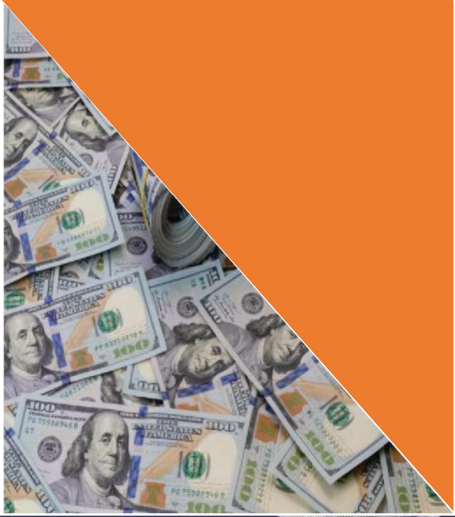


2026
ANNUAL BORROWING PLAN



MINISTRY OF FINANCE AND
NATIONAL PLANNING





Republic of Zambia

2026 ANNUAL BORROWING PLAN

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GENERAL STATEMENT

The 2026 Annual Borrowing Plan (ABP) outlines Government's plan to mobilise resources required to finance the deficit in the 2026 National Budget. The 2026 ABP has, therefore, been prepared in accordance with Section 9 of the Public Debt Management Act No. 15 of 2022, and reflects Government's commitment to prudent and sustainable borrowing for strategic national development. Approval of the 2026 ABP by the National Assembly implies approval of the loans contained therein for the 2026 financial year.

Notwithstanding the reforms being undertaken to restore debt sustainability, Government acknowledges the need to continue providing essential public goods and services for economic transformation and job creation. Therefore, the 2026 ABP addresses the requirement for the Government to bridge the financing gap in the 2026 National Budget, underpinned by the debt strategies outlined in the 2025 - 2027 Medium-Term Debt Management Strategy (MTDS).

Publication of the ABP demonstrates Government's commitment to enhance transparency and accountability in the contraction of public debt.

ACRONYMS

8NDP Eighth National Development Plan

ABP Annual Borrowing Plan

ECF Extended Credit Facility

IMF International Monetary Fund

MTDS Medium Term Debt Strategy

NDF Net Domestic Financing

DEFINITIONS

Debt service refers to payments made to meet a debt obligation and it includes interest payments and principal repayments.

Debt stock is the total amount of debt outstanding at a particular point in time.

Disbursements/Drawdowns are agreed amounts of money under a loan contract paid from the lender's account to the borrower's account. Once received by the borrower, disbursements/drawdowns on a loan become part of the debt stock.

Government securities are debt instruments used by the Government to raise financing for budget support. They constitute Treasury bills, which mature within a year and Government bonds, which have a maturity period of more than one year.

Maturities refer to the principal repayment on a loan due at a particular point in time.

Net Domestic Financing (NDF) refers to the total domestic borrowing less maturities on Government securities falling due during the period under consideration, available to finance the budget.

T+4 (Treasury Bills) refers to the date of the auction (T) which is usually on a Thursday plus 4 days from the date of the Auction which is usually on a Monday when settlement takes place.

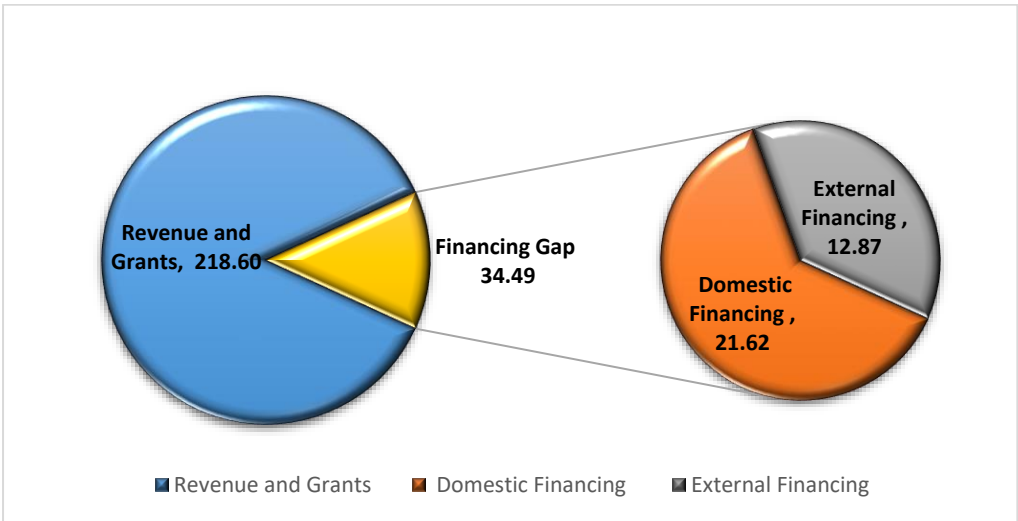
T + 3 (Bonds) is the date of the auction (T) which is usually on a Friday plus 3 days from the date of the Auction which is usually on a Monday when settlement takes place.

1.0 TOTAL BORROWING NEEDS FOR THE FINANCIAL YEAR 2026

In 2026, the Government plans to spend **K253.09 billion**, with funding sourced from tax and non-tax revenues, grants, and debt. Total revenue and grants are projected at **K218.60 billion**, resulting in a fiscal deficit of **K34.49 billion**. This deficit will be financed through a combination of domestic financing of **K21.62 billion** and external financing of **K12.87 billion**.

The domestic financing of **K21.62 billion** relates to new debt to be raised from the domestic market through issuances of Government securities in 2026, while the external borrowing of **K12.87 billion** relates to projected disbursements on already contracted loans.

Figure 1: 2026 Resource Requirements (K’ Billion)



Source: Ministry of Finance and National Planning

1.1 Debt to be Contracted in 2026

In 2026, the Government plans to borrow **K21.62 billion** from the domestic market for budget support. Government does not plan to contract any new external loans in 2026, therefore, external financing in the 2026 budget relates only to disbursements on already contracted debt.

2.0 DOMESTIC FINANCING

In line with the Medium-Term Debt Strategy, borrowing from the domestic market will be utilised to refinance domestic debt falling due within 2026 and finance part of the budget deficit. Government bonds will continue to be issued at face value with market driven coupon rates while Treasury bills will continue to be issued at a discount at market yield rates. Additionally, Government securities will be issued in local currency through competitive and non-competitive bidding at single price allotment.

Accordingly, gross domestic borrowing for the financial year 2026 is projected at **K106 billion**. Of this amount, **K21.62 billion** will go towards financing part of the 2026 budget deficit, with the remaining **K84.38 billion** being utilised to refinance domestic debt maturities.

Further, commencing in 2026, Government will undertake market based domestic debt portfolio optimisation operations. These operations are intended to develop and deepen the domestic debt and capital markets through the re-introduction of Government's benchmark bond programme, as well as optimise our debt management strategies with the goal of elongating the maturity profile and smoothening the redemption profile of our existing debt in the medium to long term.

2.1 Methods of Raising Domestic Financing

Borrowing from the domestic market during the review period will principally be conducted through competitive public auctions of Government securities. The Bank of Zambia as the fiscal agent of the Government will continue to facilitate the issuance of Government securities for purposes of raising domestic financing.

2.2 Domestic Debt Borrowing Instruments

Government bonds will constitute both medium and long-term domestic debt instruments to be issued during the year. The tenors on offer will be the 2-year, 3-year, 5-year, 7-year, 10-year and 15-year bonds to be issued monthly, with T + 3 being the settlement date.

Treasury bills will constitute 91-day, 180-day, 273-day and 364-day bill tenors to be issued fortnightly, with T + 4 being the settlement date.

Other instruments in line with the debt strategy may be introduced as and when deemed necessary upon sufficient market feedback.

2.3 2026 Issuance Calendar

Indicative timing of Government securities auctions will be published through quarterly issuance calendars with Government bond auctions generally expected to be conducted on a monthly basis and Treasury bills auctions fortnightly. However, the issuance calendar will provide the actual auction dates and offer amounts for each public auction during the course of a quarter.

Further, issuance calendars will be published for domestic debt portfolio optimisation operations for which the applicable terms will be shared through respective prospectus.

The calendars will be published on the Bank of Zambia website and in daily newspapers for wider circulation in Zambia.

2.4 Broad Terms of Borrowing

Yield rates on Government securities will be market driven. The Government will, however, monitor movements in the yield rates in line with Government's objective of borrowing at least cost with a prudent degree of risk.

2.5 Maximum Limit on Net Domestic Financing

The maximum limit on Net Domestic Financing for the 2026 financial year is Twenty-One Billion, Six Hundred and Twenty Million Kwacha only, **(K21,620,000,000)**.

3.0 EXTERNAL FINANCING

3.1 2026 Projected Disbursements on Existing Loans

In 2026, disbursements on loan financed projects are projected at **US\$494.98 million**. The timing of the disbursements will be in line with the implementation schedules and quarterly milestones of the projects. The funds will be utilised for the implementation of ongoing projects across various sectors of the economy.

Implementation of these projects is key to achieving economic transformation as set out in the 8NDP.

Table 1: Projected Disbursements on Existing External Loans

Description	2026 Projected Disbursements (US \$)
Drawdown on already contracted loans	494,984,000.00

Source: Ministry of Finance and National Planning

4.0 NET CHANGE IN PUBLIC DEBT

Total Government securities issuances in 2026 are projected at **K106 billion**. With maturities on domestic debt estimated at **K84.38 billion**, the net increase on the domestic debt stock is projected at **K21.62 billion** as at end December 2026.

On the external side, disbursements are projected at **US\$ 494.98 million (K12.87 billion)**, while principal repayments are projected at **US\$573.04 million (K14.90 billion)**, resulting in a net decrease of **US\$78.06 million (K2.03 billion)** in the external debt stock.

Overall, the projected impact of Central Government borrowing operations in 2026, both domestic and external, is a net increase of **K19.59 billion (US\$509.35. million)** in the stock of Central Government debt by end-December 2026, relative to the debt stock as at end December 2025.

5.0 RISK MANAGEMENT

5.1 Debt Financing Risks

- i. **Refinancing Risk:** A high proportion of short-term domestic debt instruments are largely associated with high refinancing risks as they mature within a period of a year and at a higher frequency;
- ii. **Low Subscriptions:** Undersubscription in Government securities may arise due to the unpredictability of investor demand. This risk has potential to limit actualisation of the net domestic financing contribution to the 2026 budget; and

- iii. **Interest Rate Risk:** A rise in interest rates increases the cost of borrowing from both the domestic and international market.

5.2 Risk Mitigation

The Government, in collaboration with the Bank of Zambia, will continue broadening and diversifying the investor base in the domestic market in order to promote competitive pricing and sustained demand for Government securities. In addition, Government will re-introduce the Benchmark Bond Programme to mitigate the refinancing risks on the domestic portfolio. The aforementioned risk mitigation measures will be supported by a stepped-up stakeholder engagement programme.

ANNEXES

Annex 1: Public Debt Position as at June 2025

Description	Amount (US\$ million)
Central Government External Debt	15,784
Publicly Guaranteed External Debt	1,369
Domestic Debt (Government Securities)	10,206
Total	27,359

Source: Ministry of Finance and National Planning

Annex 2: Projected Disbursements on Existing Loans

PROJECT NAME	PROJECTED DISBURSEMENTS (USD)
Small Towns Water Sanitation	70,377.10
Chinsali Nakonde Road Rehabilitation	42,565,917.57
Kabwe & Bauleni Water	3,000,000.00
Rural Water Sanitation Phase II	1,532,551.97
Small Towns Water Supply	7,298,568.73
Chiansi Small Holder	3,500,000.00
Itezhi-Tezhi Hydro Trans Line	1,034,925.16
Kariba Dam Rehab	1,450,077.91
Nacala Road Corridor Development	4,000,000.00
PIDACC Zambezi	4,170,079.09
Zambia Emergency Food Prod.	1,147,745.45
Kalabo Sikongo- Tranche I	8,000,000.00
Kalabo Sikongo- Tranche II	12,000,000.00
Cancer Treatment Centres	1,210,000.00
Great East Road Rehabilitation	4,936,740.12
Great North Road (T2) Upgrade	2,000,000.00
Kafue-L/Stone Transmission Line	5,000,000.00
Lusaka Sanitation Programme	17,895,408.63
Africa CDC Regional Investment	15,100,000.00
Devolution Support Programme	41,000,000.00
Education Enhancement	16,967,452.49
Education Enhancement	10,000,000.00
Kariba Dam Rehab	6,000,000.00

PROJECT NAME	PROJECTED DISBURSEMENTS (USD)
SADC Regional Statistics Programme	10,000,000.00
Tourism Development	23,800,000.00
Zambia Agribusiness and Trade II	49,820,000.00
Zambia Growth Opportunities	106,400,000.00
Zambia Improved Rural Communication	49,900,000.00
E-Slip Additional Financing	4,000,000.00
Financial Inclusion	3,000,000.00
Cancer Treatment Centres	6,296,864.60
National Rural Water and Sanitation	1,257,840.99
King Salman Hospital Additional Financing	9,975,732.14
King Salman Hospital & UTH Modernisation	20,654,322.49
TOTAL	494,984,000.00

Source: Ministry of Finance and National Planning

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