

Charity Musamba:

I'd like to thank you Chairperson and all of the organizers and hope that I do not repeat what my friend said here.

What else is there to say that will add to all that has been said so far?

The problem of the impact of the debt crisis have been recorded and are known to all stakeholder and if we agree that debt is the cause of the crisis of development of poor countries and if we also agree that it is the cause of other problems, like poverty and social issues - then what do we need to do around it? And the other is when we try to look at debt in Zambia there are two major areas where we have serious or negative implication, that need to be highlighted - how the informal debt servicing is negatively affecting the social sector (mainly health and education) in terms of the budgetary allocations.

But I want to emphasize that the debt also now affects each and every sector of the economy. The macro economic section of our countries is now in the hands of foreigners because they all sit in countries and institutions that give us money and they come to get back their money, even when they are giving us debt relief by setting up HIPC through the investment policies that we are pursuing. So now we might not be required to pay back in hard currencies or in cash but we are paying back in terms of policies that we are implementing and this is what my second point about.

As we talk of debts, let us pay attention to the conditionalities that are attached to old loans and new loans that we have. Even when they are saying that HIPC is debt relief, look at the conditionalities that HIPC is coming with – we are getting debt relief from one side which is very minimal but we are paying much more, as my friend here pointed out, where the SAPs has been slipped through, again covered by the PRSPs to make us keep quiet. When you compare what it is doing under the PRSP to the macro-economic conditionalities that comes with the HIPC initiative, at the end of the day, in a country like Zambia, finally IMF/WB, the Zambian government and civil society are saying that we have no benefits coming in under HIPC initiative. This is a clear case. For further information you can see take a look at our website where we have put some of this information which you can access.

The third point that is key to note is to link the debt crisis to some of the issues that were discussed in the morning, the debt crisis is being used to as a tool to continue to exploit the poor countries of the African region and Southern countries – and with the crisis creditors are coming down to dis-empower our national governments. Countries like Zambia now do not have to worry about what the policy is, need not have a planning unit but just wait to see what the boys and girls from Washington are coming to tell us how we are going to work that particular year. So our national governments have been reduced to implementing agencies.

The other issue you see is that we are calling for development through foreign investment rather than our own investment and there are many foreign investors coming in. I'm not saying we do not need foreign investor but the levels of money that is coming in has

made our economies become heavily dependent on foreign actors who can move in and out of our countries anytime they want. This is also linked to the debt situation that we are in.

The next issue is linked to the PRSP which is linked to the HIPC initiative which is linked to the overall debt crisis is that now it is the external world which determines the social conditions in which we live. The PRSP process itself is about how we can develop our social sectors which is being contradicted by the HIPC initiative. Today we are being told that one of the ways to develop is to make sure that there is education for all, at the same time using conditionalities of the HIPC initiative, the Zambian government is being told that it cannot be allowed to place all the teachers that were trained last year and the previous year. So out of the 9000 trained teachers the IMF and WB told the government that they can place only 1500 this year, so I wonder how we can manage to meet the MDGs (Millennium Development Goals). While we are pursuing the PRSP, we are contradicting the HIPC initiative and then we are told that we have to develop the Southern African we have to be a little bit more critical about the policies that coming in from the outside world.

So I will quickly go to the question -Which is the way forward? If we are considering the debt crisis and how we are to bring about change in the situation particularly in Southern Africa - what ideas should we put on the table?

First of all we need to revive the campaign for total debt cancellation. We tried it in the past few years and although we were not successful, some progress was made and we can give our government some views especially now that we are sure that with HIPC we will not resolve the debt problem. Do revive the campaign also because it will promote solidarity especially for the poor, but it also gives a very strong platform on which the creditors will be meeting the debtors. At least if our governments are debtors then lets give them a backing when it comes to negotiating what is best for our countries, and I would agree that it is total debt cancellation without any conditionality.

The second point that I wanted to raise the need to democratize the global governance systems is very key in this discussion. I still doubt how total debt cancellation, and measures that trading systems and that development measures is country owned under the current arrangement. If you look at the global government system like the UN, they are still operating under the old system of inequalities. So we need to strengthen these institutions in terms of membership to the majority poor countries so one way of promoting a solution to the debt crisis is by democratizing the global governance system especially, the UN systems.

Coming to the issue of debt management level – at the national level, there are certain actions that can take place, some processes that we can support. For instance we have come to realize that we have fallen into the trap of debt because most countries have no concept of debt management systems. So it is easy to borrow imprudently for most countries in Africa, and it is easy for external lenders to drag you into borrowing. So at the country level at civil society and other NGO activists need to lobby at the national

level get national governments to put in place systems that will prevent further debt traps. This is possible because we have seen certain trying it out – it is not yet perfect and needs to be improved but is a start. And we need to make our governments more responsible to us.

The third suggestion that I could give is in terms of the way forward is to promote country designed development policies and processes – until now the donor and creditors were allowed to decide policies. But our weak governments are falling into the hands of the WB and IMF. We need to get governments represent us effectively and get country led processes that will be more accountable to us.

Finally the issue of debt is seen as a monetary/economic issue – but if we take its impact on people's lives it gives donors the upper hand in deciding our country's fate. We need to promote the political angle in the discussions.

We need to identify at all levels – national, regional and international levels responsibilities for the debt question and jointly struggle to work towards a solution.