

## Press Release

15<sup>th</sup> August 2013

### **JCTR URGES CAUTION ON 2013 BUDGET MANAGEMENT**

On Sunday 11 August, 2013, the Minister of Finance Honourable Alexander Chikwanda, held a briefing on fiscal and other treasury matters. The briefing was partly in response to various concerns bordering on the performance of the 2013 budget thus far.

Different sections of society have expressed fears suggesting a looming or actual budget deficit beyond the 2013 budget provision of 4.5% of Gross Domestic Product (GDP). “While the government made assurances that the perceived budget deficit is within manageable limits, it is important that the government is seen to manage the deficit in ways that do not worsen the livelihoods of the majority poor”, notes Daniel Mutale, Social Conditions programme manager.

The cost of living for the month of July 2013 as measured by the *JCTR's Basic Needs Basket* for an average family of five living in Lusaka stood at **K 3,638.42**. The July 2013 *Basic Needs Basket* total has decreased by **K 46.04** compared to June 2013 when the basket was **K 3,684.46**. However, taken as a cumulative figure, the total Basic Needs Basket has increased by **K 168.74** from the commencement of the 2013 budget implementation in January 2013 when the Basic Need Basket stood at **K3, 469.68**. Worth noting is the cost of basic food items which increased significantly by about **23%** during the period January to July 2013. Cumulative increases in the cost of basic food commodities such as mealie meal, dry fish and beef by **K 7.51**, **K25.5** and **K3.03**, respectively, partially explain the increase.

“That the cost of basic food items has considerably increased before corresponding increases of some workers’ salaries is effected is worrisome,” notes Mr. Mutale. Moreover, the substantial increase in the cost of basic food items has taken place half-way in the implementation of the 2013 budget. Therefore, managing the budget cautiously will not only ensure avoiding financing a huge budget deficit but also prevent resultant potential increase in inflation which may constrain the already struggling households.

In view of the foregoing, care must be taken that the remaining 2013 budget is first and foremost managed within the manageable projected deficit level of 4.5% of GDP. Further, the JCTR strongly urges the government to manage any such deficit, which may arise, in such a way that the majority poor’s ability to afford basic necessities is not worsened than it already is.

For more information, contact the Social Conditions Programme of  
The Jesuit Centre for Theological Reflection, P.O. Box 37774, 10101 Lusaka, Zambia  
Tel: 260-211-290-410 Fax: 260-211-290-759 E-mail: [basicjctr@jesuits.org.zm](mailto:basicjctr@jesuits.org.zm) Website: [www.jctr.org.zm](http://www.jctr.org.zm)  
Location: 3813 Martin Mwamba Road, Olympia Park, Lusaka