

“THE PUBLIC FINANCE COMMITTEE’S RECOMMENDATIONS ON LOAN CONTRACTION ARE ENCOURAGING BUT INSUFFICIENT” SAYS JCTR

“The newly issued report of the Public Finance Committee of the National Constitutional Conference indicates some positive strides towards improved loan contraction process and the management of debt resources in the country”, observes Privilege Haang’andu, JCTR’s Programme Officer for Debt and Public Resource Monitoring. “We at the JCTR are pleased that the Committee has seen the urgent need to tighten the loan contraction process to enhance accountability in the management of public resources and to ensure that loans are contracted for the right purposes.”

“In its recommendation for the enhancement of Parliamentary Oversight in the loan contraction process, the Committee realises the need for Parliament to approve loans and to set annual ceilings on the loans that Government can raise in a given financial year.”

Haang’andu further comments that the JCTR is, however, concerned that a number of other suggested measures that support Parliamentary Oversight have not been highlighted in the report. “We are concerned that, for instance, there is no mention of establishing a Central Depository where all loan agreements and repayment targets and interest agreements could be kept for easier monitoring of debt servicing. We have consistently witnessed in the last three years some irregularities in repayment targets where Government has had to pay more in debt servicing than it had earlier projected.”

“Besides”, Haang’andu continues, “the fact that different senior officials can appear in public and give contradictory figures about what is owed to the foreign sources indicates lack of a coherent data base. We should not miss the opportunity now to ensure water-tight measures that will stand a taste of time. Secondly, we think it must be clearly spelt out from the onset that there is need to constitute a Debt Advisory Committee within or outside the Ministry of Finance and National Planning to advise the Ministry on debt management and matters of conditionality and sustainability.”

“What the Public Finance Committee has recommended” concludes Haang’andu, “is a fundamental step to ensuring that Zambia does not revert into unsustainable debt to which most developing countries are currently dangerously prone to in the context of the Global Economic Meltdown.”