

Zambia needs strategy to protect it from debt

LUSAKA, Zambia - Zambia needs a comprehensive strategy to protect it from high debts and mismanagement that threaten to erode the gains of debt cancellation, said an official from the Jesuit Center for Theological Reflection in Lusaka.

The Jesuit center has drawn up a comprehensive debt management bill and a stakeholder's manual for monitoring debt resources, said Muyatwa Sitali, debt and trade project coordinator for the center.

If enacted, the legislation would "provide oversight authority to parliament to discuss loans, terms and conditionalities attached to all debts the government can contract," he said in a statement Nov. 29.

Legislators would also "have the authority to consistently determine the annual limits for which both external and domestic loans will be borrowed," he said.

The bill proposes the creation of a debt advisory committee that "will assist in determining the debt management strategy and provide guidance," Sitali said.

Two years after much of the southern African country's international debt was canceled, "Zambia has not made significant achievements in reforming policies, institutions and laws which contributed to the rise of the debt," he said.

Zambia's international debt reached more than \$6 billion when the country qualified for the Heavily Indebted Poor Countries Initiative in 2000.

Zambia's debt problem began when copper prices went into a two-decade slump in the 1970s. Zambia's copper mines were almost the only way the former British colony earned hard currency on international markets, and the industry was plagued by chronic underinvestment.

The country's "weak legal policy and institutional framework" is largely to blame for the debt problem, Sitali said. The government should "be quick to enact reforms which will cushion Zambia's debt portfolio from uncontrolled borrowing and poor

management of debt resources," he said.

Zambia faces "accountability challenges, such as misapplication of resources," he said.

"The application of the nation's debt resources to ensure growth and human development (has) not produced significant results as several schools, hospitals and roads are still in a dilapidated state," despite an increase in government spending on social services, he said.

"This is contributing to the resurgence of the debt and can create the nightmare of its debilitating effects which the debt campaign was trying to eliminate," he said.

He noted that from 2005 to 2006 domestic debt rose by more than 67 percent.

Last year, Zambia's churches said poverty is so alarming that most households are unable to afford three meals a day.