

**Statement by Stephen Lewis, UN Special Envoy for HIV/AIDS in Africa:
Zambia Test Case for G8 Summit
For immediate release, Friday, June 11, 2004**

“AT THE HEART OF EVERYTHING LIES HIV/AIDS”

The G8 Summit finished yesterday. It finished with a flourish about the HIPC (Highly Indebted Poor Countries) Initiative on debt reduction. The decision was to more fully implement HIPC, and to extend it for another two years. There was much self-congratulation amongst G8 members.

As it happens, the decision can now be put to an immediate test; a test of integrity, a test of the ringing G8 rhetoric. This very Monday, June 14, 2004, the IMF Board is meeting to consider the case of Zambia. Zambia is in desperate straits, and it all revolves around the IMF and HIPC.

I shall try to put the situation as simply as possible. But remember: everything has to be measured against the backdrop of a country where HIV/AIDS has taken, and continues to take a terrible toll.

In April of this year, the Government of Zambia negotiated its 2004-2007 Poverty Reduction and Growth Facility (PRGF) with the IMF. This was meant to be the programme to run the country financially for three years. But it had a particular premise on which everything was based: if Zambia could meet the conditions imposed by the IMF, then Zambia would achieve the requirements for HIPC eligibility by December 31st, 2004, thus reducing foreign debt service substantially, and freeing up significant resources for the new budget. Essentially, Zambia had to produce good economic performance for six months and the IMF would verify that the “HIPC completion point” had been reached. The entire programme (PRGF) depends on meeting the HIPC targets.

It is impossible to overstate how hard Zambia has been trying to comply with IMF requirements, including the imposition of a suffocating cap on wages. The Government truly thought it was meeting those six-month conditions by the agreed deadline, when the IMF suddenly informed Zambia that it wouldn't be possible to resolve things by the end of 2004; the evaluation of Zambia's performance would have to extend into the first quarter of 2005. For the Government, that would be a disaster. The entire country is wholly fixated on 2004; for the sake of a month (or two) a kingdom is lost.

As a result, something unprecedented has happened. The Minister of Finance and National Planning, The Honourable Ng'andu P. Magande, has issued a two page document outlining the issues, acknowledging the overwhelming crisis which the Government faces, and appealing to the diplomatic and multilateral communities to intervene with the IMF to get it to behave in a different manner on Monday.

The economy of Zambia is in crisis. The Government has frozen wages in the public sector, and raised taxes. Incomes are so low that people are barely surviving. The imposed macroeconomic policy means that the Ministry of Health can hire no more staff, and fully twenty per cent of the municipal districts have no doctors and no nurses. It is estimated that there is a shortfall of 10,000 teachers, and there are 9,000 newly-trained teachers who cannot be hired. Average pupil-teacher ration is approaching 56:1 ... fatally wounding the quality of education. The damage to the social sectors is staggering.

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Why do I choose to issue this statement? Because at the heart of everything lies HIV/AIDS. The pandemic is methodically and destructively eating away at the capacity and infrastructure of Zambian society. It cannot be allowed to continue. The Government urgently wants to confront the pandemic, but it cannot do so with its financial policy and planning in a straitjacket. The Board of the IMF must

come to realize that rigid macroeconomic conditionality is putting Zambia at risk. Observers within the country worry about the potential for social unrest. Even the Minister of Finance signals the Government's acute anxiety when he says: "... the Government of the Republic of Zambia has asked the people of Zambia to see the year 2004 as a period of sacrifice so as to reach the HIP completion point by December 2004. Thus, Government has taken difficult and unpopular decisions ... If the prospect of Zambia ...attaining the HIPC completion point is made impossible at next Monday's IMF Board meeting, then the credibility of, and public support for, the Government's programme with the IMF ... will be severely eroded".

I have argued before in cases involving the International Monetary Fund, and I argue again that it has failed to grasp the demonic force of the human and economic carnage caused by HIV and AIDS. The poorest sectors of society: the extended families, the women, the children, the orphans ... they have all made incredible sacrifices to keep life going in Zambia in the face of wrenching austerity. I appeal to the IMF Board to introduce the tiny quotient of flexibility being requested by the government of Zambia. To do otherwise is to give continued momentum to the pandemic.

There's a bitter irony here. The former Government of Zambia was a Government that often flouted every injunction of the international community. The present Government, and the people of Zambia, are falling over backwards, in the face of incomparable odds, to comply with the demands of the international community. I have visited Zambia four times in the last eighteen months; I've met with many segments of society in various parts of the country, with my colleagues in the UN family, and with the President and members of his cabinet. This is a Government doing everything in its power to restore economic growth and social equity.

For heaven's sake, give Zambia some breathing room. Was the G8 serious in its avowed embrace of HIPC? We'll know on Monday.

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