***Press Release***  *16th*  ***March, 2017***

**Zambia’s Economic Growth in 2017**

According to the (Zambia Economic Brief, December 2016), which was published by the World Bank Zambia’s GDP is expected to grow by 4% in 2017 and 4.2% in 2018 respectively. This outlook is based on the following three main assumptions; likely increase in commodity prices, including copper by 4.5% in 2017; progress on the government’s “Zambia Plus” economic recovery plan and less severe impact of power crisis in 2017, than in the previous years. JCTR hopes that this expected growth can be actualised and that it translates into poverty alleviation for over half of Zambia’s population living in poverty.

According to the JCTR basic needs basket the cost of living for the past three months has been reducing. The February cost of living for a family of five in Lusaka is recorded to be at **K4, 918.76 which is a reduction of K16.7 from the January cost of living which was at K4, 935.46**. The main items that have led to this reduction are mealie meal which has reduced to **K93.64** from **K95.96** and charcoal which has reduced to **K131.67** from **K155**. Reduction in charcoal prices may be attributed to the fact that load shedding hours have reduced and the demand for charcoal has lessened. The central statistics office inflation rate for the month of February has reduced to **6.8** percent from the **7.0** percent in January, this shows some correlation with JCTRs BNB reduction in prices of some items. In as much as the cost of living has shown minimal decrease for the month of February, the cost of living still remains high and ordinary citizens can’t afford basic needs, due to low wages and high unemployment rates.

The expected economic growth has a potential to further reduce the cost of living and improve people’s wellbeing. However, realization of projected economic growth targets largely depends on having the three assumptions hold of which Government only has total control over one. Energy deficit has to be fully addressed to restore full productive capacity of our economy and increase production. Already the country has seen reduced load shedding due to increased water levels in water bodies where electricity is produced. The rebound of commodity prices on the international market is a welcome development as it has a huge bearing on the realization of the set economic growth targets and subsequent reduced cost of living. Its sustainability however is beyond government control and one just hopes that the price recovery will hold. The only pillar that the Zambian government has total control over is the Economic Recovery Plan which is built on restoring budget credibility, enhancing domestic resource mobilization and refocusing public spending, improving economic and fiscal governance and scaling up social protection.

Effective implementation of the economic recovery plan does not only have the potential of restoring economic growth but enable the government to access the IMF loan facility for Balance of Payment support. JCTR therefore urges government to effectively implement the Economic Recovery Plan if the projected economic growth targets are to be realized. Sustained economic growth will create jobs and generate incomes for people to afford the ever increasing cost of living. Most of the targets which spelt out in the economic recovery plan are not new and therefore will require government discipline and dedication to be implemented.

**For more information, contact the Social and Economic Development Programme of**

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