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PRESS RELEASE: JCTR’S EXPECTATIONS AS THE PRESIDENT OPENS THE FOURTH SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY ON 13TH SEPTEMBER 2024

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As Zambia prepares for the opening of Parliament, citizens and stakeholders eagerly anticipate the President’s address, particularly on critical national issues such as public debt, drought, energy deficit and the cost of living - to mention a few.

Macro-Economic Situation

In 2024, the Zambian economy has faced several challenges, and the GDP growth projection was revised down to 2.3% due to a severe drought. This drought has significantly impacted agricultural production, which is expected to contract by 19%. Additionally, power outages have hindered manufacturing activities, such that the recovery in copper production has been slower than initially anticipated.

Public Debt Crisis

Zambia has achieved a major milestone in debt restructuring by securing a \$6.3 billion restructuring deal, including over \$4 billion owed to China, offering crucial economic relief. Despite this progress, the country still struggles with over \$6 billion in debt owed to private lenders. In addition (or Moreover), the country’s total public debt exceeded \$14 billion by mid-2024, primarily from external loans. Acknowledging that debt servicing consumes a significant portion of the national budget and thereby limiting resources for social and public investments, JCTR expects the government to outline plans for debt servicing as bullet payments fall due, ways to avoid debt accumulation going forward, and strategies to boost domestic revenue through economic diversification.

Rising Incidence of Poverty

JCTR expects the President to announce some steps the government is taking to address the rising incidence of poverty in the country. According to the Highlights of the 2022 Poverty Assessment in Zambia Report by the Zambia Statistics Agency, 60 percent of Zambians are poor. These are 12 million people with aspirations, who cannot afford to meet the cost of necessities of life such as health, education, decent housing and transport. 48 percent of Zambians live in extreme poverty. These are 9 million individuals who cannot afford to meet the cost of necessities and food. Studies have shown that pandemics, epidemics and natural disasters, such the ongoing El Niño-induced drought, inevitably increase the poverty rate in the affected populations. According to a study report by Karl Pauw, Bernard Tembo and James Thurlow on “COVID-19 in Zambia: Impacts on Production, Poverty & Food Systems” published on 6th April 2021, poverty rate in Zambia increased by 4.3 percent due to the COVID-19 Pandemic. Coupled with the unbearable high cost of living and load shedding, which harms businesses (especially SMEs), the ongoing drought is likely to plunge more households into poverty.

In the President's upcoming address, key drought mitigation strategies are expected to include promoting drought-resistant crops, improving water conservation, and extending social safety nets beyond 2025. Citizens will be keen to hear updates on short-term measures for supporting low-income households through alternative energy investments, particularly given cost of solar equipment is beyond the means most household in Zambia. Additionally, citizens anticipate reassurances on equitable access to emergency social protection programs such as Cash for Work and Emergency Cash Transfers.

Rising Cost of Living

Zambians are grappling with escalating inflation rates and high food prices, exacerbated by the effects of the drought. Basic commodities, including maize, have seen price hikes of up to 40%. As of August 2024, Zambia's annual inflation rate has risen to 15.5%, marking the highest level since December 2021. So far in 2024, the JCTR BNNB shows that the cost of living has remained persistently high in the year.

JCTR expects the President to outline policy interventions to stabilize inflation and expand social protection programmes to more beneficiaries to alleviate the burden on vulnerable households. Additionally, the government is expected to introduce measures to enhance agricultural productivity and value addition through agriculture sector reforms, which include technological upgrading, mechanization, irrigation, extension services and access to market. Further, the government is expected to increase investments in renewable energy to support businesses, especially SMEs, whose businesses have been paralyzed by the crippling load shedding.

Constituency Development Fund (CDF)

Positively, the Constituency Development Fund (CDF) has emerged as a cornerstone for local development, with allocations rising to K30.8 million per constituency in the 2024 budget. Recent reforms, including the amendment of the CDF Act, aimed at streamlining fund disbursements and increasing accountability. The President is expected to reaffirm the government's commitment to ensuring not only the timely release and effective utilization of CDF but also the strengthening of systems of citizen participation, accountability and transparency in all CDF processes. Community participation in all CDF processes is pivotal in addressing infrastructure gaps, youth unemployment, and deficiencies in social services delivery at the local government level.

In conclusion, the President's address to Parliament is expected to set a tone for how Zambia will tackle its economic hardships and climate change challenges affecting the citizens. Citizens are looking forward to hearing comprehensive plans that will offer hope and relief to vulnerable households grappling with the impact of drought, high cost of living, and the crippling load shedding.

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