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**Increased debt levels worrying**

Zambia has over the years contracted debt which has been used to sustain its development agenda such as construction of roads, hospitals, schools etc. However, the rate at which this debt is accumulating is very alarming as it is slowly drowning the country into a serious external and domestic debt crisis if not urgently addressed. Even with the increased debt levels government has not put up stringent fiscal discipline measures. Every year we keep seeing a budget deficit this is mainly due to over spending and not working within the budget as such the government is forced to borrow. The budget deficit has increased from 2.8% in 2012 to 8.1% in 2015 of GDP. According to a ministerial statement issued by Honourable Felix Mutati, Minister of Finance- on debt levels on 21st June, 2017, Zambia’s external debt as at end of May 2017 increased to US$7.2 billion from US$6.9 billion in December, 2016, the domestic debt stock was K38.6 billion in May 2017 compared to K33 billion in December 2016. Interest payments on domestic debt increased from 1.0 percent of GDP in 2011 to 2.1 percent of GDP in 2016. Debt sustainability analyses conducted by the IMF and the World Bank indicate that Zambia has a high risk of external debt anguish, arising from the Eurobonds maturing in between 2022 and 2027

High debt has a negative effect on long-term economic growth. When debt grows, private investment shrinks, lowering future growth and future wages. It also threatens to drive interest rates up, to crowd out private investment and to raise inflation. The implications of high debt levels mostly tend to harm the poor. High debt levels have the potential of shrinking investor confidence in the government’s ability to pay back which might cause an interest rate spike. The cost of a rise in interest rates as well as high debt levels is usually borne by citizens through paying high taxes.

The **June 2017** JCTR Basic Needs Basket (BNB) for a family of five living in Lusaka stood at **K4,958.52** which was **K5.83** more than the May BNB which stood at **K4,952.69**. The rise in the BNB can be attributed to increase in some food items like; **cooking oil** which increased from **K48.71 per 2.5 L** to **K49.39 per 2.5 L**, **bread** increased from **K7.67per loaf** to **K8.2 per loaf**, **sugar** increased from **K25.86 per 2kg** to **K26.01 per 2 kg** and **tea** increased from **K74.28 per 1kg bag** to **K95 per 1kg bag**. Non-food items like **charcoal** also increased from **K135 per 90kg bag** to **K158 per 90kg bag**. Prices of some food items reduced these included; **mealie meal** which reduced from **K90.78 per 25kg** bag to **K80.4 per 25kg** bag, **kapenta** reduced from **K196 per kg** to **K169.83 per kg**, **dry fish** reduced from **K130.55 per kg** to **K127.4 per kg** and **onion** reduced from **K10.07 per kg** to **K9.33 per kg**.

The cost of living for a family of five in Lusaka continues to remain high. Food items like cooking oil, bread, sugar and tea have increased due to increased production costs and this may be attributed to increased electricity tariffs. The price of mealie meal reduced in June due to reduction in average price of maize being produced by farmers.

The JCTR is concerned about the countries debt levels and how government is going to pay back these huge sums of money. The JCTR therefore strongly urges government to put up immediate fiscal measures that will limit governments spending and ensure that government spends according to what is budgeted for and not otherwise. Most private investments are suffering due to high interest rates which have reduced money circulation within the economy. This may led to increased levels of unemployment and poverty. The JCTR strongly urges government to reduce on borrowing and focus on a budget deficit reduction plan which will increase income levels and reduce interest’s rates on government debt. Just as the theme for the Seventh National Development Plan states “accelerating development efforts towards vision 2030 without leaving anyone behind." The JCTR urges government to create a diversified and resilient economy for sustained growth and social economic development and to actualize the five pillars of the 7NDP.

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