

**Press Statement**

**24.01.2022**

**KEY RECOMMENDATIONS ON ZAMBIA'S DEBT MANAGEMENT AS GOVERNMENT  
IMPLEMENTS THE 2022 NATIONAL BUDGET**

Under the new administration government, the Zambian economy has posited some notable positives suggesting that the efforts to recalibrate the ailing economy through favourable and stable policies will begin to pay off. The gain in the currency whose effect has trickled down into other areas of the economy can be noted. This is in tandem with goodwill from the international community which has seemingly further pushed the notable gains in the direction of economic resurgence.

The Civil Society Organisation (CSO) Debt Alliance<sup>1</sup>, commends Government for the strides made so far in reaching the Staff Level Agreement (SLA) with the International Monetary Fund (IMF) and the swift turnaround in achieving the much-needed agreement. The SLA will accord the government a chance to free up resources and channel them into key sectors of the economy as it works to change the economic disposition of the nation.

It is worth noting that debt restructuring through this process will depend on the extent and outcome of the talks that are currently ongoing involving Zambia and all its creditors. The Zambian Government is currently engaging with the international creditor community for financing assurances. Finalization of an IMF deal will occur after the Executive board of the IMF receives a report demonstrating the sufficiency of the financing assurances from official and private creditors.

As CSO Debt Alliance, we remain concerned over the extent of our debt portfolio and its debt service levels. This is evident in the 2022 National Budget, where international protocols around social sector spending remain breached due to high debt service. Hence, the need for the Government to push towards debt restructuring. We believe that the authorities will continue to engage in constructive dialogue with private creditors to secure a deal on comparable terms to official creditors.

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<sup>1</sup> The 'CSO Debt Alliance - Zambia' is a loose coalition of civil society organisations working on debt and debt-related issues. Members of the debt alliance consists of organisations and individuals who have a vested interest in public debt management in Zambia



**CSO  
Debt Alliance**

As the CSO Debt Alliance, we wish to advance the following:

1. While we commend Government for releasing public debt figures up to June 2022, we urge the authorities to make this public disclosure, a semiannual debt figures up to June 2022, we urge the authorities to make this public disclosure, a semiannual activity as of June and December of each year.
2. Government should constitute a home-grown Debt Sustainability Assessment to ensure that the risk of debt distress is averted in a timely manner without the complete reliance on the IMF/World Bank assessment.
3. Government should expedite the Loans and Guarantees Bill to rekindle the Loans, Grants and Guarantees (Authorisation) Bill which will repeal and replace the Loans and Guarantees (Authorisation) Act Cap 366 of 1969.
4. The Government should start working on a robust and more comprehensive fiscal regime for the mining sector that will not only promote investment predictability but also ensure optimal benefits to the country.
5. The Government should design a robust domestic resource mobilisation strategy to meet its high revenue estimates in the 2022 National Budget and beyond.
6. The new administration should make known its position on the Economic Recovery Plan (ERP) made by the previous regime. The ERP had clear, measurable plans on debt management as well as priority economic reform areas. Government should promptly disclose the economic policy document that is being used to engage with the G20 and Paris Club countries, and IMF concerning debt management.
7. Within the framework of the expected debt management strategy, the Government should maintain a healthy Zambia/China relationship as the Chinese remain strategic partners with whom we hold a huge debt stock.
8. The Government must adopt a consultative and participatory approach by including key stakeholders like the CSOs in addressing debt management issues such as debt audits. This should not be a preserve of government and creditors only.
9. There is need to strengthen public investment management as well as project selection and financing to ensure any debt contracted for project development gives adequate investment returns to instill debt sustainability.

10. Further, strengthening and stabilizing the exchange rate remains key in this process as it directly affects the quantum of external debt service costs.
11. Government should undertake a comprehensive performance evaluation of State-Owned Enterprises to ascertain viability of these entities, drawing from the findings and recommendations, government should then institute reforms and explore financing opportunities through Public Private Partnerships. This would go a long way in easing Zambia's debt burden especially Publicly Guaranteed Debts.
12. It will be imperative that the agreement with the IMF is concluded, and progress is made towards securing an arrangement for a treatment under the G20 common framework. Beyond the International Monetary Fund programme, government should develop a more aggressive plan to stimulate a private sector led economic growth.

**Signed (On behalf of CSO Debt Alliance)**



Fr. Alex Muyebe, S.J.

CSO Debt Alliance Chairperson

#### **CSO DEBT ALLIANCE MEMBERS**

|    |                        |    |                 |    |                                      |
|----|------------------------|----|-----------------|----|--------------------------------------|
| 1  | JCTR - Chair           | 12 | Water Aid       | 23 | ACA                                  |
| 2  | NGOCC – Vice Chair     | 13 | TIZ-Zambia      | 24 | STOP-Zambia                          |
| 3  | CUTS - Secretariat     | 14 | WWF             | 25 | ZGF                                  |
| 4  | Caritas Zambia         | 15 | OXFAM           | 26 | Action Aid-Zambia                    |
| 5  | CTPD                   | 16 | ZIPAR           | 27 | CSO SUN                              |
| 6  | CSPR                   | 17 | NDI             | 28 | Development Finance Associates       |
| 7  | PMRC                   | 18 | ZAW             | 29 | Southern Africa Cross Border Traders |
| 8  | Chapter One Foundation | 19 | PANOS           | 30 | SACBTA                               |
| 9  | UNZA                   | 20 | FODEP           | 31 | ZAM                                  |
| 10 | CYLA                   | 21 | Premier Consult |    |                                      |
| 11 | ZCSD                   | 22 | PELUM           |    |                                      |