

JCTR

Policy Brief

Promotion of Social Justice and Concern for the Poor

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Current Development Challenges

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CURRENT DEVELOPMENT CHALLENGES

Introduction

The Jesuit Centre for Theological Reflection (JCTR), in line with its vision for *a society where faith promotes justice for all in all spheres of life*, is this year adding a new quarterly publication, **Policy Brief**. This short analysis will be prepared through its Economic and Social Development Research Project.

The issues and topics to be highlighted will cover the overall questions of fostering integral and sustainable development and analyzing the reasons for lack of this development. Our approach to development will be guided by the emphasis given by Pope Paul VI, who said that *development is the movement of people from less human conditions to more human conditions* ("Progress of Peoples" 1967).

The above definition of development, as we can see, is far-reaching and very inclusive in terms of what elements need to be paid attention to in order to improve people's lives. As such, it is expected that our **Policy Brief** will touch on a number of issues: education, health, agriculture, manufacturing, cost of living, economic governance, etc.

Policy Brief will be a channel through which some policy alternatives will be put forward, especially those that emphasise the centrality of the human person in any economic activity. It is also hoped that **Policy Brief** will engender debates on development policies, priorities and politics across many sections of Zambian society.

For our first effort, we focus on a sketch of Zambia's current development situation.

Zambia's current development situation

Over the years, Zambia's development situation has not fared well in almost all dimensions. People's living conditions have continued to worsen, with the rural population the worst affected. Economic growth figures have not matched with reductions in poverty.

Zambia is currently ranked 143 out of 162 countries -- the same as in the previous year -- on the UNDP *Human Development Index* that measures average achievement in three basic dimensions: *a long and healthy life, knowledge and a decent standard of living*. This means that Zambia has remained static on these measurements.

In a review of the year 2001, we present data gathered from various sources: the *Economic Report 2001* of the Ministry of Finance and National Planning of the Government of the Republic of Zambia, reports from various United Nations agencies (e.g., UNDP, the World Bank) as well as reports or studies undertaken by JCTR.

1. Social Situation

(a) Education

- Zambia's education system has been affected by two problems. The first problem has been the continued *deterioration in education standards* with such negative effects as engendering apathy on the part of parents in sending children to school. Parents take the position that children will *not* benefit much even if they went through the education process. The *intrinsic* and *instrumental* value of education has always come into question: is education worthwhile in itself or only for what results it can guarantee?

- The second problem has been the *declining levels in retention as well as enrolment*. Both factors are affected by the poor state of the economy. For example, a study carried out by the JCTR in 2001 entitled, *Will the Poor go to School: Cost Sharing in Education in Zambia*, established that the non-enrolment and/or subsequent pulling out of school by children was largely caused by poor household economies.
- *Basic school* (grades 1-7) enrolment is said to have declined in the year 2001 from the previous year's figure of 1,700,000 to 1,627,902.
- *Adult illiteracy*, according to current estimates for Zambia, stands at 23 % of all people above 15 years. Women tend to have higher illiteracy rates than men.

(b) Health

- *Life expectancy* shows a decline from 54.4 years in 1990 to 40.5 years ten years later (UNDP). Other estimates (World Bank) indicate 38 years, the lowest among countries in the sub-region (Malawi 39 years; Lesotho 45 years; Zimbabwe 40 years; Democratic Republic of Congo 46 years; Angola 47 years; Mozambique 43 years). Decline in life expectancy is due to three poverty-related factors: malaria, malnutrition and HIV/AIDS.
- *Infant mortality* continues to be very high with the UNDP recent (1999) estimates standing at 112 per 1,000 live births.
- *Under-five mortality*, according to UNDP, was in 1989 125 per 1,000 live births; in 1999 this figure rose to 202 per 1,000 live births, one of the highest in the world.
- *HIV/AIDS* pandemic has continued to infect and affect Zambians. Current infection estimates stand at 20 percent of the adult population.

2. Economic Situation

- Zambia registered 5.2 % economic growth in 2001, compared to 3.6 % in the year 2000. However, this growth does not correspond with improvements in people's living conditions or reductions in poverty levels, which amount to 80 percent of the Zambian population.
- Year-end inflation was 18.7 %, a figure higher than the planned for target of 17.5 %. This situation of inflation was attributed to the increase of maize price resulting from the scarcity of the commodity in the later part of year 2001.
- The 2001 national budget was 52 % externally financed. In 2002, it is anticipated that the budget will be 60.4 % internally financed. However, this will depend on performance of the economy. Developments in the mining sector as well as poor performance of the agricultural sector due to the drought makes one skeptical about achieving that target.
- The impending pull out of Anglo American Corporation in mining puts the Zambian economy in a very precarious situation. Over 11,000 jobs are threatened and the Catholic Commission for Justice and Peace (CCJP) estimates that more than 88,000 people will be affected by this action.

3. Cost of living

- Cost of living continues generally to be very high, worsened by the current inadequate maize situation that has pushed the prices of mealie meal, the staple food, very high.

- Current estimates from JCTR's *Basic Needs Basket* indicate that a family of six needs more than K800,000 per month (US\$ 200) to meet its requirements. This situation unfortunately occurs in an economy of high levels of unemployment and low wages. Even excluding other essential costs and focusing only on food, the cost of necessary food still remains high -- currently averaging more than K300,000. This contrasts with an average take home pay of less than K300,000 for civil servants (US\$75).
- Years that have seen agriculture as a significant contributor to GDP have also witnessed lessened hardships resulting from the high cost of living. Unfortunately, the maize production was very low in 2001 because of heavy rains and will be very low in 2002 because of an unexpected drought.

4. External Debt

- The huge external debt of Zambia continues to be a major hindrance to development. From US\$ 6.3 billion at the end of 2000, the debt stock rose to US\$ 7.3 billion at the end of 2001, because of continued borrowing and delayed debt relief implementation.
- 2001 debt service payments amounted to US\$116.5 million. Had these resources been spent on the social sector, a positive impact on people's lives could have occurred.
- Funds made available from HIPC relief need close monitoring if they are to reach the intended purposes of poverty eradication.

5. Political Situation

- With the new government of President Levy Mwanawasa in place since January, people are anxious to see how economic, social and political *pronouncements* that characterised the first 100 days of the new government will in fact match with *deeds*.
- Outcome of the court petition by opposition parties contesting the legitimacy of the elections is still not clear.
- The new government appears to try to distance itself from aspects of the previous government: corruption, ineffective structural reforms, agricultural policy, education policy, etc.

6. Implications for Policy Decisions

It is clear that the tasks lying ahead for the new government are enormous. A combination of disastrous *economic* situations such as the anticipated low grain harvest and the cut back in investment in mining with the perennial *social* problems of widespread poverty, HIV/AIDS, high cost of living, etc., all require accurate and appropriate policy responses. *It is JCTR's position that:*

(1) the main national policy priority must be poverty eradication and

(2) the Poverty Reduction Strategy Paper (PRSP) should provide an effective and comprehensive plan to focus on policies to meet our current development challenges.