

RANK THE POOR FIRST IN PRGF NEGOTIATIONS, SAYS CIVIL SOCIETY.

Will the PRGF really meet the needs of the poor in Zambia or will it be another illusionary economic reform package? This is a question being asked today by civil society in Zambia.

The Civil Society for Poverty Reduction (CSPR), a network working around the various faces of poverty, and whose core programme is advocacy around policy programs and plans aimed at poverty reduction, has been following with interest the developing of a Poverty Reduction and Growth facility (PRGF) for Zambia by our government with the International Monetary Fund (IMF).

According to the IMF website, June 14th has been scheduled as the day the Board of the International Monetary Fund will discuss Zambia's request for a new three-year economic programme under the Poverty Reduction and Growth Facility (PRGF) and thereby determine the future of Zambia's economy. This request is contained in the 'Letter of Intent' by the government of Zambia to the IMF - contents unknown!

It is the understanding of civil society that the treatment of Zambia's request by the powerful IMF Board of Directors will determine if and on which terms Zambia will be able to reach the floating completion point under the HIPC debt relief initiative. If the PRGF programme is approved, other donors will also be willing to disburse pledged resources. This demonstrates the role the IMF is playing as the main gatekeeper of donor flows to Zambia, a concern that civil society has had for some time.

Precisely what the government has to do to get access to these resources is unknown as the negotiations of the programme spelled out in the Letter of Intent have been surrounded by the usual secrecy that characterises the operations of the IMF. The IMF often uses the rhetoric of participation and national ownership. But despite repeated calls for openness, the members of Civil Society for Poverty Reduction as well as the rest of the Zambian population whose livelihood the economic programme will touch upon, have been kept in the dark about the content of the negotiations.

It is expected that in order to remain in good books with the IMF, the government has agreed to continue the wage and employment freeze in order to obtain fiscal adjustment. Ironically, the governments of USA, Britain, Germany and France (the largest shareholders of the IMF) cannot themselves live up to such strict expectations. This policy is damaging the future of Zambian children who are deprived of better education as the Ministry of Education claims it cannot employ more teachers if it is not to breach the imposed wage ceiling, a fact reported in the media recently. We can only ask, is the claim by the IMF that they had nothing to do with the unemployment of the 9,000 teachers really authentic?

CSPR would like to remind Government that the PRGF agreement commits not only the Government but its people to certain undertakings with the IMF. Consequently, the government should RANK FIRST the well being of the more than two thirds of the population that live in unacceptable poverty conditions. CSPR acknowledges that the PRGF defines the policy framework and space for implementation of the Poverty Reduction Strategy Paper, PRSP, and is concerned that like the previous PRGF, the one currently under negotiation will precede Zambia's next PRSP whose preparation the Government will be spearheading during the remainder of 2004.

There is no doubt that the Government has to do more to improve accountability and budgetary management, but it is unacceptable that the burden of this adjustment should be borne by the poor.

Civil society is demanding that the IMF fulfils its promise as laid out in its often repeated claims to become more pro-poor. It continues to preach fiscal austerity but does not complain about the misallocation of HIPC resources which are supposed to go to poverty reduction, and the suspension of the independent HIPC Monitoring Team, on which civil society played a big role.

We call upon the IMF at all levels to show that it is able to set the right priorities in economic policy advice. If it does this, there will be no need to maintain the secrecy characterising its negotiations with the government. As Zambians, we are afraid that if this trend of non- inclusion in the negotiations continues, the real costs of reaching the much needed HIPC completion point will outweigh the promised benefits.

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