

**PRESENTATION MADE BY DR. FREDERICK MUTESA AT THE CIVIL
SOCIETY SENSITISATION WORKSHOP ON MGDS,
ORGANISASED BY UNDP IN CONJUNCTION WITH CSPR.**

INTRODUCTION

To begin with, I would like to state that the Millennium Declaration which Zambia together with 190 other countries signed in September 2000 at the United Nations Millennium Summit, represents progressive thinking about development by the international community. In a world in which more than half the population of humanity are wallowing in abject poverty nothing can be more nobler than the undertaking by world leaders to ease the plight of the suffering masses by focusing the attention and energies of governments on achieving the eight goals enunciated in the Declaration. Indeed, world leaders, and our own government, are to be commended for this noblest of moral undertakings that expresses concern for the less privileged in our midst. The eight millennium development goals we are reviewing today, represent a welcome shift in our discussion of development from the usual focus on abstract statistics, to looking at development, to use a popular euphemism, as if people mattered. In other words, nobody can dispute that development should not just be viewed in terms of production, exchange of goods and services, and similar other related indices, but more importantly, our measure of development should lie in improvements to the quality of life of all inhabitants of the globe.

However, unless world leaders translate the eight Millennium Development Goals into realistic and implementable strategies, the Millennium Declaration will just amount to high sounding intentions with no real impact on the condition of those who are in urgent need of climbing out of a life of grinding poverty. To the discomfort of those who think that they are fortunate not to be touched by poverty, the truth is that there can be no peace and stability in our world if poverty continues to hold the majority captive. Violence, epidemics and environmental degradation, are no respecters of social status or national boundaries.

In the rest of this paper, I discuss four interrelated questions which I think are critical to the success or failure of the Zambian Government's attainment of the eight Millennium Development Goals. The four questions are:

1. Is the Zambian economy growing at a rate and in a manner that is supportive of the attainment of the millennium development goals?
2. Do the levels and patterns of social spending by the Zambian Government support the attainment of the millennium goals?
3. Is the Zambian Government managing and utilizing public finances in a manner that would lead to achievement of the millennium development goals?
4. Is there an appropriate resolve and adequate commitment from international development partners to help Zambia attain the millennium development goals?

I believe answers to the above questions will provide us with some realistic indications regarding whether or not Zambia will be able, by 2015, to eradicate extreme poverty and hunger; achieve universal primary education; attain gender equality and empowerment of

women; reduce child mortality; improve maternal health; combat HIV/AIDS, malaria and other diseases; ensure environmental sustainability; and develop global partnerships for development.

IS THE ZAMBIAN ECONOMY GROWING AT A RATE AND IN A MANNER THAT IS SUPPORTIVE OF ACHIEVING THE MILLENNIUM DEVELOPMENT GOALS?

Firstly, experts agree that for there to be any appreciable impact on poverty in Zambia, economic growth must be broad-based and pro-poor.¹ This can be interpreted to mean many things but our understanding is that, among other things, growth must come from a diversified base, be regionally balanced, have strong inter-sectoral linkages, exceed the population growth rate, produce internationally competitive goods, generate mass employment and empower local entrepreneurs, and increase personal incomes and government revenues.

Unfortunately, the performance of the Zambian economy still leaves much to be desired. Indicators, be they economic or social, are far from impressive. No statement can be so authoritative than Finance Minister Ng'andu Magande's own admission that the 4.2 percent growth rate experienced over the past two years falls short of what is required to achieve the millennium development goals.² The forecast for 2004 indicates an even lower growth of about 3.5 percent³, which is likely to be dampened further by the soaring world oil prices. Unsurprisingly, the target for end of year inflation has now been revised from 15 to 20 percent. Moreover, growth seems to be coming from sources that are relatively capital intensive and therefore not generating employment in quantities that would make a serious dent on poverty. The resurgence of mineral exports as a result of the opening up of new mines, important as it may be, means that Zambia is yet to achieve the desired diversification of its economy. In the informal sector where the majority of our people are employed, stagnation and mere survival appear to be the order of the day. It is not surprising that Government revenues and personal incomes have stagnated. Statistics compiled by the Jesuit Centre for Theological Reflection to measure the cost of living for a family of six in Lusaka, consistently show that incomes of many workers in the capital fall far below what is required for maintaining a decent standard of living.

Secondly, for the Zambian economy to grow at rates and in a manner that will deliver the millennium development goals, there will be need to make investment capital available by reducing interest rates to affordable digits, eliminate cumbersome administrative procedures, further reduce and contain inflation, and work on other structural barriers that stifle the business environment. More importantly, the pattern of development must galvanise and harness the creative potential of all our people in all the nine provinces of Zambia.

¹ See, for example, Ministry of Finance and National Planning (2002) Zambia Poverty Reduction Strategy Paper 2002-2004

² See The Post, June 17, 2004.

³ Ministry of Finance and National Planning, National Budget Address 2004

DO THE LEVELS AND PATTERNS OF SOCIAL SPENDING BY THE ZAMBIAN GOVERNMENT SUPPORT THE ATTAINMENT OF THE MILLENNIUM DEVELOPMENT GOALS?

The above question is related to the issue of having a realistic and implementable strategy for attaining the millennium development goals which I alluded to in my introductory remarks. It is a truism that the national budget everywhere is the clearest expression of the development priorities of any Government. It is not enough to formulate policy documents such as the Poverty Reduction Strategy Paper (PRSP) and the Transitional National Development Plan (TNDP). The PRSP and the TNDP, supported by other sectoral plans, are Zambia's main strategies for achieving the Millennium Development Goals. The key question, however, is: what proportion of the annual national budget goes to realising the aims and objectives of these strategies? The unfortunate answer is: very little! Civil Society for Poverty Reduction has observed, for example, that allocations for poverty reduction programmes (prps) as a proportion of total government expenditure is still insignificant:

in 2002, K450 billion was allocated to PRPs in the national budget of which K110.7 billion was released, representing 24.5 percent of the total allocation.⁴ Moreover, the K450 billion allocated to PRPs only represented 8 percent of the total national budget. In the 2003 National Budget, Government allocated K420.7 billion to PRPs, indicating a decline of K29.3 billion in nominal terms over the 2002 allocation and much more in real terms. Due to the anticipated budget over-run, this allocation was reduced further, resulting in a total disbursement of K212.9 billion at the close of the year. This disbursement represented 50.4 percent of the allocated amount and is higher than the 24.5 percent spent in 2003. The apparent increase in the amount does not mean much because had Government maintained the allocation for 2003 at the same nominal level of K450 billion, the actual expenditure of K212.9 billion would have stood at 47.3 percent of that allocation. In 2004, PRP activities have been allocated K521.7 billion which represents 15.9 percent increase over the K450 billion. This percentage, however, is offset by the 17.2 percent 2003 end year inflation.⁵

This tells us that Government is yet to align its spending with its profession of commitment to achieving the millennium development goals. As long as allocations to poverty eradication remain low and their disbursement erratic, it will be difficult to achieve the set targets. Like the saying goes, Government must begin to put its money where its mouth is.

We must ask ourselves the question: what is it that has to be done to prioritise social spending in our budget, particularly allocations to education, health and eradication of extreme poverty and hunger? Overtime the budget structure comes to reflect entrenched

⁴ The statistics in this section of the study are taken from CSPR (2004), Draft CSPR 2004 Advocacy Campaign

⁵ See CSPR, (2004), Consultancy Study on CSPR 2004 Advocacy Campaign, Lusaka

social interests, even when such interests cease making a productive contribution to the wellbeing of society. For instance, it makes a mockery of government commitment to poverty reduction if government is spending US\$1,800 per month for each of the 14 deputy ministers staying at Mulungushi Village Complex⁶, when 9000 trained teachers cannot be deployed. Many have already voiced out that Government needs to lead the way in self-sacrifice by, for example, reducing the size of its cabinet. It means therefore that bold decisions, self-sacrifice and structural reforms would be necessary if the budget is to be re-oriented in a manner that will increase social spending and prioritise the achievement of millennium development goals.

IS THE ZAMBIAN GOVERNMENT MANAGING AND UTILISING PUBLIC FINANCES IN A MANNER THAT WOULD LEAD TO ACHIEVEMENT OF MILLENNIUM DEVELOPMENT GOALS?

Sadly, the record of the Zambian Government on the above score has been far from exemplary. The setting up of the Task Force on the plunder of national resources is a telling indictment as to how those in key decision-making positions have managed the public purse. And we are not talking only about what is alleged to have happened before the New Deal administration came into office. Almost on a daily basis the public is treated to shocking revelations of on-going financial improprieties despite the on-going campaign against corruption. The nation is awashy with financial scandals: K1.9 billion kwacha meant for roads in Luapula province diverted with no explanation; K2 billion spent on beverages at State House; curtains costing US\$8000 each for the House of Chiefs; K400 billion required for the dissolution of the Central Board of Health (CBoH); and many other such scandals. To this one must add the revelations of gross abuse of public finances by the reports of the now suspended HIPC External Tracking and Monitoring Team based on audits and physical inspections carried out in the four provinces of Central, Lusaka, Northern and Copperbelt. Then there are the reports from the Auditor General's office that document widespread misapplication and misappropriation of funds, unauthorized and unconstitutional expenditures, improper accounting for revenue collections, poor record keeping, failure to submit expenditure returns and rampant disregard for financial and stores regulations and tender procedures in the procurement of goods and services.

To improve the management and utilization of public resources, those in power must demonstrate a conviction that goes beyond being merely prodded by Development partners who want to see better accountability of the assistance they extend to the country. Again, nothing short of leadership by example will convince the nation that there's genuine commitment to prudent management of public resources. This nation needs to evolve new ethos regarding management of public property.

IS THERE AN APPROPRIATE RESOLVE AND ADEQUATE COMMITMENT FROM INTERNATIONAL DEVELOPMENT PARTNERS TO HELP ZAMBIA ACHIEVE THE MILLENNIUM DEVELOPMENT GOALS?

⁶ The Post, August 28, 2004.

In answering this question we must proceed from a clear understanding that pursuance of the millennium development goals is something on which the Zambian Government should be focusing its attention and energies even if there was no international consensus on the need to do so. In other words, the millennium development goals should not be seen as an international development strategy which can be implemented only with the assistance of development partners. Having said that, it also needs to be pointed out that, there's a moral obligation which the developed world should shoulder to improve the lot of the less privileged, the majority of whom live in developing countries. Such concern is what defines our common humanity and is the only sure way of combating the growing threats to global peace such as, HIV/AIDS, terrorism, environmental degradation and social discrimination.

In the Millennium Declaration, developing global partnerships for development is predicated upon actions in three areas, namely, (i) substantially increasing Official Development Assistance (ODA) and taking measures to improve its effectiveness; (ii) dealing comprehensively with the debt problems of developing countries to make their debt sustainable in the long term; and (iii) enhancing the access of developing countries to global markets, including through the reduction of agriculture subsidies in developed countries.

Firstly, the Zambian Government has had a long history of reliance on external aid flows in various forms including grants and loans for balance of payments support and programme funding. There's no doubting that much of this aid has proved very handy to our almost bare national coffers. The problem, however, is that external financial support has been erratic, unpredictable and disbursed with conditions that are sometimes too difficult to observe. It is to be observed, for example, that when the Government of Zambia fails on some of the benchmarks agreed upon with the development partners resulting in the withholding of external assistance, it's the ordinary people of Zambia whose suffering is prolonged and sometimes worsened. The question is: isn't it possible to arrive at some kind of agreement that would guarantee that the poor do not get punished for the misdeeds of their government? Or that programmes that are performing well do not suffer lack of aid just because Government has slipped on some of its commitments? Couldn't it be possible, for example, when there's a rift between Government and development partners, to continue funding programmes related to the targets of the Millennium Development Goals through credible civil society organizations with credible track records in the area of poverty reduction?

Secondly, it is apparent that current creditor arrangements to deal with the problems of external debt faced by countries like Zambia do not provide far-reaching solutions that would contribute to attainment of the millennium development goals. The HIPC initiative, for example, has become an obsession whose long term impact on development problems appears to be not so promising. In the first place, reaching the HIPC completion point in Zambia has become an elusive goal. The longer the date for attaining debt relief promised by the HIPC initiative, the more the Zambian economy will continue to channel its meager resources to debt servicing at the expense of education, health, and productive investments.

Thirdly, lack of progress on reforming the international trading system to promote access to the markets of developed countries by developing countries, particularly through elimination of subsidies on the agricultural products by the former, and removal of non-tariff barriers, will constrain economic growth in the latter countries. Countries like Zambia stand to gain from exports of products like sugar to developed countries.

CONCLUSION

To conclude my contribution to our discussion, I would like to reiterate that Zambia's progress towards the millennium development goals hinge on factors which are currently far from being positively predisposed to our society. Firstly, the 4.2 percent growth rates of the economy that we have seen in the past two years fall far below the 6 to 8 percent that experts have calculated to be necessary for making decisive inroads in the fight against poverty⁷. Moreover, this growth is not broad-based and pro-poor, conditions which are necessary to achieve the millennium development goals.

Secondly, the levels and patterns of social spending in the annual national budget do not reflect that Government has prioritized attainment of the millennium development goals on its national development agenda. This bespeaks of lack of political will, commitment and seriousness to dealing with the plight of the poor. Thirdly, and closely connected to the second point above, poor accountability in the use of public resources is an indication that the Government lacks an effective, efficient and transparent institutional mechanism to deliver resources to their intended beneficiaries. This situation can only improve if there is enhanced participation of the local people in the design, implementation and monitoring of government programmes.

Fourthly, the system of global governance is yet to change in a manner that would promote the kind of cooperation between developed and developing countries which is needed for the attainment of the millennium development goals.

Finally, the Zambian Government needs to take the following urgent steps if it is to stay on course towards the millennium development targets:

- Invest in activities that will not only generate employment but also improve the livelihoods of the poor
- Increase social spending, particularly in education, health, combating HIV/AIDS and empowerment of women.
- Come up with effective mechanisms for tracking and monitoring public expenditures, especially those related to poverty eradication, in which local communities and civil society organizations have an increased say.
- Participate actively in international campaigns to redress the iniquities of the current international economic system
- Negotiate with cooperating partners to devise mechanisms which would safeguard external aid resources against debilitating conditionality.

⁷ Ministry of Finance and National Planning (2002) *ibid*.

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