

PROJECT: ENHANCING PRUDENT PUBLIC DEBT MANAGEMENT IN ZAMBIA (2020-2021)

Summary

This grant aims to support CUTS work under its economic governance programme to strengthen policy analysis and advocacy on prudent public debt management, which has taken on even more importance in the time of COVID-19. Over the past few years, CUTS has undertaken research on Zambia's debt position. As the country's debt levels continue to rise, there is a need to strengthen advocacy on proper public debt management in Zambia.

Background

This project seeks to strengthen advocacy on public debt management, including re-programming of the budget and a potential International Monetary Fund programme, given the research CUTS has undertaken on public debt over the past years. The country's high debt levels, currently recorded at 90 percent of GDP, are a major source of concern to citizens because of the negative implications high debt levels have on the economy.

The COVID-19 pandemic, which the government has indicated will have a significant negative impact on the budget, has only increased that concern. The Zambian government plans to set up a Eurobond redemption strategy to guide refinancing of the three Eurobonds accumulated amounting to US\$3bn and therefore, this presents an opportunity to influence the government's strategy. Further, the Loans and Guarantees (Authorisation) Act will soon be reviewed. This also provides an opportunity to influence the review process of the primary legislation governing public debt acquisition. This intervention will target government policymakers, the media, like-minded CSOs and the general public.

In light of the COVID, Zambia faces new debt sustainability challenges. Domestic revenue mobilisation remains low in Zambia, like most African countries. For the country to implement proper response measures to the pandemic, it will have to resort to external financing. The government is already engaging the IMF to benefit from other appropriate funding facilities to which Zambia qualifies. Also, Zambia had applied to the World Bank, the African Development Bank and Afrexim bank to be considered for support under their various COVID-19 Emergency Funds. Zambia has also been engaging with bilateral partners around the possibility of them meeting the financing gap arising from the adverse effects of COVID-19 on the fiscus. Therefore, the pandemic will result in increased debt levels threatening debt sustainability.

Project Activities

- CUTS Staff Capacity Building
- Media briefings on monthly economic updates
- Capacity Building for CSOs on public debt advocacy
- Outreach and Advocacy to Public
- Public outreach and advocacy activities through newspaper articles and TV programmes

- Undertake advertising of project activities on social media

Partner/Sponsors

NDI began working in Zambia in 1991 during the country's first multiparty presidential election since the 1960s and first political transition of power. Since then, the Institute has worked with Zambian political party leaders, citizen election monitoring organisations and civil society partners to support political party strengthening, election observation efforts and the inclusion of traditionally marginalised groups such as women, youth and persons with disabilities in political and electoral processes.

NDI's works with CUTS Lusaka have promoted evidence-based policy development, accountability in governance, transparency and citizen participation. The USAID has supported this project to provide capacity building and technical assistance to civil society partners to advocate for prudent debt management in Zambia.

Expected Outcomes

- Strengthened advocacy on prudent public debt management in Zambia
- Increased awareness of Zambia's debt position in light of COVID-19