2025. Critical sub-programmes such as Local Administration, the Equalization Fund, Provincial Local Government Office Administration, and the CDF Tracking Unit have either stagnated or experienced cuts.

Notably:

Key targets were not met in 2023, including:

- **CDF utilization:** 75% achieved against an 80% target.
- **Timely approvals:** Only 140 constituencies approved CDF components within expected timelines, against a target of 156.

CONCERN

However, the Ministry has seen a decrease in each budget line allocation except "Personal Emoluments". How it will achieve its policy targets on a reduced budget is a source of concern.



BUDGET TREND ANALYSIS TABLE 2024-2026

PROGRAMME	SUB PROGRAMS	2024 Allocation	2025 Allocation	2026 Allocation	3-Year Trend & Difference (2025 vs 2026)
Human Settlements Planning and Regulations	- Urban and Regional Planning - Infrastructure Development	K9.6 million (0.1%)	K10.6 million (0.1%)	K9.6 million (0.1%)	▼ K1.0 million (0.0% No significant change)
Funding for this programme has been volatile. After a modest increase of 6.58% in 2025, it faces a 14.42% cut for 2026. This brings its total allocation to K9.6 million, which is lower than its 2025 budget, indicating a net decrease in funding over the period. Despite the urban planning programme meeting the majority of its targets, there has been a decrease in funding for the programme that facilitates the development of sustainable human settlements in accordance with the Urban and Regional Planning Act No. 3 of 2015. The only budget line which increased was salaries, while assets funding was cut completely.					
Local Governance	- Local Government Administration - Local Government Skills Development - Constituency Development Fund (CDF)	K9.14 billion (86.4%)	K9.53 billion (90.1%)	K8.98 billion (86.3%)	▼million K550 (▼ Significant change of 3.8%)
As the largest programme, its funding fluctuations have the biggest impact on the Ministry's total budget. It saw a huge injection of funds between 2024 and 2025 with a 42.52% increase. However, for 2026, the budget is estimated to decrease by 5.88% to K8.98 billion. Despite this reduction, it remains the overwhelmingly dominant programme, commanding 86.32% of the Ministry's entire budget. It is of concern that the budget lines of "Use of Goods and Services", "Provincial Local Government Office Administration" and "Local Government Equalisation Fund" have all stagnated. Local Governance saw a decrease, particularly under the sub-programme of local administration. This is of concern as it facilitates the supervision of Local Authorities' performance and ensures the Decentralisation of functions from Central Government to Local Authorities, in line with the National Decentralisation Policy. The CDF tracking sub-programme failed to meet its targets of "Percentage of disbursed CDF utilised"; 80% was targeted, and 75% achieved. Additionally, the number of constituencies approving CDF components within the stipulated timeline was not achieved at 140 against 156.					

Municipal Infrastructure and Support Delivery	- Service Improvement and Equipment Acquisition. Infrastructure Development - Urban and Regional Planning	-K158.7 million (1.5%)	K95.2 million (0.9%)	K83.2 million ▼ K12.0 million (0.8%)	▼ 0.1% Slight change)
This programme has faced consistent and significant cuts. Its budget was reduced by 16.75% between 2024 and 2025 and is set for another 15.22% reduction in 2026. This brings its total allocation down to K82.0 million, showing a clear trend of reprioritisation over the three years. We have seen reductions in the “Use of Goods and Services” and “Assets”, under which roads were completely cut. There were rises in salaries and transfers, while there was stagnation in Markets and Bus Stations, which is of concern because cuts to Infrastructure Development result in failure to meet most targets under this programme					
Customary Governance	- Chiefs Welfare - Village Record - House of Chiefs Business	K190.4 million (1.8%)	K158.7 million (1.5%)	K197.6 million ▲ K38.9 million (1.9%)	▲ 0.4% points)
This programme has seen steady and significant growth. It grew by 14.85% between 2024 and 2025 and is projected to increase by another 23.61% in 2026, bringing its total allocation to K202.3 million. This consistent increase indicates a strengthening focus on supporting traditional leadership and governance structures. While the care for the chief's welfare is commendable, the other sub-programmes have seen decreases in lines such as “Use of Goods and Services” this relates to the House of Chiefs Sessions and Purchase of Village Registers. The reduction in funding in this area is of concern for record-keeping which directly impacts PHC services through civil registration and vital statistics(CRVS). Despite targets for village records being met, and increased for 2026, there has been a reduction in the budget which is of concern.					
Rural Development	- Infrastructure Development - Rural Development Coordination	K105.8 million (1.0%)	K402.0 million (3.8%)	K769.6 million (7.4%)	▲ K367.6 million (▲ 3.6% points)
This programme is the biggest winner in terms of growth. After a massive 432.44% increase from 2024 to 2025, it is set to grow by another 89.82% in 2026, reaching an allocation of K771.9 million. This reflects a clear and sustained prioritisation of rural infrastructure and development initiatives over the three years. Growth in this area is commendable as it is going towards “Infrastructure Development”. Earmarked for roads under local authorities, community roads, crossing points, rural market shelters, water schemes, solid waste bio-gas digesters, rehabilitation of dams and mini solar grids. Also, all the targets were met for the programme, except for the dissemination meetings for the NRDS held.					
Management and Support Services	- Executive Office Management - Human Resource Management and Administration	K975.4 million (9.2%)	K370.3 million (3.5%)	K353.6 million ▼ K16.7 million (3.4%)	▼ 0.1% points)

- | | | | | | |
|--|---|--|--|--|--|
| | <ul style="list-style-type: none"> • Financial Management • Accounting • Financial Management Auditing • Procurement Management Planning and Policy Coordination | | | | |
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This programme experienced a massive budget cut of 47.98% between 2024 and 2025. The reduction continues into 2026, though less severely, with a further decrease of 3.31%. Its 2026 allocation stands at K356.6 million, less than half of what it was in 2024, suggesting a major scaling back of administrative and overhead costs. Here we have noted with concern the decreases in human resources, planning and policy coordination, and financial management, accounting and audit. While “Executive Office Management” and “Procurement Management” saw increases.

A number of targets were not met:

- Number of staff sponsored for short-term training (15 against 20)
- Number of Staff sponsored for long-term training (2 against 8)
- Number of activity reports produced (1 against 4)
- Number of Policies reviewed (2 against 3)

The following were not reported and it is unknown whether targets were met or not:

- Presence of annual audit committee report
- Number of Audit committee sittings undertaken
- Number of ministerial Audit reports produced
- Number of Local Authorities Audited
- Number of CDF financial statements
- Number of Ministerial General-purpose financial statements
- Number of Local Authorities with upgraded Local Area Networks
- Number of Local Authority websites supported
- MLGRD Management Information System is in place
- Number of Ministerial financial statements produced
- Proportion of debt liquidated

TOTAL MINISTRY BUDGET

K10.58 billion
(100%)

K10.58 billion
(100%)

K10.40 billion ▼
(100%)

K180 million (Overall
Reduction)

GENERAL OBSERVATIONS

1 CDF Growth Without Governance Reform

The government in both the Decentralization Policy and the 2026-2028 Medium Term Budget Plan (MTBP) have indicated that they will adopt an equity-based formula for allocating CDF. However, the 2026 allocation has been increased without an effective criterion for ensuring that allocations are needs-based in the different constituencies.

3 Weak Alignment Between Targets and Resource Flows

Several successful sub-programmes (village registers, human settlements, rural infrastructure) have faced stagnant or reduced allocations despite meeting most targets, while underperforming areas like Chiefs' Welfare enjoy large increases.

5 Perceived Politicisation Risks in Customary and CDF Allocations

The sharp rise in Chiefs' welfare against cuts in customary governance functions, and the absence of clarity around empowerment funds under CDF, point to a politically reactive rather than institutionally coherent approach.

2 Infrastructure Emphasis Without Administrative Backing

Programs like Rural Development and Customary Governance are growing, but the enabling systems, planning, accounting, local administration, audits, MIS, and financial reporting are being cut. This imbalance threatens project accountability and sustainability.

4 Inadequate Institutional Capacity

Cuts in Management and Support Services, Human Resource development, and audit functions erode the Ministry's ability to enforce standards, monitor implementation, and provide technical supervision to local authorities.

6 Financial Accountability, transparency and Oversight

It is concerning that both the CDF financial statements and the annual audit committee reports were not produced during the reporting period. This omission suggests potential lapses or weaknesses in public financial management systems, particularly in areas related to financial accountability, transparency, and oversight. The absence of these critical documents may hinder effective monitoring and evaluation of fund utilization and could undermine stakeholder confidence in the financial governance processes.

RECOMMENDATIONS FOR ENHANCED HEALTH SUPPORT AT THE LOCAL GOVERNMENT LEVEL

The current budget's heavy infrastructure focus in the Rural Development Programme and the reliance on the Constituency Development Fund (CDF) for ad-hoc health projects create an imbalance that threatens the long-term sustainability and equitable delivery of essential health services. The following recommendations target the financial, planning, and logistical mechanisms necessary to embed health security within local governance structures

Dedicate and Earmark Local Health Funding

The current contribution of the Constituency Development Fund (CDF) to health is significantly low and inconsistent across constituencies.

Mandate Health Allocation: It is recommended that a minimum of 15% of the CDF budget be specifically allocated to health development programmes. This floor ensures the local-level allocation to the sector meets or exceeds the minimum commitment of the Abuja Declaration on Health Financing.

Leverage Equalization Fund: Introduce a dedicated percentage of the Local Government Equalisation Fund (LGEF) for essential health such as Sexual Reproductive Health and Water, Sanitation, and Hygiene (WASH) services to ensure consistent funding streams, which councils can currently use for health initiatives but are not earmarked.

Align Local Budgets with National Health Strategy

The devolution of district health services must be fully supported by cohesive planning and resource allocation.

Alignment of Devolved Functions: MLGRD has the mandate to promote a decentralised, effective local governance system and facilitate the delivery of municipal Services and infrastructure development through Local Authorities in order to effectively and efficiently contribute to sustainable socio-economic development as well as facilitate rural development and customary affairs for improved quality of life and economic well-being of citizens across the country. The head budget does not account for outputs aligned to its mandate in light of the devolution of functions. It is recommended that MLGRD should have corresponding outputs for its devolved functions for the relevant directorates at district level i.e DHOs to improve accountability

Strengthen Disaster Preparedness and Resilience

Recent public health crises necessitate a robust local capacity for mitigation, response, and recovery.

»» **Address Last-Mile Distribution:** To ensure a stable supply of essential medicines and avert stockouts, the budget should address the procurement of utility vehicles using CDF per district to assist the Zambia Medicines and Medical Supplies Agency (ZAMMSA) with last-mile distribution.

»» **Invest in Health ICT:** Enhance the investment in government-owned ICT infrastructure, such as the SmartCare Pro Electronic Health Record (EHR) System, which is crucial for data-driven emergency response and consistent service delivery.

»» **Invest in Public Health Infrastructure:** The development of water schemes, rural market shelters, and solid waste bio-gas digesters under the Rural Development Programme must be accompanied by dedicated budgets for maintenance systems and community ownership to ensure they remain functional during and after disasters



Enhance Capacity and Accountability

The budget's cuts observed to administrative, audit, and capacity-building functions threaten effective decentralization of the health sector

»» **Enhance Local Capacity:** Reintroduce and increase financing for short-term and long-term staff training for local health managers and local authority officials on procurement, financial management, and project sustainability under the Management and Support Services Programme.

»» **Promote Participatory Budgeting:** Institutionalise participatory budgeting forums at the district and ward level to ensure health priorities reflect community needs, especially for vulnerable groups such as Persons with Disability, women and young people thereby strengthening community ownership and relevance of services.

»» **Enforce Financial Transparency:** Require quarterly public expenditure reports on health-related allocations and outcomes at the council level, ensuring citizen access to this information to improve accountability in fund utilisation.

Local Governance, Health System Strengthening, and Disaster Resilience: 2026 Budget Imperatives

The ongoing decentralization process and the recent public health emergencies, such as the 2024 Cholera outbreak and severe drought, underscore the critical and expanding mandate of Local Authorities in safeguarding public health and enhancing community resilience. As functions like district health services and public health management are devolved, the 2026 budget for the Ministry of Local Government and Rural Development (MLGRD), Head 29, must structurally and fiscally align to meet these responsibilities, moving beyond mere infrastructure development.

Addressing the Internal Budget Misalignments and Governance

strongly recommend that the Ministry addresses the internal budget misalignments and governance risks as the 2026 allocations may widen implementation deficits rather than close them.

The opportunity exists to correct course by:

➤ Rebalancing programme budgets,

➤ Funding critical support systems

{ We propose to reallocate K110 mn from the sub program planning and policy coordination under the Management and Support Services program which is set to receive K310 mn }

➤ Implementing audit findings

➤ And enforcing transparency in empowerment and CDF disbursement.

CONCLUSION

The 2026 MLGRD budget reflects a commitment to decentralisation in aggregate terms, with the Local Governance and Rural Development programmes receiving the vast majority of the Ministry's funding. However, the credibility and potential impact of this budget are undermined by cuts to planning, accountability, urban development, audit functions, and implementation support systems.

The government cannot deliver decentralisation and rural transformation with infrastructure spending alone. Without adequate investment in local capacity, monitoring, policy coordination, institutional compliance, and accountability especially through the CDF, there is a heightened risk of amplifying wastage, delays, misuse, and corruption.

In view of USAID's withdrawal of support, the Constituency Development Fund (CDF) presents a significant opportunity for Zambia to enhance domestic resource mobilization for primary health care. By strategically leveraging the CDF, Parliament and relevant authorities can ensure that communities have access to sustainable, locally driven health services. This approach would reduce dependency on external funding, strengthen accountability in resource allocation, and support the long-term development of Zambia's primary health care system, particularly in underserved and rural areas.

In conclusion, local authorities are indispensable in supplementing primary health care, acting as the frontline agents who translate policy into tangible services. Their interventions ensure that health care reaches every community, strengthens accountability, and builds a sustainable, locally-driven health system that responds effectively to the needs of Zambia's people.



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