

# FINISH THE WORK ON DEBT!

Peter Henriot

These days we have been continuing to pray for President Mwanawasa, his family and all the people of Zambia at this very critical moment in the country's history.

We have also been recalling the very significant words from his last speech in Lusaka, when he addressed a large gathering of church leaders from eastern and central Africa. The President commended Jubilee-Zambia (a church initiated movement here in Zambia) for its work in the successful campaign to cancel the country's immense external debt.

As significant as was that achievement – dropping the debt from USD 7.2 billion to USD 0.5 billion – we certainly do know that the struggle for a just and sustainable settlement of debt is more than cancellation. It must also include putting into place prudent and effective structures of debt contraction and management. Otherwise the country may fall again into deep debt and the great sacrifice of citizens will be wasted!

## LOAN CONTRACTION AND MANAGEMENT

This very important point was highlighted during the 2008 Budget Address last January of the Minister of Finance and National Planning. The Minister promised that “the Government will also intensify efforts to consolidate the legal framework governing the contraction and management of debt.”

But now, six months after that Budget Address, we still do not see such a legal framework either put in place or clearly proposed. The pace of attending to this extremely important piece of national development is very discouraging. Hopefully it does not reveal a lack of political will on the part of the MMD government regarding the way that debt must be dealt with.

Indeed, just a few weeks ago, the Minister did comment that only his Ministry would be allowed to contract debt, and not any government minister or head of parastatal. Previously, such widespread contraction had been done and this had made it difficult to control external borrowing. (THE POST, 26 June 2008).

The problem with the Government's action – or inaction – on this key issue could be found in the way it is being approached. According to Muyatwa Sitali, Coordinator of JCTR's Debt, Aid and Trade Programme, the Minister's Budget promise to “intensify efforts” for a debt framework is more “persuasive” than “directive.” That is, no clear timeline or designated responsibility has been set down to assure effective response.

## PROPOSALS FOR ACTION

In order to address this critical national issue, the JCTR through its Jubilee-Zambia movement has continued to campaign for a two-fold approach to dealing with debt. First, there should be put in place a clear and effective legal framework for debt contraction and management. Second, there should be promotion of clear budget monitoring of the utilisation of debt resources (both from new loans and from debt relief).

There surely is agreement by the Government that an effective legal framework needs to be put in place since, as noted above, the Minister has promised to “intensify efforts.” It is true that the National Constitutional Conference (NCC) can take up this issue by including in the new Constitution restrictions regarding the contraction of debt unless there is Parliamentary approval. This is something that the JCTR has suggested and the Mung'omba Draft does include. But this response will take a while, since the Constitution-making process probably won't be finished for at least another year or two.

But in the immediate future, Parliament can take this issue up and adopt a legal framework regarding contraction and management of debt. In recent months, the JCTR has laid on the table a draft of specific legislation to deal with this. The Ministry of Finance and National Planning has this draft, and it has been widely discussed by Members of Parliament, representatives of the private sector and civil society and Cooperating Partners (donors).

## **FINISH THE WORK CAMPAIGN**

To achieve the sort of effective debt management that is so necessary is really to finish the work that was begun several years with the campaign to cancel the debt. That is why JCTR through our Jubilee-Zambia movement has been promoting a “Finish the Work” campaign. This campaign involves widespread education around this issue and increased advocacy for prompt action. The “Finish the Work” campaign has attracted attention around the country and is building momentum.

The effort to reach the HIPC completion point two years ago required much sacrifice of ordinary Zambian citizens – for example, delays in necessary and just wage adjustments, postponement of some important projects in health and education. But now that the debt has indeed been cancelled, we must take steps to move forward to guarantee (1) Zambia doesn't fall again deeply into debt, (2) avoids the scandalous and unfair “Vulture” attacks, and (3) spends debt resources in an accountable fashion that truly promotes sustainable development.

We are glad that there is growing interest across many sectors in this campaign. For instance, it is pleasing to note that a local theatre group has taken up this cause. The Kamoto Community Theatre group has prepared a very exciting drama that highlights the debt issues in a simple and straightforward fashion. Comparison with a family that gets in and out of debt in a humorous but still very serious fashion presents a clear lesson for government, lenders and citizens alike.

The play “Finish the Work” will be presented this week at the Lusaka Play House on Wednesday 30 July at 18.30. Admission is free and we expect a good turnout of people interested in seeing Zambia move forward in a responsible and efficient way toward sustainable development.

phenriot@jesuits.org.zm

[900 words]

Peter Henriot  
Jesuit Centre for Theological Reflection  
Lusaka, Zambia

Prepared for THE POST, Lusaka, 29 July 2008