

CIVIL SOCIETY FOR POVERTY REDUCTION

Press Release

2003 National Budget Fails To Address The Poverty Reduction Strategy Paper As a National Priority

Civil Society for Poverty Reduction (CSPR) observes that this year's national budget has **failed** to address the Poverty Reduction Strategy Paper (PRSP) as a national priority. This trend confirms civil society's usual concern on the **lack of political will** to implement the PRSP and urges Government to start making **hard choices in favor of the poor**.

Notably, the allocation to Poverty Reduction Programmes (PRP) has been cut from K450 billion in the 2002 national budget to K420.7 billion in this year's budget representing a 6.5 per cent **decline** in nominal terms and significantly more in real terms if one were to take into account the 26.7 per cent inflation that occurred by the end of last year. The CSPR also notes with great concern that **less than a quarter** of the amount allocated to poverty reduction programmes in last year's budget was disbursed. As a network that actively participated in the formulation of the PRSP, we are of the view that poverty reduction will remain a **meaningless rhetoric** if this trend is not immediately reversed.

The CSPR strongly contends that the K110 billion (24.5 per cent) spent on PRP in 2002 is **incredibly low** even in light of the hunger situation that the country experienced. The network is saddened that Government had to **drastically shift** resources from poverty reducing programs in the 2002 budget to mitigate the hunger situation when there were non-priority areas that could have been cut.

For instance, it is in the same period that we witnessed lavish expenditures on areas that are not even remotely connected to poverty reduction such as the hefty award of emoluments to Members of Parliament and the Executive, the purchase of new motor vehicles and a chain of bye-elections, among others. Civil society believes that a lot can be achieved in poverty reduction by considerable **containment** of unnecessary expenditures.

On the social sectors of health and education, CSPR observes that Government has failed to meet the aspirations of the people through reduced allocations. The health sector has seen a nominal increase of 5 per cent while the education sector's allocation of K844 billion represents a 4 per cent decline over the 2002 allocation. Compared with end year inflation of 26.7 per cent, the two sectors have actually seen a decline in the allocations.

The implication therefore is that it will be **impossible** to meet the pro-poor programmatic priorities of basic health care; improvement of access to health care; and public health, amongst other priorities as set out in the PRSP. This scenario does not give hope for poverty reduction especially that Government has undertaken to increase spending in the two sectors.

Further more, Government has proved its lack of commitment to poverty reduction by dismally raising the tax free pay from K150, 000-00 to K160, 000-00 per month even in the face of the ever-rising cost of living. This is in sharp contrast with the cost of **food** only for a family of six as compiled by the Jesuit Center for Theological Reflection (JCTR), which stood at K401, 050-00 in January 2003.

In light of the above concerns, civil society urges Government to show serious commitment to the PRSP by setting targets for the social sector as the case is with the macroeconomic sector. Decreased spending in the social sector could derail the country's effort to reach the much talked about Completion Point of the enhanced HIPC Initiative later this year.

Lastly, civil society calls upon Government to stop using the PRSP as a mere tool for soliciting donor funds and use it, instead, as a genuine agenda for Zambia's poverty reduction. We strongly urge Government to significantly increase the allocation to poverty reduction over what has been proposed in the Budget Address and to treat poverty reduction expenditures as **compulsive** expenditures like those on debt servicing, that is, expenditures that would not be cut **under any circumstances**. The CSPR also demands a transparent and accountable budgeting process, a process that would reflect the core principles of the PRSP.

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