



**THE ZAMBIAN DEBT CRISIS.**

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**A REPORT OF THE INAUGURAL MEETING OF THE  
ZAMBIA COALITION ON DEBT AND DEVELOPMENT**



ORGANISED BY

**AFRODAD (The African Forum on Debt and Development)**

AND

18711

**THE ECONOMICS ASSOCIATION OF ZAMBIA**

**Garden House Motel, Lusaka, Zambia**

11271

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## Table of Contents

I	INTRODUCTION .....	3
II	ATTENDANCE .....	3
III	ACCOUNT OF PROCEEDINGS .....	3
A.	OPENING REMARKS .....	3
B.	DEBT AS A CONSTRAINT TO ZAMBIA'S DEVELOPMENT .....	4
	Plenary discussions .....	5
C.	REGIONAL ASPECTS OF DEBT .....	6
	Plenary discussions .....	7
D.	THE AFRICAN ALTERNATIVE TO SAP; ITS IMPLICATIONS ON DEBT CRISIS .....	7
	Plenary discussions .....	9
E.	INTERFACE BETWEEN DEBT AND SAP .....	9
	Plenary discussions .....	10
F.	STRATEGIES FOR ALLEVIATING EXTERNAL DEBT CRISIS IN ZAMBIA .....	11
DAY 2: WORKING GROUP DISCUSSIONS, REPORT-BACKS AND CONSENSUS REACHED.		
GROUP 1:		
	Extent of the Zambian Debt crisis; strategies for resolving the crisis .....	16
WORKING GROUP 2:		
	Awareness raising, Information, research and Lobby and Advocacy strategies .....	17
WORKING GROUP 3:		
	The Zambia Coalition on Debt and Development: goals and objectives and operating modalities .....	17
	CLOSING REMARKS BY DR. CALEB FUNDANGA .....	18
Appendix I	List and addresses of participants .....	19
Appendix II	Workshop Programme .....	21
Appendix III	Press Release issues at the end of the Workshop .....	22
Appendix IV	Steering Committee .....	23
Appendix V	Constitution of the Zambia Coalition on Debt and Development .....	24

## **I INTRODUCTION:**

- 1.0 A Meeting to discuss the extent of the Zambian Debt crisis and to act by creating a Zambian Coalition on Debt and Development, was held at Garden House Motel, Lusaka from 5 to 6 August, 1994.
- 2.0 It was organised by AFRODAD (The African Forum and Network on Debt and Development) in conjunction with the Economics Association of Zambia
- 3.0 AFRODAD and The Economics Association of Zambia (EAZ) are grateful to ICCO, the Interchurch Organisation for Development Cooperation of The Netherlands for funding the cost of the meeting through AFRODAD.
- 4.0 This report is a summary account of the presentations and discussions of the Meeting. The first day was dedicated to revealing the existence and extent of the Debt Crisis and other factors contributing to the crisis; reviewing some efforts made at mitigating the crisis and identifying the role and responsibility of civil society in dealing with the crisis; and finally, on the basis of the discussions, act by finding the modality of intervention; establishing a Zambian Coalition to intervene in the mitigating the Debt crisis through concerted efforts in lobby and advocacy work. The second day was spent largely in Working Groups working out the critical issues and the modalities of the Coalition to be established.

This document also includes the list of the members of the Steering Committee which was elected on 12 August, 1994 as well as the final Constitution of the Zambia Coalition on Debt and Development which was adopted by the Steering Committee on 27 August, 1994, providing the basis of legalisation of the Coalition as a Zambian organisation.

## **II ATTENDANCE:**

- 5.0 The Meeting was attended by 48 people; individuals and representatives of 28 organisations from the Churches, the Labour Movement, the Press, Professional Organisations, Government, The Banks, Lobby Groups and NGOs. The list of participants is attached herewith in the Appendices .

## **III ACCOUNT OF PROCEEDINGS:**

### **A. OPENING REMARKS:**

- 6.0 In his opening remarks Opa Kapijimpanga the Coordinator of AFRODAD noted that in much of Africa today, and specifically in Zambia, little is discussed of the external debt crisis and its consequences. This has left the ordinary Zambian with the impression that the Debt crisis does not exist; even when there is a general understanding that all is not well. He emphasised that the Debt crisis affected all Zambians and that it was therefore the responsibility of all Zambians to address the issue and not leave it to be a matter for the Government of the day to resolve. What was clearly missing until now was the existence of horizontal relationships or Coalitions of civil society organisations and individuals to deal with the issues like the Debt crisis in a systematic way. It was therefore the key objective of the Meeting to discuss the Debt crisis and find ways of increasing general awareness and dealing with it in some systematic and concrete way.

## B. DEBT AS A CONSTRAINT TO ZAMBIA'S DEVELOPMENT:

- 7.0 The relative size and the burden of Zambia's external debt is worrying; it is chronic and has far reaching consequences. Every Zambian owes \$ 900 while the GDP per capita is only \$ 265. In 1987 Zambia's external debt was 3.4 times the country's 1987 GDP. Similarly in 1991 external debt was 624.8% of Zambia's export of goods and services. 50.3 % of proceeds (earnings) from exports went into servicing the debt. While the per capita income of Zambia has been declining, the debt overhang on the other hand has been increasing. Another indicator of the crisis is that 80% Zambia's capital expenditure budget is donor funded.
- 8.0 The implication of debt servicing requirements outstripping the GDP is that Zambia lacks the capacity to sustain its development efforts both in the short-run and in the long-run. The Debt overhang has a direct negative impact on people's livelihood because investable funds are diverted into Debt servicing.
- 9.0 Until now it is not clear to the ordinary Zambian the extent of the problem and how Zambia, like many other African countries, got locked up in the Debt trap. For those who know, it is generally attributed to borrowing resulting from the two oil price increases of 1973-74 and 1979-80 which had led to a record balance of payments deficits. Copper production had peaked in 1973 and had began to decline thereafter. Zambia first borrowed from the International Monetary Fund (IMF) for balance of payments support in the same year (SDR 19 million). Due to availability of cheap money due to the existence of surplus petrol dollars Zambia borrowed heavily ( a total of SDR 1.7 billion by 1984 from the IMF alone). Many of the loans contracted were not made with any serious economic calculations; at the time of maturity none of the loans had created sufficient growth to facilitate their loans liquidation. It is also important to note that inspite of the extensive borrowing from the IMF, World Bank and Bilateral donors economic performance continued to slide down. By 1991 the total external debt had climbed to US\$ 7,3 billion and by 1993 25% of the Debt stock of US\$ 6.3 billion (after some debt cancellation) had been made up of rescheduled loans. Clearly there was the lack of foresight on the part of the Zambian government on the long-term growth and development of the Zambian economy and its capacity to service the loans.
- 10.0 The composition of the debt raises even more serious problems with regard to how it can be solved. Multilateral debt ( US\$ 3.1 billion at 1993) at over 45% of total debt stock poses a heavy burden in that these loans cannot be rescheduled. Equally worrying is the fact that bilateral debt ( at US\$ 2.7 billion) is negotiated through the Paris Club, an institution that continues to show inflexibility in dealing with the African Debt crisis.
- 11.0 The largest single proportion of Zambia's debt is owed to the IMF (US \$ 1.2 billion at December, 1993). IMF loans are short term and non-project. They are balance of payments loans contracted mainly to buttress current consumption at high interest rates. A further problem to Zambia's multilateral debt structure is that the loans were obtained at time when Zambia was relatively prosperous (ie middle income) and therefore not eligible to cheap credits from multilateral institutions such as IDA loans. It now has to repay these high interest loans when it is much poorer as it has joined the group of poorest of poor countries. This makes the debt burden for Zambia extremely heavy. It is much easier to service debt when the economy is growing.
- 12.0 Multilateral debt is supposed to be better than commercial and bilateral debt for it has longer grace and repayment periods and at times lower interest rates. Therefore, the grant element of the loans from these sources is supposed to be high compared to others. In more recent times this has turned out not to be the case and for other reasons such as ineligibility for rescheduling, cancellation or many of the other strategies such as investment or environmental swaps, this source of debt is increasingly becoming problematic. Because of these conditions, the reality today is that Zambia has to borrow from other sources (including

bilaterals through IDA), and at times from commercial markets at high interest rates to service Multilateral Debt. What could have constituted fresh injection of financial resources from Bilateral donors in form of grants is also diverted to servicing the multilateral Debt. It is for this reason that many analysts have argued that these institutions (IMF, World Bank and other Multilaterals) have become the problems in themselves rather than the solution to Africa's debt crisis. They want to collect their debt no matter what the economic problems the debtor country is facing.

- 13.0 When the debt stock is of Zambia's magnitude (at US\$ 6.8 billion), the economy is in decline and credit worthiness so low, naturally it is not possible to remain current on all Multilateral debt. Consequently, this debt is refinanced through a build up in arrears which then deepens the crisis. To reduce the high dependence on external financial resources for refinancing the debt and for reducing the declining economic growth, Zambia has to seek solutions to the currently deepening Debt crisis.
- 14.0 At this stage therefore, it is important to note that the high levels of debt contracted by Zambia require that the country spends a large proportion of its current external earnings on debt service. This constitutes a developmental problem since the more of resources devoted to debt service the less will be available for expenditure on development and growth.
- 15.0 We can conclude that Zambia is currently faced with a debt crisis because it contracted loans that did not contribute anything to the growth and development process. Many of the loans were given because of an excess of supply over demand for loanable funds arising from the oil crisis of 1973 and 1979. Clearly there was a lack of foresight on the part of the Zambian government on the long-term growth and development of the Zambian economy and its capacity to service the loans. There is a need for a new thinking and action to mitigate the current crisis as well as safeguard against a repeat of the same in the long term.

#### **Plenary Discussions:**

- 16.0 It was noted that the internal Debt which has also reached unmanageable proportions and is also a crisis in itself is a consequence of the external debt problem and Structural Adjustment Programme measures. It is necessary to revisit the whole macro-economic framework that impinges on both the internal and external debt problems.
- 17.0 There was concern expressed at the failure of the projects funded through loans from the World Bank, the IMF and Bilateral donors. It was strongly felt that the blame cannot be put only on Zambia alone especially when most, if not all, projects are appraised and evaluated by donors. In many cases there have also been the donor technical expertise involved in the projects. Equal responsibility for the failure of the projects and consequently a sharing of the burden of the debt on these projects by both the Debtor and the Creditor must be agreed on as a matter of principle. (Information on these projects is required for the negotiating processes).
- 18.0 Concern was expressed at the blackmailing of defaulting countries by the World Bank, the IMF and other donors when they themselves have been identified by the people as the culprits in the existing crisis. Ways to put an end to this must be found.
- 19.0 The accountability of the World Bank and the IMF was seriously questioned. For all practical purposes, countries like Zambia and many others in Africa cannot be said to be members of these institutions given their marginal positions and practically no rights (votes) to influence the decision making processes there. It is for this reason that these institutions have shown that their agenda is not in the interest of African countries. If these institutions are to live to their current image, then they should be privatised and operate like any other commercial Banks! At the moment they are like parastatals which are not fulfilling their given objectives. If

Zambia is to have a breathing space in the Debt crisis, the Preferred Creditor status of the IMF and the Bank must be seriously put on the agenda.

- 20.0 Under SAP which has forged devaluations of the Zambian currency, the Debt crisis has deepened. Devaluation has caused a reduction of the productive capacity of Zambian industry by limiting investments given that the imports of investment goods have become dearer. Under the SAP regime, it is practically very difficult to increase exports. In fact, contrary to conventional SAP thinking, there is no relationship between devaluation and increased exports as claimed. On the contrary, there is a decline. The overall result is an increase in indebtedness which then makes Zambia vulnerable to the Creditors who then have to dictate on what policy must be for them to get their money back. In any case the US Government has been propping up the value of the US Dollar in the situation of its decline. Why should Zambia devalue with negative results?
- 21.0 Even when issues of increased exports are discussed, it is clear that GATT is a serious problem because it only serves the interests of the developed countries. The African countries like Zambia have no say in the international markets. This scenario has seriously affected the capability of Zambia to pay its debt as there are constraints in the international markets. There is a need for the Coalition to look at the position of countries like Zambia in the international markets and the negotiating processes.
- 22.0 In resolving the Debt crisis, it is important now that there is a need for a Forum in which there would be a wider participation in the signing, utilisation and settling of Debt. In this respect it is important for the Government to ensure that borrowed funds are invested in sectors that would be able to pay back.
- 23.0 Repayment of Multilateral Debt as a priority, at the expense of people's needs, using Bilateral funds (IDA) is causing a shortfall in new resources to Zambia. Ways of influencing the donor countries who are in this practice must be found.
- 24.0 In summary it was noted that there is a problem of political will to face the challenges and find solutions for the country. Mobilising human resources and institutional capacity pose fresh challenges to the long term development of Zambia.

#### C. REGIONAL ASPECTS OF DEBT:

- 25.0 As has already been noted in many documents produced by the Economic Commission for Africa, the Debt crisis to Africa has actually halted almost all economic recovery and development, since in most cases upwards of 33% of export earnings by many countries have had to be diverted to Debt servicing. On the whole, the Debt burden takes money away from investment which in turn results in low capacity utilisation and lower income and employment levels.
- 26.0 It is important to mention that the African region has not stood by while the socio-economic situation has continued to deteriorate. As it will be recalled, at its second Extra-Ordinary Summit in Nigeria, in April 1980, the OAU adopted the Lagos Plan of Action and the Final Act of Lagos, for the development of Africa by the year 2000. At its Twenty-First Ordinary Session in 1985 in Addis Ababa, the OAU Summit also Adopted Africa's Priority Programme for Economic Recovery (APPER) 1986-90. Equally in the face of excruciating external debt burden, the Third Extraordinary Session of the OAU Summit was convened to adopt the "African Common Position on Africa's External Debt Crisis".
- 27.0 Although the Africa region in its continued dialogue with the donor community has pressed for massive Debt relief ranging from partial, short-term and long-term solutions, there has

been a great deal of inflexibility and reluctance on the part of the donor community; they have been particularly unwilling to link the debt crisis with the context of factors beyond the debtors control such as deteriorating terms of trade and others. They would rather each debtor country was treated separately. It is for this reason that various options are being offered largely related to rescheduling even if these solutions do not solve the fundamental problem.

- 28.0 The struggle to alleviate poverty and eradicate underdevelopment must continue to be Africa's pre-occupation. In this regard, Africa must continue to negotiate for Debt relief and also the equivalent of a Marshall Plan for the region to give it a completely fresh start. Any other plan short of debt cancellation, such as rescheduling, will merely postpone or delay the agony and perpetuate poverty and all its attendant evils.

**Plenary discussions:**

- 29.0 The regional institutions like the PTA and SADC lack the political will to move the issues forward. This is generally because of the lack of popular participation in the decision making processes of these institutions. These institutions remain the domain of the Heads of State. Ways of influencing decisions and monitoring of implementation must be found.
- 30.0 The whole African region is faced with the Debt crisis that is affecting the poorest of the poor, including women and children. The conditionalities of SAP are having devastating effects and killing the long term potential for Africa to get out of the crisis. Africa as a whole must work towards Debt cancellation.
- 31.0 The commitment of the international community to solving the African Debt crisis can be questioned since they share the same views as those of the IMF and the World Bank. That is why although they seem committed, they in fact do not fulfil their commitments. Equally, one sees that African organisations like the OAU are really not effective at the global level. It was noted that the African governments themselves have weakened the OAU; they do not pay the dues to make the organisation more effective. However, the formation of the African Economic Community might facilitate the strengthening of the existing inter-governmental bodies so that they become viable and could be used as strong blocks upon which to build the continent's strength.
- 32.0 The examples of the ASEAN-4 countries having moved from being poor to process of development is not necessarily comparable examples as the investments in these countries are led by Multinationals. Investments in Zambia and privatisation should first mean domestic investments if a genuine long term and sustainable development is to be achieved. An open invitation to foreign investment and particularly that of Multinationals will not solve Zambia's problem of continued net outflows. A counter argument was given to the effect that in the ASEAN-4 countries the governments were in full control of policy. Zambia must put its house in order and be strong enough to handle foreign investment.

**D. THE AFRICAN ALTERNATIVE TO SAP; ITS IMPLICATIONS ON THE DEBT CRISIS:**

- 33.0 African experience with implementing orthodox Structural Adjustment Programmes imposed by the World Bank and the IMF and supported by many donor countries, in the period 1987 and 1991 showed that they have had a tendency counter to objectives of African economic transformation. Principally because orthodox objectives tend to emphasis the pursuit of fiscal, trade and other balances which are taken as ends in themselves or as a means to increasing traditional exports. Most glaring of its oversight is to expect a universal prescription in total disregard of Africa's other fundamental economic weaknesses.

- 34.0 It was principally the failure, both by The Bank and The Fund to perceive correctly that many of their remedies were rather unrealistic in the African context, at the material time, that greatly contributed the United Nations Economic Commission for Africa (UNECA) to spearhead a search for "The African Alternative". The considered opinion of the UNECA secretariat was later supported by a number of African states because Africa's deep-rooted problems would no longer be obtained without a structural analysis and remedies of the African political economy by the Africans themselves. This same general conclusion was reiterated by the Assembly of Heads of State and Government of the Organization of African Unity (OAU) in the "African Common Position on Africa's External Debt Crisis". The sentiments in the "Common Position" were indicative of Africa's disenchantment and negative reaction with conventional SAPs. Consequently, its architects designed it with a view to include policy changes and policy reforms that should have addressed Africa's root causes of economic backwardness and linking adjustment with long-term transformation.
- 35.0 The African Alternative first and foremost, can be said to have been home-grown. Unlike the other, it was not imposed from outside. Second, it perceives the causes and would-be solutions to Africa's economic growth and development not purely through the eyes of market economies of the western industrialized countries. Third, it provides for a measure of socio-economic considerations. In other words, it tries to encompass the African way of life of trying to avoid creating additional armies of destitute that result from forced retrenchment. So that in applying reduction measures on expenditures by the state and even the private sectors, careful consideration is given to both social and economic implications.
- 36.0 The African Alternative was never initiated to become confrontational with the Bretton Wood SAPs. Somehow and to the regret of many, consolidation of AAF-SAP created an apparent animosity between the institutions of Bretton Wood on the one hand, and the United Nations Economic Commission for Africa on the other hand. While the wrangle lasted, and the two adversaries tried to score points or to out do one another, solutions to Africa's problems were relegated to the periphery.
- 37.0 The poor rate of implementation of The African Alternative can be attributed to some of the following reasons:
- the little faith or mistrust by many an African policy makers of the initiative itself. The fate suffered by the "Alternative" was no worse or different from that of selling African products to other African consumers who prefer imported ideas and products.
  - Another of these weaknesses lay in advocating a strategy without sufficient back up resources in competition with the rich resource-based Bretton Wood institutions. The Bretton Wood institutions don't only enjoy respect of their beneficiaries but actually instill fear in the latter.
  - The intensified economic crisis in the early 1980s, meant that many African countries were unable to challenge the Bretton Wood or to insist on incorporating Lagos Plan of Action (LPA) elements in the conventional strategies. Circumstances were such that many had little or no other viable option, having already abandoned the approach advocated in the LPA, as priority shifted to mere survival at any cost. For a majority of them, it became a matter of "a bird in hand (The World Bank or The Fund) being better than two in the bush (The African Alternative)".
- 38.0 The "African Alternative" was and is still characteristically a comprehensive rather than an ad hoc approach to the question of adjustment. Its other significant characteristic lies in the attempt to link the latter with long-term transformation. It does not limit its focus to a limited set of financial variables as do the conventional approaches of the Bretton Wood programmes. Perhaps its most prominent feature lies in the way it proposes to seek to situate the process of adjustment in the objective realities and conditions of African societies. Its foundation is rooted principally in trying to find solutions to alleviating mass poverty in Africa.



- 39.0 Perhaps the picture would have been a little different had the African Alternative not suffered from so many frustrations at the outset. In other words, if it had been implemented, perhaps it might have somehow mitigated a substantial part of the region's external debt burden. This is a logical conclusion going by its underpinning framework and the suggested policy measures that focused on the following: (a) improving and increasing the efficiency of the production capacity i.e. supply policies; (b) efficient allocation of resources; (c) proper management of expenditure patterns whose centrality was improvement of the quality of life; and (d) greater accent on capacity building policies and measures.

#### **Plenary discussions:**

- 40.0 It is true that SAP is essentially "round pegs in square holes". It is a programme designed by the north and without a human face. It was agreed that there is a need for creating a Round Table at which Zambian civil society could be represented in a structured way. However, if the current lack of coordination between the various representations of civil society continued, then effective representation cannot be achieved. In this regard, there is a need for adequate preparations before participation in discussions and negotiations around these issues.
- 41.0 Africa and individual countries must put their structures ("houses") in order to resolve the Debt crisis. International response and support to the African alternative is not sufficient and neither should be expected as there is little benefit for the developed countries. A Coalition could play a role in the renewal and confidence building process.
- 42.0 The political leadership should be addressed and advised. If advice is delivered well, it is usually taken. Politicians should use the professional capacity in the country for advice instead of being suspicious. There is also fragmentation among the advisors themselves. Increasing advice capacity is going to be key in the work of the Coalition.
- 43.0 Accountability of the policy makers to the people is crucial. They have to explain to the people what is really happening. This is not generally done.
- 44.0 It was agreed that a Coalition be formed to systematically face the challenges of SAP and bring aboard the African Alternative onto the development agenda in a structured way. Communication network in Africa around the Debt issue is important for sharing ideas and views as well as influencing policy.

#### **E. INTERFACE BETWEEN SAP AND DEBT.**

- 45.0 The period since the latter part of the 1980s has seen the advent of critical changes in the political structures and economies of Sub-Saharan Africa. The case of Zambia is significant in that, these "winds of change" have been most dramatic and, whilst being inter-related, have evoked sharply differing reactions amongst the public at large. Whereas, the introduction of multi-party democracy has received popular acclaim, the same cannot be said about Structural Adjustment Programmes (SAP). Arguably, these changes have also redefined the course and character of Zambia's socio-economic and political life in many ways. For example, the most visible elements of the Government's policies have been, the seemingly, unwavering commitment to following the IMF-driven Structural Adjustment Programme (SAP) while productive capacities and export earnings have been diminishing, the magnitude of the debt burden has been increasing especially due to the deteriorating terms of trade and poor balance of payments (BOP) position. On the other hand, Zambia has relied on rescheduling of debt payments as a way of bringing about relief and furthering domestic economic balance and public expectations.
- 46.0 It can be argued that the interface between SAP and Debt is to be found in the measures

prescribed by creditor nations through the IMF and World Bank that an indebted country adopts in order to reduce the debt stock by way of macro-economic stabilisation which frees market distortions and engenders fiscal discipline.

- 47.0 In order to illustrate this interface, we can briefly examine Zambia's position in terms of the debt burden and structural adjustment measures which have been adopted. Zambia is a good example of how the national debt burden has been interspaced with attempts at economic reform. This, however, has been matched with equal volatility as seen by negative rates of economic growth, collapse of domestic production capacities and invasion of imported goods which are absorbing scarce foreign exchange resources available and therefore thwarting meaningful economic development. The question is: how much of the present position is self inflicted? In addition, should we be agitating for Debt forgiveness or write-offs on one hand and seeking further credit on the other without putting our houses in order?
- 48.0 It is suggested that in order to present an effective front that can tackle the debt problem, we should firstly realign our national economic priorities and improve our planning base for the utilisation of both local and borrowed resources. Resource allocation has continued to be determined by dictates of political expediency rather than from a standpoint of a poor nation with inadequate capacity to finance unnecessary expenditure. In addition, information on our debt position and investible resources that are being negotiated is not known. It is clear that Government planning has not changed and traditional methods of assessing priority areas have persisted. In addition, little information is made available to the public at large on allocation mechanisms and priorities apart from the standard documentation has not been subject to detailed review against performance.
- 49.0 If we are to create an interface that we can influence between SAP and Debt, we need to set out our own priorities that can be matched with external measures and thus ameliorate the adverse impact of externally driven economic reform. An important start should be the rationalisation of the national budgetary process and imposition of controls over the process of determining priorities for which demand for scarce resources can therefore be assessed and allocations to expenditure heads followed up with a monitoring mechanism.
- 50.0 Greater accountability should be espoused over Government's systems and use of resources prior to presenting an argument for Debt forgiveness or seek to share the debt burden with our creditors. Clearly we shall continue to remain weak in areas of negotiations with our international creditors as long as we consider the present levels of demand for foreign credit is unavoidable.

#### **Plenary Discussions:**

- 51.0 While the issue of a country like Zambia being insolvent was appreciated, the reality is that Zambia cannot be insolvent given its abundant resources, especially its people and the potential brain power that exists; all these outweigh the current monetary liabilities. What is required to be addressed are the terms of borrowing. It was unanimously agreed that African states like Zambia can no longer rely on Debt rescheduling as a way of bringing about relief; what is required is Debt cancellation. In this regard it was felt that the word "Debt Forgiveness" implies and element of wrong doing on the part of the Debtor countries; the term "Debt Cancellation" is preferable. Debt distressed countries were not solely responsible for their debts; donors must also bear the responsibility for the existing crisis. For example, if the unfair trade practices were to be taken into account, it would be found that Debtor countries have in fact been robbed of their resources. *Time has come to convince the Creditor countries that the debt cannot be repaid*; hence the case for the formation of a Coalition on Africa's debt.
- 52.0 It was noted that SAP was externally driven and that is why they have negative effects. The

international lending agencies who have introduced these policies are external to a nation's governance and therefore do not take into account the people's concerns views and real interests.

- 53.0 It was agreed that the discrepancy between public expectations and the actual impact of reform programmes can generally be held responsible for the resentment expressed by most people against SAP. A view was expressed that in the previous system of national Development Plans there was some element of participation by the people unlike in SAP. Participation must be made the norm.
- 54.0 Concern was also expressed on some aspects of the immediate term measures aimed at reducing budget deficits under SAP. For instance, it was wondered whether there was need to carry a budget deficit that has to be financed by borrowing or grant aid. There has to be a democratisation of resource allocation; this will ensure that resources are spent on national priorities.

#### F. STRATEGIES FOR ALLEVIATING EXTERNAL DEBT IN ZAMBIA:

- 55.0 The sheer magnitude of Zambia's debt problem makes any discussion of possible solutions within the official debt reduction schemes rather difficult indeed. Therefore, whatever strategy one suggests or adopts will make only a small dent on the problem. This is so because when a problem reaches certain magnitude it has an in built mechanism for growth. On the other hand it means that new and bold strategies have to be investigated instead with continuing of the current ones which have after all failed to make an impact.
- 56.0 It has been argued in some circles, and possibly rightly so, that in the final analysis it is the political structure and vested interests and allegiances of the ruling elites which determine what strategies are possible for solving any problems and where the main roadblocks to effective economic and social change lie. If this is true for any problem it is more so for debt.
- 57.0 Many suggestions have already been made by analysts on ways of resolving the African Debt crisis. It has been suggested that action has to be taken for reducing official bilateral debt; reducing multilateral debt including World Bank, IMF, and ADB and eliminating private debt which continues to block the flow of commercial to Africa. It has been suggested that this has to be both on creditor and borrower level through the following:
- a). Bilateral creditors need to improve on Toronto Terms to Trinidad terms (which entails writing off 66.6 percent and rescheduling the balance on IDA terms) for some of the very indebted countries such as Zambia especially in view of the changed economic classification from a middle income country to a Least Developing country status.
  - b). Bilateral creditors should be encouraged to swap their debts for local currency funding both for investments in industry and other programmes (at rates that will not create problems for monetary control).
  - c). For Multilateral Debt: For IMF debt these range from:
    - i) refinancing or cancelling upper tranche obligations for those countries which are now only eligible for IDA credit like Zambia by special SDR emission to cover the outstanding and/or balances or gold revaluation and sales.
    - ii) easing conditionality on Extended Structural Adjustment Facility (ESAF) and widening eligibility to aim for zero net transfer of resources.

d). For Development Banks' Debt, it is being suggested that these institutions should finance a one-time write-down of African debt contracted from the hard-window debt through the following:

i) a reduction of their accumulated general and specific reserves and a reduction in their administrative budgets until the hard window is written down.

ii) the use of soft window-repayments for the write down on an annual basis until such a time as hard window debt is fully written down and

iii) moving hard window loans to interest non accrual status, freezing the principal outstanding and writing them down through pre-emptive allocations of net income before providing for other purposes.

In this respect, the Africa Development Bank would require additional resources. Bilateral donors should support the AfDB.

The above suggestions have resulted in little improvement in the Debt crisis for most of Africa, including Zambia.

It has argued that the debt strategies followed in the past years, have resulted in too much concessional aid to Low Industrialised Countries (LICs) - of which Zambia is a part and their own domestic resources being used for:

a) debt service on non concessional bilateral debt;

b) debt service to the IMF and Multilateral banks ( the World Bank the African Development Bank and others);

c) relief on private debt buy-backs at too high a price and

d) quick disbursing assistance (from multilateral institutions) for structural adjustment programmes, which have failed to deliver the intended results. (This trend is causing an upsurge in Multilateral Bank debt obligations. This has created a phenomenon where these institutions have become the major problem rather than the solution to Africa's debt crisis. Debt servicing to these countries has taken precedence over essential developmental investment in both physical or social infrastructure).

58.0 The most controversial strategy of all was the decision by the Zambian Government in 1987 to declare that debt servicing would be limited to 10 percent of export earnings. The declaration was met with international anger ( not that it affected the actual outflow of funds for debt servicing in any way because with so little new foreign inflows the country was going to default anyway) for it upset the international convention on the subject.

59.0 The persistence of the debt crisis in Zambia indicates that the strategies adopted to deal with the problem have been inadequate. For debt continues to grow and the arrears continue to mount. This calls for a more innovative strategies than those adopted hitherto in order to deal with the problem.

60.0 Given that much of the Debt of countries like Zambia is owed to the multilateral institutions, existing forms of debt relief, if one can even call them by that name, eg. use of soft windows, are totally inadequate. Practically they provide very little relief. Much of the disappointment of Africa also arises from the fact that these (Multilateral) institutions do not want to be responsible for their own failings. Since IMF conditionality has always centered on macro-economic policies, failure of the past policy frameworks to stimulate growth and development

must surely be shared between the debtor countries and the IMF. Similarly for the World bank the fact that projects were appraised and approved by the Bank and in most cases also run by Bank staff must mean that failures cannot be attributed to debtor countries alone.

In commercial Banking terms the risks of these loans should have been borne by the lending institutions as well. This, unfortunately is not the case with the multilateral financial institutions. They want to be very heavily involved in policy formulation and yet be absolved of any responsibilities should anything go wrong. Because of this obvious irresponsible attitude towards mistakes committed it might be pertinent to ask whether we should not include these institutions as a subject for privatisation. This question is relevant at this stage because of the observation that in spite of their strong support for privatisation multilateral financial institutions still remain the strongest international parastatals with all the weaknesses that are traditionally ascribed to publicly owned commercial enterprises.

- 61.0 Bilateral debt: This group is the second largest creditor to Zambia. Bilateral debt is subject to rescheduling or refinancing and the Zambian government has had five reschedulings with members of the Paris club. Of the total debt stock in 1993, US \$ 1.7 billion or 25 percent was rescheduled debt. While under normal circumstances refinancing offers some short term relief to a country facing temporarily balance of payments problems, when the debt is large and the underlying causes are structural and deep rooted, it can become expensive. This is so because there are costs associated with it: First and foremost, there is the moratorium interest on the postponed payment; secondly there is the continuous cycle of debt rescheduling negotiations which diverts attention and time of stretched Zambian governments from economic management; and thirdly, there is the cost of travelling to Paris. In the situation in which such negotiations are conducted yearly these costs can be considerable. To these should be added the non quantifiable cost of being dictated to on what policies to follow thereafter. In recent years, however, some countries have been able to negotiate for multi-year rescheduling which has mitigated the costs somewhat.
- 62.0 Furthermore, it has been noted that although the Paris Club was created as a Forum for countries with temporary balance of payments problems, frequent rounds of restructuring have not lightened the debt burden in countries with severe structural problems. *There is a need therefore, for a change in the Forum for discussing Debt. Meetings could be held in the respective African countries because, among other things, it is rather expensive to make trips abroad.*
- 63.0 As a way of improving the terms of rescheduling bilateral loans, a number of proposals have been advanced including the Toronto terms, Trinidad Terms, the Proposals of Pronk and Perez de Cuellar to mention a few. It has been largely noted that many of the "Terms" under the Paris Club, have in fact not really managed to relieve the debt of the poorest countries to any great extent. However, the most favourable aspect of bilateral debt is the possibility of debt write-offs which has the impact of reducing the current debt stock and future debt servicing obligations. It is clear, however, that most creditor governments prefer to reschedule debt even where there is no possibility of such a debt being paid off like in Zambia's current situations. Therefore, non financial reasons on the part of Creditors influence their decisions whether to write-off some country's debt or not. It is argued that how much debt forgiveness a country gets depends more on its political influence it commands among the creditor governments and not on need. *This implies that political rather than technical considerations are more important for resolving the Debt crisis.*
- 64.0 Commercial Debt: Although this is the debt that has gone into direct enhancement of production, it ironically is the debt that has received least attention during times of financial difficulties. While governments have struggled to find ways of settling multilateral and bilateral debts commercial debt has often been pushed to sidelines. The Baker Plan and later the Brady Plan have been important as instruments to reduce the commercial indebtedness of

middle income countries like Mexico , Costa Rica , Venezuela etc.

65.0 The following issues should be considered in handling the different types of Debt:

Multilateral Debt: IMF, World Bank and other multilateral institutions should be made to accept some risks for the decisions they make. In this regard, therefore, these institutions should write-off a large part of the debts owed by Zambia. If writing off debts is not acceptable then the debts should be subject to a market price in the same way that private commercial debt is being subjected. The multilaterals must be made to operate in more business like manner that they preach about rather than being protected all the time.

Bilateral Debt: A shift of the negotiating framework is necessary. It is important to ensure that more favourable and more flexible negotiating fora be attempted. In this regard, a good start will be made by having in-country discussions with the various Creditor countries within Zambia in a way that is transparent and with information flowing to the Zambian public.

As Zambia completes its rights Accumulation Programme towards the end of 1994 it should start considering seriously the agenda for its Paris Club meeting. There is a need to change the existing menus.

Commercial Debt: Continued dismantling of eligible commercial debt sold at a discount should continue. Implications of these measures should however, be studied and analysed.

65.0 It has now been generally agreed that any good debt strategy should be adequate in its scope to end the negative flows from Africa to industrial countries which the debt servicing has created. For without ensuring that debtor countries in Africa become net recipients of new funds their outstanding debt cannot be remedied. Bilateral funds should therefore not be used for refinancing the Debt.

66.0 A great deal of attention has been devoted to creditor strategies in the debt problem creating the impression that there is nothing at all which debtors can do. Yet there are deliberate actions which they can take to result in whether or not a country has a debt crisis. Korea and Zambia were both middle income countries in the 70s. Both borrowed heavily yet the former does not have Zambia's debt problem. The internal factors, especially policies, explain the difference.

67.0 As already mentioned, although debt is such a big probe in Zambia, its causes have not been adequately analysed. As such the Government has continued with the same policies which created the problem in the first place. Therefore, debt problem is likely to get worse in the long term until these policies are changed.

68.0 It has been argued and rightly so, that the debt crisis is inevitable in the long run if heavy borrowing is not accompanied by productive investment. Thus, for those middle income countries which used the money borrowed in the 70's in high-return investments or to bring about structural change, have been able to weather off the debt problem. This was possible because the debt enhanced those countries' capacity for greater output and hence increased the ability to service their long-term debt. The example often given is Korea whose external debt grew nine fold in the seventies and yet debt has not been as severe a problem compared say Zambia.

69.0 It can therefore be argued that the wrong sectoral distribution of debt created the debt crisis in the 80's which has persisted in the 90's. In Zambia most loans went and continue to finance education, health roads and railways or social and infrastructure developments. A considerable proportion also went to finance non performing parastatals with no potential for growth let alone to export. There is no doubt that the flow of funds enabled developing

countries in general and Zambia in particular to attain relatively high investment and economic growth rates and general living standards which they could not have enjoyed otherwise. These gains, however were temporally as most of it has become obsolete in the 80's and 90's due lack of maintenance funds. This outcome among others, casts a lot doubt as to whether the strategy of foreign borrowing to put up the infrastructure was worthwhile in the first place.

70.0 *What then should be done?*

1) Zambia should stop allocating loans to sectors and projects which has no potential towards contributing to the repayment of the facility. The schools, hospitals, roads and railways which have no inherent ability to contribute towards the capacity to earn foreign exchange should only be allocated grants. For, it is this habit which created the debt crisis in the first place. The habit assumes that there are or there will be sectors in the economy which will generate the foreign exchange to service such debts without taking deliberate action at creating them is wishful thinking.

2) Closely related to the above is that debt management should take a longer-term view of the problem. For example, there should be different national debt service scenarios for the next 20 years or so indicating what the different outlooks if certain events occurred or failed to i.e., changes in interest rates, growth lack of it in exports etc. This will help to place the problem into proper focus and move us from this short-term approaches of borrowing from Peter to pay Paul; characteristic of the crisis in the 80's and 90's.

71.0 It was generally agreed that the Debt crisis is inevitable in the long run if heavy borrowing is not accompanied by productive investment. It was further argued that in Zambia most loans went to finance education, health roads, railways and social infrastructure which did not give any real returns on investments. The countervailing argument was however, that investments in health, education and infrastructure contribute to increased productivity in the economy by enabling the economy to perform more efficiently.

72.0 **In conclusion, the workshop endorsed the idea of forming a *Zambian Coalition on Debt and Development* to tackle the problem of debt and related issues.**

DAY 2: AUGUST 6, 1994 WORKING GROUP DISCUSSIONS, REPORT BACKS, DISCUSSIONS AND CONSENSUS REACHED.

**Working Group 1:**

**Extent of the Zambian Debt crisis; strategies for resolving the crisis:**

73.0 The Coalition must pay attention and develop strategies on how to deal with the following:

- (i). Mutuality of obligations should be ensured by on the part of both the Debtor and the Creditor. Since IMF conditionality has always centered on macro-economic policies; the failure of past policy frameworks to stimulate growth and development must be shared between the debtor and the IMF and other creditor countries that use the same conditionality. Similarly, for the World Bank, the fact that the projects were appraised and approved by the Bank and in most cases also run by the Bank staff must mean that failures cannot be attributed to Debtor countries alone.
- (ii). Agreements for loans should ensure that not more than 20%-30% is spent on foreign technical assistance
- (iii). Loan agreements should leave room for recipients to source appropriate technology
- (iv). Centralised system of contracting and management of loans be put in place
- (v). It should be government policy to subject utilisation of loans to public view
- (vi). Acquisition of loans should be subjected to debate by civil society and ratification by Parliament. There should be a Standing Committee on Debt and policy makers should explain the current situation to the people. Intelligence on the Debt situation in the region must be a full time preoccupation which should improve the country's negotiations with the Creditors.
- (vii). All debt contracted prior to December 31, 1991 should be written off
- (viii) Refinancing of some loans should be considered periodically
- (ix). Debt servicing should be an integral part of macroeconomic framework to sustain economic development and avoid situations where all resources are exhausted on debt servicing
- (x). There is an urgent need to form a Coalition for dealing with the crippling debt situation and development issues in Zambia
- (xi). We adopt the NGO Debt Treaty in principle and Campaign efforts in the north should be supported.
- (xii). The International Community should consider and intervention on the scale of the Marshall Plan, for Africa.



### **Working Group 2:**

#### **Awareness Raising, information gathering and dissemination, research agenda, lobby and advocacy strategies.**

- 74.0 There was a need to increase the awareness of the NGOs of the positive contributions they could put in the formation and success of the Coalition. In this regard, establishment of the information network which will ensure the flow of information is necessary. This is possible because NGOs were already established institutions with adequate infrastructures.
- 75.0 In order to implement and identify the strategies needed, targets had to be set with the following groups in mind: Media, Business sector (both small medium and large), Labour Movement, Human rights groups, Learning institutions, Members of Parliament, Government officials, Religious Organisations, Donors and Grassroots level.
- 76.0 In order to achieve the objectives of the proposed Coalition there was a need for action oriented programmes which will ensure efficient flow of accurate information. Therefore it was felt that it was important to make society understand the topic in order to put pressure on the policy makers or representatives of the governments (both Debtor and Creditor).
- 77.0 In order to make any use of this information firstly membership had to be institutionalised with a professional core who could give advice to target groups. Secondly, there was a need for targeting the relevant Parliamentary Committees, as Parliament is an important instrument of democratic accountability.
- 78.0 The end use of information would have to be mainly influencing government decisions on Debt settling, acquiring and uses. This could be achieved through identifying the problems that come with Debt then inform the people about them. This will ensure that people are sensitised so that they are able to identify critical areas which needed projects to be financed. Secondly, this conscientisation of the people in the constituencies will ensure accountability by the politicians. Therefore, flow of information will ensure accountability. Thirdly, an understanding of the Debt issue by the people would lead to their demand for the explanation by the politicians of the nature of the loans, amount and purposes. Therefore with adequate information people will be able to determine whether the loan to be acquired is necessary or not and be able to reject or accept it. Fourthly, with adequate and accurate information the people will be able to monitor the Parliamentary debates. If this is done, people will be able to determine whether MPs present to the Parliament the true reflection of the effects of Debt and people's needs.

### **Working Group 3:**

#### **The Zambian Coalition on Debt and Development: goals and objectives and operating modalities.**

- 79.0 The Group identified two major goals for the formation of the Zambian Coalition on Debt and Development:
- a). To popularise and democratise the issue of Debt among Zambian citizens
  - b). To get involved in the articulation of Debt and related issues and intervene in the decision making processes

#### 80.0 Objectives of the Coalition:

- a). To facilitate an informed debate and sharing of views, analysis and strategies on Debt and related issues in Zambia and thereby enhancing greater Zambian public understanding of the same.
- b). To undertake lobby and advocacy work that will impact on policy and actions on Debt and Development
- c). To engage and cooperate with other Forums and Networks in Africa and abroad in pursuit of the above
- d). To commission a Plan of Action for the achievement of these goals
- e). To undertake any other plans and activities which promote those goals

#### 81.0 Structure of the Coalition:

It was decided that the Coalition will have a General Assembly, an Executive Committee and a Secretariat.

#### 82.0 **Steering Committee.**

A steering Committee made up of the following people was elected for the creation of the Coalition and short-term programmes.

D Musona	(Economics Association of Zambia)
G Ngenda (Ms)	(Zambia Association for Research and Development)
Francis Banda/Lucy Muyoyeta	(Oxfam)
John Kasanga	(Economics Association of Zambia)
Chipo Mweetwa (Ms.)	(Economics Association of Zambia)
Theo Bull	( ZACI)
M Chilwesa	(Small Industries Association of Zambia)
Austin Muneku	(Zambia Congress of Trade Unions)
C Fundanga	(Economics Association of Zambia)
John Munsanje	(Children and Youth Lobby Group)
Opa Kapijimpanga	(AFRODAD: ex-official)
A M Nakalonga	(Economics Association of Zambia) Interim Secretariat

#### 83.0 **CLOSING REMARKS BY DR. CALEB FUNDANGA, CHAIRMAN OF THE ECONOMICS ASSOCIATION OF ZAMBIA.**

In his closing remarks, Dr. Fundanga emphasised the fact that the Steering Committee just appointed had a big task to move the work of the Coalition on Debt and Development forward. EAZ would provide the Secretariat of the Committee until the Coalition establishes its own Secretariat. He also noted that some donor countries are allies in this venture and should be included in the Coalition.

It was very important to note, he said, that the Coalition is not meant to fight the government; on the contrary, it would provide the necessary support in the government's efforts of working on behalf of the Zambians.

He thanked everybody for attending the meeting which he thought was a great success.

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C B Muchwimba	Mine Workers Union of Zambia, P.O. Box 20448 Kitwe. Tel.224022 Fax 224276
John Kasanga	Economics Association of Zambia
Caleb Fundanga	Economics Association of Zambia
Mweene Mwinga	Economics Association of Zambia
Muna Hatuba	Anglo/Economics Association of Zambia
V Ivlev	Economics Association of Zambia
G K Nyirongo	Economics Association of Zambia
H Sikaneta	Economics Association of Zambia
S D Siakalenge	Economics Association of Zambia
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Patson Maanga	Ministry of Commerce P.O. Box 31968, Lusaka
Judy Tumeo	Times of Zambia, Lusaka
Janet Ilunga	Times of Zambia, Lusaka
Idefons Chonya	PAID-ESA, P.O. Box 80448, Kabwe
Jonathan Chileshe	Economic Council of Zambia P.O. Box 32168, Lusaka
W Mwaba	Christian Council of Zambia, P.O. Box 30315, Lusaka
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Apologies:	Zambia Council for Social Development, Lusaka.

## Appendix I List and addresses of Participants

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## **Appendix II Workshop Programme.**

### **Day one: 5 August, 1994**

- 1.0 Opening and Introductory Remarks: Opa Kapijimpanga
- 2.0 Debt as a Constraint to Zambia's development: Dr. Caleb Fundanga  
Plenary
- 3.0 Regional Aspects of Debt: Dr. Siteke Mwale  
Plenary
- 4.0 The African Alternative to SAP; its implications on the Debt crisis: Dr. Jonathan Chileshe  
Plenary
- 5.0 Interface between Debt and SAP: John Kasanga  
Plenary
- 6.0 Strategies for resolving the Debt crisis : Suya Chidumayo (Ms.)  
Plenary
- 7.0 Strategies for resolving the Debt Crisis: Dr. H Sikaneta  
Plenary
- 8.0 Towards a Zambian Coalition on Debt and Development: Opa Kapijimpanga  
Plenary

### **Day Two: 6 August, 1994.**

- 9.0 Group discussions, report backs, discussions and consensus reached
- 9.1 Extent of the Zambian Debt crisis; strategies for resolving the crisis and Plan of Action for the Coalition
- 9.2 Awareness raising, information gathering and dissemination, research agenda, lobby and advocacy strategies and Plan of Action for the Coalition
- 9.3 The Zambian Coalition on Debt and Development: goals and objectives, operating modalities, and Plan of Action.
- 10.0 Press Lease
- 11.0 Steering Committee
- 12.0 Closing remarks

#### **Appendix IV: Steering Committee:**

First meeting of the Committee was held on Saturday 12 August, 1994 at 09.00 hours.

Elections were held for the positions in the Steering Committee as follows:

Chairman:	John Kasanga
Vice-Chairperson:	Chipo Mweetwa
Secretary/Treasurer:	Magre Chilwesa
Committees:	
Information:	G Ngenda, J. Munsanje, M. Chilwesa, F. Banda
Research:	C Fundanga, D Musona, T. Bull
Workshops etc:	C. Mweetwa, A. Mukusu, Nakalonga, L. Muyoyeta
ex-official members:	Opa Kapijimpanga
	A M Nakalonga (Secretary)

**Constitution  
of the  
Zambia Coalition on Debt And Development**

**Title I**

**Objectives and Membership**

**1.0 Definition**

The Zambia Coalition on Debt and Development, hereinafter called the "Coalition", is a Non-Partisan coalition of individual and institution members established to contribute to the resolution of Zambia's National Debt and Development problems.

**2.0 Location**

The headquarters of the Coalition shall be provisionary located within the Secretariat of the Economics Association of Zambia, Private Bag W119, Lusaka, Zambia. The Coalition's headquarters may be established at another location by a decision of the Executive Committee of the Coalition.

**3.0 Goals and Objectives**

The overall objective of the Coalition is to contribute to the advancement of solutions to Zambia's socio-economic development problems. In this regard, the Coalition shall specifically pursue, inter alia, the following objectives:

- (a) To be involved in articulation of the Debt problem and related issues and influence national decision making;
- (b) To popularise and democratise the Debt issue;
- (c) To facilitate informed debate on the nature and extent of Zambia's debt and, sharing of views and strategies for its resolution thereby, empowering and enhancing greater Zambian public understanding of the same;
- (d) To conduct research as a basis for lobby and advocacy work on Debt and related issues;
- (e) To undertake lobby and advocacy work that will impact on policy and actions on Debt and Development;
- (f) To engage and cooperate with other Fora and Networks in Africa and abroad in pursuit of the above objectives;
- (g) To commission plans of action for the achievement of the above objectives;
- (h) To undertake any other activities which promote these objectives.

**4.0 Membership**

- (a) Membership of the Coalition shall consist of individuals and any civil society organisations other than Political parties defined as follows:

Corporate Membership

Membership shall be open to civil society organisations that are not political parties or formally affiliated to a political party in Zambia;

## Individual Membership

Individuals who are Zambian citizens or non-Zambians who are residents may apply for membership of the Coalition in their individual capacity regardless of religion or political affiliation.

- (b) Applications for membership of the Coalition shall be made to the Secretary/Treasurer who shall submit them to the Executive Committee for consideration;
- (c) Persons so approved for membership of the Coalition shall become members upon payment of annual dues for the current financial year;
- (d) Members shall be encouraged to participate actively in the affairs of the Coalition;
- (e) A member who has for some cause other than expulsion ceased to be a member may make a written application to the Secretary for reinstatement. The committee may then, if it deems fit, order that person to be reinstated on such terms and conditions as it may prescribe;

### **5.0 Subscription**

- (a) Members of the Coalition shall pay annual dues in conformity with their obligations and responsibility of membership. The amount of the annual due is fixed according to the class of membership, i.e. Corporate membership or as an individual.
- (b) The subscription rates may be changed from time to time by the General Assembly upon presentation of proposals by the Executive Committee.

### **6.0 Obligations and Termination of Membership**

- (a) Members of the Coalition should conform to the obligations stipulated in the constitution;
- (b) Members shall be required to pay membership fees and dues. Non-payment of fees and dues as determined from time to time by the Executive Committee and approved by the General Assembly, may lead to termination of membership.
- (c) Members shall be required to comport themselves in a manner that enhances the image of the coalition.
- (d) Membership may be terminated by:
  - Resignation/withdrawal
  - Death of the individual member or, in the case of Corporate membership, Dissolution of the institution registered under this category;
  - Acts of an individual member using the coalition to advance the cause of political party;
  - Non-payment of dues for a specified period of a year or as fixed by the Executive Committee;
  - Expulsion on recommendation of the Executive Committee and decision of the General Assembly by absolute majority of members.
  - an affiliate organisation or corporate member assuming political party status;



## Title II

### Organisation and Powers

#### 7.0 Organs

The organs of the Coalition shall comprise:

- The General Assembly
- The Executive Committee
- The Secretariat

#### 8.0 The General Assembly

- (a) The General Assembly of the Coalition shall be constituted by members in good standing who have paid up their subscriptions;
- (b) The governance of the Coalition as regards both the administration of its affairs and the furtherance of its objectives is vested in the General Assembly which may convene in ordinary and extra-ordinary sessions;
- (c) The Coalition's General Assembly ordinary session shall be held not less than two times per year; one of which time shall constitute the Annual General Meeting (AGM).
- (d) Decisions by the General Assembly shall be taken by voting as determined by the General Assembly;
- (e) Fifty percent of voting members shall constitute a quorum and voting shall be on the basis of one vote for the individual members and 10 votes for the institutional members;
- (f) Extra-ordinary sessions of the General Assembly may be convened on the initiative of the Executive Committee or if a group of at least 33 percent of the voting members so request in writing and append their signatures. The purpose of the session should be stated explicitly in the request for the meeting;
- (g) The exact date and place of the extraordinary session shall be determined by the Executive Committee, in consultation with those requesting such a meeting;

#### 9.0 The Executive Committee

- (a) The Executive Committee shall include the following office bearers:
  - The Chairperson
  - The Vice-Chairperson
  - The Secretary/Treasurer
  - Legal Advisor
  - 3 Committee Members representing sub-committees
  - A representative of AFRODAD an ex-officio member
  - Any other members of the Coalition Co-opted by the the Executive Committee
- (b) The Executive Committee shall be responsible for the formulation of policies and programmes of the Coalition in accordance with policy guidance provided by the General Assembly;
- (c) The Executive Committee shall make decisions as to the enforcement of any part of the constitution on behalf of the General Assembly;

- (d) The Executive Committee shall be free to recommend to admit as institutional members national, sub-regional and international economic agencies and such cultural, educational and scientific institutions, and commercial industrial or business enterprises that, in the opinion of the Executive Committee, may contribute to the aims and objectives of the Coalition;
- (e) The Executive Committee may from time to time establish ad-hoc committees in which non-members of the Coalition may be invited to participate;
- (f) The Executive Committee may admit scientific and other organisations as affiliates of the Coalition in the manner described in article 17.0 to this Constitution;
- (g) The Executive Committee will meet at least once every month to review the activities of the Coalition, formulate the work programme and consider budget issues. A quorum shall be formed by four members;
- (h) The Executive Committee shall direct the business of the Coalition in conformity with the Constitution and guidelines of the General Assembly. It is the duty of the Executive Committee to see that sufficient guidance is given to the Secretariat so that actual operations reflect the general guidelines given by the General Assembly and the Executive Committee and, as appropriate resolutions passed there-at;
- (i) The Coalition shall be represented by the Chairperson of the Executive Committee. In the absence of the Chairperson the vice-chairperson shall of right, assume the functions of the Chairperson
- (j) In particular the Executive Committee shall be responsible for:
  - (i) The design and implementation of the work programme of the Coalition.
  - (ii) Determine the working procedures of the various committees and services of the Coalition.
  - (iii) Prepare the provisional agenda for the General Assembly
  - (iv) Take such actions as appropriate and necessary for the proper functioning of the Coalition.
  - (v) Oversee the work of the Secretariat.
- (k) The Chairperson of the Executive Committee subject to decisions of the General Assembly or the Executive Committee shall have general responsibility for the execution of the policies and decisions of these bodies. He/she shall preside over meetings of the General Assembly, and the Executive Committee have authority to initiate actions in exercise of the functions prescribed for the Executive Committee if an foreseen circumstances make such action necessary but he/she shall promptly notify the Executive Committee of the action taken and the circumstances which necessitated it.
- (L) The Executive Committee may designate its members to be incharge of the supervision of specific administration or scientific activities of the Coalition.
- (m) The Executive Committee shall submit to the General Assembly at each ordinary session of the Coalition a report of the Coalition's activities since the previous such report and a proposed programme of work for the immediate future.
- (n) The Executive Committee may invite persons who are not members of the Coalition to participate in discussions without voting.

- (o) The Executive Committee shall have power to suspend any committee member who it has reasonable cause to believe is not properly accounting for any of the funds or property of the Coalition; for misbehaving or being inactive and shall have power to appoint another person in his/her place.
- (p) As a Non-Partisan Coalition, any member holding an office in a political party shall not qualify to hold an Executive Committee position.

#### **10.0 The Secretariat:**

- (a) The day to day Activities of the Coalition shall be carried out by a Secretariat appointed by the Executive Committee on such terms and conditions as shall be mutually agreed.
- (b) The Secretariat shall be managed by a Coordinator appointed by the Executive Committee. The Coordinator shall be accountable for the proper management of the day to day affairs of the Coalition as determined by the Executive Committee.
- (c) The Coordinator shall have subordinates as the Executive Committee shall authorise to employ;
- (d) The number of staff of the Coalition in the Secretariat and their conditions of services shall be determined by the Executive Committee.

#### **11.0 Funds**

- (a) All monies and funds shall be received and paid to the Treasurer through the Coordinator who shall deposit the money in the name of the Coalition in any Bank or Banks approved by the Executive Committee.
- (b) A sum of money determined by the Executive Committee from time to time may be kept by the Coordinator for petty disbursements of which proper accounts shall be kept.
- (c) Authorised signatories of the Coalition cheques shall be any two of the following:
  - Treasurer
  - The Chairperson or in his/her absence the Vice Chairperson

#### **11.0 The Auditors**

The General Assembly shall appoint a firm of auditors, who shall examine the books, vouchers and accounts of the Coalition and determine whether they have been properly kept.

#### **12.0 Tenure of Office**

The tenure of Office for the Executive Committee shall be for two years. Members of the Executive Committee may be re-elected provided that they do not hold the same office for more than two terms.

#### **13.0 Elections**

Elections of the members of the Executive Committee and other officials of the Coalition shall be held at the Coalition General Assembly. Candidates shall be nominated by voting members. However, the Executive Committee may nominate candidates in the absence of other nominations. Elections shall be by a simple majority of votes cast. Those to be elected must be voting members of the Coalition.

## **Title III**

### **Resources and Expenditures**

#### **14.0 Resources**

The resources of the Coalition shall comprise:

- subscriptions
- proceeds from the Coalition's activities and
- subsidies, gifts, grants, and other resources acceptable to the Executive Committee.

#### **15.0 Expenditure**

Expenditure shall be authorised by the Chairperson in accordance with the approved budget of the Coalition. The Secretary/treasurer shall keep accounts of receipts and expenditure. Such Accounts shall be placed at the disposal of the auditors and the members of the Executive Committee. Any duly paid up member of the Coalition may inspect the accounting records of the Coalition upon presentation of a request in writing to the Executive Committee.

## **Title IV**

### **Amendments to the Constitution and the Rules of Procedure, Affiliation and Dissolution of the Coalition**

#### **16.0 Amendments to the Constitutions.**

Amendments to the Constitution may be proposed by either the Executive Committee or by no less than twelve members, provided that their proposals are dispatched in time to reach the Committee at least 90 days before the date fixed for the ordinary General Assembly. Such proposals must be brought to the notice of the members of the Coalition by a written communication from the Executive meeting. Proposal for amendments of the constitution shall be adopted on a two-thirds majority vote and those to the Rules on a simple vote.

#### **17.0 Affiliation**

The Coalition may make the necessary arrangements for affiliation with any international Coalition. Such Coalitions shall be ones that would further the objectives of the Coalition and those of Africa.

#### **18.0**

The Executive Committee shall be responsible for preparing Rules of Procedures and implementing the guidelines set there-in following ratification by the General Assembly.

#### **19.0 Dissolution**

The dissolution of the Coalition may be decided by the General Assembly on a two thirds majority of voting members. In the event of the dissolution of the Coalition, the General Assembly shall appoint a Committee which will oversee the disposal of the assets, records and liabilities of the Coalition.

ZAMBIA COALITION ON DEBT & DEVELOPMENT

STEERING COMMITTEE

NAME	INSTITUTION	CONTACT NO.	POSITION
J M KASANGA	E A Z	TEL. 226088 (IMCS)	CHAIRMAN
CHIPO MWEETWA	E A Z	FLAT NO.B. 11 272108/272301 FAX: 274798	VICE CHAIRMAN
MARGREE CHILWESA	S S I A Z	TEL. 223881 222508	TREASURER/ SECRETARY
AUSTIN MUNEKU	Z C T U	TEL. 221446 KITWE	LEADER - WORKSHOPS
CALEB FUNDANGA	E A Z	TEL.253513	LEADER - STUDIES
GETRUDE NGENDA	Z A R D	TEL. 224507	LEADER - INFORMATION DISSEMINATION
JOHN MUSANJE	E A Z	TEL. 225305	MEMBER - ID
NAKALONGA A N M	E A Z	TEL. 225305	MEMBER - WORKSHOPS
DAVID MUSONA	E A Z	TEL. 288940	MEMBER - STUDIES
THEO BULL	NDEKE HOTEL	TEL. 252422	MEMBER - STUDIES
LUCY MUYOYETA	OXFARM	TEL. 291518	MEMBER - ID
OPA KAPINJIPANGA	AFRODAD	FAX; 263 4 706125 HARARE	MEMBER - ID

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