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(CSPR)**

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## **CSPR's Position on Zambia's Failure to Reach the HIPC Completion Point**

The Civil Society for Poverty Reduction (CSPR) wishes to express its disappointment over the revelation by the International Monetary Fund (IMF) and the Government through a joint statement issued on August 1, 2003 that the country would not be reaching the Highly Indebted Poor Country (HIPC) Initiative Completion Point in December 2003 as scheduled. The country is unable to reach the completion point because Government has not met certain benchmarks under the HIPC Initiative. The implication of this position is that the objective of poverty reduction will not be met because resources will simply not be available and this is CSPR's concern.

It is unacceptable that the failure to meet the HIPC Initiative conditions should derail the fight against poverty. In fact, CSPR had advised both Government and the international community at the formulation stage of the PRSP to delink it (PRSP) from the HIPC Initiative. Zambia's failure to reach the HIPC Completion Point on the scheduled time confirms concerns raised by civil society when it was called to participate in the formulation of the PRSP that the PRSP programme could meet the same fate as the Structural Adjustment Programme (SAP).

With regard to the international community, CSPR is concerned with their frequent shifting of goal posts no matter the justification, for this blocks opportunities to access additional resources, which in turn jeopardizes poverty reduction efforts and make majority Zambians continue in poverty. Such shifting of goal posts casts doubt on their commitment to genuine interventions purportedly aimed at bringing about poverty reduction and human development.

It has been amply demonstrated that previous programmes such as SAP with their financing tools such as the Enhanced Structural Adjustment Facility (ESAF) have failed to meet the objectives of reducing poverty and improving the living standards of Zambians. CSPR is concerned that even the PRSP that was drawn up in a consultative fashion may be headed for a similar failure. Regrettably, the International Financial Institutions (IFI) and other donors are aware of this fact but are showing no signs of reviewing their demands or suggesting more effective ways of reducing poverty.

With regard to the Government, CSPR has noted with regret its lack of commitment to issues of poverty reduction, which it seems to have left largely to

the international community. Specifically, the Government's expenditure patterns do not seem to have adequately altered in favor of poverty reduction programmes away from non-priority areas (e.g. purchases of automobiles). More aid from donors to poverty reduction has only served to heighten the moral hazard underlying the entrenched public expenditure patterns. And this has been reflected in the low expenditures on poverty reduction programmes from domestically generated resources.

As an effective participant in the formulation of the PRSP, we are also concerned about the general failure by Government to be accountable and transparent in the management of the economic affairs of the nation. This is exemplified by the non-disclosure of the composition of the projected budget overrun by the Government. Is this overrun a result of simply the civil service wage bill or other expenditures? In the absence of full disclosure of information, the call to Zambians to sacrifice will not be justified.

In light of the above concerns, CSPR:

Calls on the international community:

1. To seriously review their programmes and accompanying conditionalities for Zambia so that they can truly reflect their commitment to human development and poverty reduction;
2. To disburse on time all their pledged finances;
3. To fund poverty reduction programmes, where feasible and as much as possible, directly rather than through the national budget until such a time when Government will improve on the domestic budget's effectiveness and transparency\*;
4. To heed the call by Jubilee Zambia and other local and international civil society organizations to delink the PRSP from the HIPC Initiative;
5. To totally cancel Zambia's debt. CSPR does not share the view that International Financial Institutions (IFIs), such as the IMF, cannot technically write off Zambia's debt and submits that total debt cancellation is feasible from these institutions given enough political will on their part.

Calls on Government:

1. To immediately start containing its public expenditures and free up more resources for poverty reduction by
  - a. Down sizing Cabinet and reducing the number of Deputy Ministers;

\* This should be seen in the context of poverty reduction programmes only while other external resources, such as balance of payment (BoP) support, should be continued

- b. Abolishing the Office of the District Administrator as stated in both the PRSP and the Transitional National Development Plan (TNDP);
  - c. Cutting expenditures on foreign travels, posh cars, utility bills, etc;
  - d. Tightening expenditure controls by Controlling Officers;
  - e. Continuing and increasing expenditures on poverty reduction programmes through internally generated resources;
  - f. Making expenditures on poverty reduction programmes compulsive, that is, expenditures that would not be cut under any circumstance
2. To involve civil society representatives in the team tracking its expenditures in line with the IMF's decision to do this following the projected budget overrun.

Finally, CSPR will continue to lobby both Government and the international community to show more commitment to the moral challenge of poverty that the country is facing. CSPR will also continue to mobilize civil society organizations in Zambia to work towards the goal of poverty eradication.

Gregory Chikwanka  
**Assistant Coordinator**  
**On behalf of the CSPR Steering Committee**

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