

Wednesday, 3<sup>rd</sup> February, 2009

## **PRESS STATEMENT**

*for immediate release*

### **MISAPPROPRIATION OF POVERTY REDUCTION PROGRAM FUNDS** **WORRY CSPR**

The Civil Society for Poverty Reduction (CSPR) is appalled at the revelations of misappropriation of funds, mostly those meant for Poverty Reduction Programmes (PRPs).

Specifically, we are saddened by the weaknesses in implementation of PRPs cited in the 2007 Auditor General's Report, specifically in the Education and Health Sectors, Public Welfare Assistance Scheme (PWAS), Street Kids Fund and Fertiliser Support Programme (FSP) among others.

In light of the recently announced 2009 budget, we feel that the increased allocations to the social sectors should be met by stern measures to ensure protection of such funds. We thus restate our call for government to seriously consider ring-fencing PRP funds in the national budgets. This will protect funds from being misapplied and ensure appropriate utilisation.

We commend the Auditor General's Office for the efficiency in producing the reports. However, these reports will only yield positive results if strong punitive measures are taken without delay on the erring officers, especially with regard to the misappropriation of funds. We challenge and expect government as the primary duty bearers to the poor to take action as laws are already in place to deal with such acts of indiscipline. It is only such action that will deter recurrences and put us back on the right path to achieve equitable national development.

Some of the most disturbing to CSPR in the Auditor General's Report are:

- The Fertiliser Support Programme (FSP) records unexplained recoveries due to bad record keeping in excess of K 766, 589, 166.00 unaccounted for bags of fertiliser (1, 500) in Chipata valued at K65, 760, 000.00 and untraced revenue from Kapiri Mposhi and Chipata amounting to K90, 056, 767.00 (*page 6*).
- The PWAS was mishandled or funds used administratively even though it was meant for the vulnerable groups in seven sample districts. The Street Kids Fund has no records of

disbursement of food staffs meant for distribution to the target groups. Specific reference is made to Choma where food staffs and blankets worth K14million has no record of distribution (*page 74*).

- The Ministry of Health shows almost K1.8billion unaccounted for funds out of almost K3.6billion that the Ministry Headquarters was supposed to have sent to the Districts. In addition, up to K685, 300, 484 is reported to have been spent on things that the money was not initially meant for (*page 75*).

These sad revelations made in the Report restate CSPR's emphasis on the need for strict fiscal control and monitoring during implementation of Poverty Reduction Programmes (PRPs). These are programs that directly benefit the vulnerable people, yet they seem to be treated with little care. It is sad that duty bearers charged with the responsibility of making the lives of the vulnerable better are actually taking advantage of the situation to enrich themselves.

We note that 2007 is the same year in which government had returned K900bn of PRP funds to the national treasury because it had not been used. It is a wonder how much money actually went into implementation if this was the case. The findings of the AG's Report solidify CSPR's findings of the very little impact that the implementation of these programmes is having on the livelihoods of the people, especially the FSP and the social protection sectors. Such misuse and lack of proper utilisation of available funds have for sure set Zambia on a backward trend on whatever efforts may have been made to achieve the goals set out in our Fifth National Development Plan (FNDP) and to meet our international commitment to attain the Millennium Development Goals (MDGs).

It is a fact that as a third world country, we do not have sufficient funds to implement all our plans. It is sad to note that even the little money we have is not being used prudently. We urge government to seriously consider building capacity in their implementing agencies to enhance utilisation capacity. We are therefore happy with the announcement by Finance Minister Dr. Situmbeko Musokotwane during the budget presentation that government intends to review financial and supervisory policies as a measure to have stricter financial control.

At the end of the day, it is not the amounts allocated, but what has actually gone into improving and making an impact on the lives of the people who depend on us as a government.

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Saul Banda (Mr.),  
**Acting Executive Director**