

“GOVERNMENT SHOULD PROVIDE CREDIBLE INFORMATION ON ZAMBIA’S EXTERNAL DEBT PORTFOLIO.”

“Provision of information on Zambia’s external debt portfolio must be regularized and made credible” Says the Jubilee-Zambia campaign hosted by the Jesuit Centre for Theological Reflection.

The Jubilee-Zambia campaign of the JCTR has advised government to be consistent with the information they are providing the public regarding debt management. The campaign also welcomes the recent concerns from EU Trade commissioner Dr. Derek Fee that slipping back in debt will be scandalous.

Jubilee-Zambia Acting Coordinator, Muyatwa Sitali, has noted that it was good that intergovernmental institutions representing creditor governments are also keen to see prudent management of the fiscal space provided by debt cancellation initiatives such as the Highly Indebted Poor Country (HIPC) and the Multilateral Debt Relief Initiative (MDRI). This is good for a country like Zambia whose borrowing pattern has significantly changed even after debt cancellation.” This year alone, Zambia has negotiated at least over US\$100million from both multilateral and bilateral sources including the World Bank, IMF, African Development Bank and non Paris club members such as China. “We note with shock the rate at which the Government has been contracting loans in the recent past. This is poised to reverse the benefits of the hard earned debt relief from the HIPC and the MDRI Initiative” said Mr. Sitali. The two initiatives reduced Zambia’s debt stock to about US\$500 million at July 2006 but Zambia’s external debt dramatically increased to over US\$1.5 billion by the end of 2006. Before the majority of Zambians even get to see substantial outcome of the US\$ 6.6 billion debt relief, the Government has announced to be in the process of contracting several loans from China in the space of 10 months since January 2007. It is regrettable that conditions on the new loans are not disclosed. On the recently approved US\$ 39 million loan contracted from China for the purchase of equipment for feeder roads maintenance, government should explain the underlying factors from this concessional loan. Historically, many creditors have tied such loans to the acquisition of goods and services from their countries; it is our hope that this particular loan does not have this condition tied to it.” Sitali said.

The JCTR has also warned that the continued marginalization of Parliament in the loan contraction process will cause Zambia to slide back to unsustainable external debt levels. We are concerned that ever rising external and domestic debt shortly after the HIPC and MDRI initiatives would be very unwise for the Government and out rightly conflicting with expectations from many Zambians.

And Tina Nanyangwe, Debt and Trade Research Officer, has said it is imperative for government to be consistent in the manner in which it reports amounts of loans being contracted as well as the total external debt stock of Zambia . Public resources require prudent data management and accuracy in the way they are provided to the public. The Government needs to build a culture of regular reporting to the public on the use of public resources especially if its prime mandate is to reduce fiscal deficits, restrain corruption and uplift the standard of living of Zambians which it serves.

During the presentation of the 2007 budget the Minister of Finance and National Planning mentioned that the total debt stock of the country as at December 2006 was US\$ 635 million, however, last month the Minister reported that Zambia’s external debt stock as at end of 2006 was US\$ 957 million. On the contrary, the Government 2006 Economic Report indicates that the external debt stood at US\$ 1.5 billion. So which of these figures is correct?

JCTR affirms that the hope for Zambia always lies in the Zambian people. Zambians require full disclosure of information on debt, accountability in the management of public resources and adequate tools for monitoring debt resources to avoid mismanagement of scare resources.