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**PRESS STATEMENT BY SPECIAL ASSISTANT TO THE PRESIDENT
(PRESS AND PUBLIC RELATIONS) MR ISAAC CHIPAMPE ON THE
DECISIONS MADE BY CABINET AT THE 16TH CABINET MEETING
HELD AT MULUNGUSHI INTERNATIONAL CONFERENCE CENTRE
ON MONDAY, 22ND JUNE, 2020**

His Excellency the President Dr. Edgar Chagwa Lungu called for the 16th Cabinet Meeting with the view for the highest policy making body, the Cabinet, to continue to provide policy guidance with regard to the running of the affairs of Government and the need to serve the people of Zambia and ultimately, improve their standard of living.

The following were the decisions made:

1. Provision of Economic Stimulus through Issuance of COVID-19 Bond.

Cabinet approved in principle the establishment of a K8 billion economic stimulus package that will be financed through the issuance of the COVID-19 Bond and its allocation will go towards the needy areas including payment to retirees, contractors and suppliers.

Cabinet resolved that it is necessary to provide an economic stimulus through the issuance of the COVID-19 Bond in order to improve the liquidity levels in the economy that have reduced due to the Coronavirus pandemic.

2. Agreement between the Government of the Republic of Zambia and the Government of the Republic of Mauritius for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income.

Cabinet also approved the termination of the Avoidance of Double Taxation Agreement between the Government of the Republic of Zambia and the Government of the Republic of Mauritius and initiate negotiations of a new Agreement which will introduce shared taxing rights and anti-abuse clauses.

Cabinet resolved to terminate the Agreement which came into force on 15th June, 2012 as the Agreement deals with income from a number of specific sources, such as business income, dividends, interest and royalties. It gives exclusive taxation in the country of residence of the receipt of the income. As such, Zambia does not retain taxing rights to tax dividends, interest and royalties arising in Zambia and payable to residents of Mauritius.

3. International Monetary Fund Programme Mission 22nd June to 1st July, 2020.

Cabinet also deliberated on the International Monetary Fund virtual meetings with Government from 22nd June to 1st July, 2020 to commence Programme discussions. Cabinet allowed the Minister of Finance to go ahead and hold policy discussions with the IMF because Cabinet is of the view that, in line with its governing laws, the IMF provides policy advice, technical and financial assistance to member countries and that it was necessary for Government to continue such discussions with the IMF.

Cabinet is further of the view that it remains focused to continue with its fiscal structural reforms in order to strengthen the Public Financial Management Framework aimed at restoring budget credibility, improving the efficiency of public expenditures and supporting private sector led growth even under the COVID-19 environment which has exacerbated economic challenges the world-over.

4. Engagement of Financial and Legal Advisers in Relation to Government's Debt Liability Management Exercise.

Cabinet also deliberated on the engagement of Lazard Frères of France as financial advisors and Messrs White and Case of the United States of America as legal advisors to the Republic of Zambia in relation to the liability management of its debt portfolio.

Cabinet, has as one of its priorities, implementation of measures to restore debt sustainability in order to effectively implement the measures and that in order to do this, Government needed the services of experts to engage creditors.

The engagement of creditors that are owed money by Government is an essential strategy to address the country's prevailing debt sustainability and fiscal challenges, especially in view of the negative impacts of the COVID-19 pandemic which has further constrained the Treasury's resources envelope.

Cabinet is of the view that, to ensure successful negotiations with creditors, it is necessary that Government engages the services of reputable financial and legal advisory firms with experience in providing advisory services in relation to the liability management of debt portfolios including options for debt cancellation, refinancing, re-scoping and postponement of some of the projects.

Lazard has also provided advisory services to some countries in Europe, Latin America and a number of African countries and private sector entities.

5. Agriculture: Food Security Situation for the 2020/2021 Agricultural Marketing Season.

Cabinet also discussed the issue of food security situation of the Nation and the actions required to ensure that the food security situation is guaranteed.

It was noted during the Meeting that a total of 3,387,469 metric tonnes of maize grain is expected to be produced and is projected to be harvested in the country and with carryover stocks of 179,247 metric tonnes, the total available stocks of maize will amount to 3,566,716 metric tonnes.

The Food Reserve Agency (FRA) is expected to buy 1,000,000 metric tonnes of white maize for the National Strategic Food Reserves as directed by His Excellency the President.

OFFICE OF THE PRESIDENT

CABINET OFFICE

LUSAKA

22ND JUNE, 2020