

JCTR will support the proposed IMF support to our government if no conditionalities for a bailout programme are attached.

The proposed package could among other things:

- Help government address the current balance of payment situation.
- Provide fiscal relief thereby ring fencing government plans to invest in social services.
- Boost investor confidence in the economy which has been declining.
- Enforce discipline in the management of public financial resources which has been lacking from government.

Our major concern however on the proposed recovery programme is that most of the measures proposed in the four pillars of the programme are not new. They have been proposed before but government has been reluctant to implement them. We are also concerned that removal of subsidies seems to be the easiest measure to implement and yet other expenditure measures such as government trips, creation of ministries and districts are not being cut back.

We therefore urge government to increase social protection expenditure to cushion low poor families from removal of subsidies.

So overall, the IMF bailout is welcome but the conditionalities of reducing expenditure/ removal of subsidies must take into account needs of the poor. Already we have seen ZESCO increasing life line units from 100 to 300 units. Meaning poor people will continue paying old rates on units less than 300.

Finally we wish to state that the economic cost of not seeking support from the IMF would be severe for Zambian households and the economy more generally. If Zambia does not access an IMF loan in order to help implement the home grown recovery plan, it might lead to further debt accumulation and more and more public resources being spent on debt repayment. This might result in less investment in health, education and other services that benefit the citizens.

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