

**WORLD DEBT DAY – ZAMBIA’S REMINDER TO FINISH THE WORK -
JCTR**

The year 2010 marks five years after Zambia’s attainment of the Highly Indebted Poor Countries (HIPC) completion point. On this day, May 16th, when the whole World commemorates the World Debt Day, Zambia should be reminded not only of the hardships her people went through prior to the attainment of the debt cancellation, but also of the country’s task to secure a debt-burden-free future. As the subject of responsible lending and borrowing gains centre stage in global financing, Zambia cannot remain aloof to the crucial need to put in place serious legal measures to ensure that the process of borrowing is more consultative to ensure transparency and accountability in both the loan contraction process and in the expenditure of borrowed resources. “On this occasion of the World Debt Day, it is timely that countries, especially those with memorable negative effects of indebtedness like Zambia, reflect seriously on how to keep levels of public debt sustainable,” states Privilege Haang’andu, JCTR’s Programme Officer for Debt and Public Resource Monitoring. This occasion should send a wake up call to the nation that, should the matter of debt management find its way to the national referendum, Zambians should not miss the opportunity to ensure a better legal guidance to loan contraction. “Coming from a very dismal background of indebtedness, it is timely that we re-examine our system of loan contraction to ensure a future that is unburdened by debt,” advises Haang’andu.

Last year the National Constitutional Conference (NCC) reached a deadlock on clause 2 of Article 311 of the Mung’omba Draft Constitution on loan contraction. To the general citizenry that felt the pinch of the lack of medical supplies in hospitals, or experienced months’ long wage freezes, or realised how less and less money was available for domestic expenditure in various sectors of the economy because of the stiff competition that existed between external debt servicing and domestic expenditure in the 2000s, any thought of another debt trap is frightening. When we closely examine Zambia’s historical struggles with external debt, loans were accrued over a long period of time, some as far back as before our national independence; some of them for good purposes, others not; some meaningful to national development, others not; some properly managed, others not. “Today we know by experience that the burden of debt servicing was one we carried for a long time, always at the painful expense of national development. With the efforts and sacrifices of many Zambians, the country qualified for HIPC completion point and received debt relief from both the HIPC and Multi lateral Debt Relief (MDRI) Initiatives up to about 86% from US\$7.1 billion at the end of 2004”, Haang’andu comments. The JCTR is saddened to note that the NCC could be divided on such a paramount concern of national development.

Similarly, the continued annual reports by the Auditor General of mass misapplications, misappropriations, and failure in imprest retirement by public servants do not give an image of a country that is adamant about fostering transparency and accountability in its public service.

May this year’s World Debt Day remind Zambia of her need to make landmark steps towards realising a Zambia free from corruption and from another debt trap. “Parliamentary Oversight in loan contraction will entail that Parliament will, by legal mandate, scrutinise, debate, approve, and limit the loans the Ministry of Finance and National Planning will propose for the nation, taking into account the debt sustainability and needs of the country in every given financial year”, says Haang’andu. The occasion of the World Debt Day is an opportune time to re-look at how honest and transparent we have been as a nation in expending debt resources. It is worrying to note that the Auditor General’s report for 2008 exposes a lot of fiscal leakages and indiscipline. Until we see measures taken against those culpable of those huge misappropriations and thefts, we still have a long way to go in ensuring that borrowed resources benefit all Zambians, especially the poor. Parliament’s efforts to enhance transparency and participation in loan contraction processes should be complemented by strict monitoring of budgetary implementations and prudent expenditure of public resources. “The Zambian people need assurance that their financial resources are being put to good use and one way to uphold that trust is that legal action be taken against those that pilfer and misapply all those billions of kwacha in various Government organs as revealed by the Auditor General’s Report,” says Haang’andu. He concludes that the HIPC and MDRI only gave Zambia a fresh start with her debt stock, and that only Zambia can **Finish the Work** by ensuring she puts in place a water-tight loan contraction legal framework to curb borrowing for wrong reasons, from wrong sources, and thus ensure debt sustainability.