

## **SAP: IS IT THE SOLUTION OR THE PROBLEM? THE CASE OF ZAMBIA**

When the Bishops of Eastern and Southern Africa issued their "Message" at the close of the 1994 African Synod, they reflected on the serious socio-economic suffering experienced by so many of their people in various different countries. Key to that suffering were the attempts to solve economic problems by imposition of severe structural adjustment programmes (SAP). But, as the Bishops said, "The economic structural adjustment programmes are not the solution of the problem; they make people more poor than ever before."

Zambia is a classic case of a country attempting to solve its economic problems by embracing fully the SAP reform package. What does this mean? And what is happening as a consequence?

### **NEED FOR ADJUSTMENT**

At the time of its Independence in 1964, Zambia was considered one of the richest countries in Africa, endowed with prosperous copper mines. But the 1970s saw the drastic decline of copper prices and the rapid increase of petrol prices. Zambia was hit hard and began to borrow heavily from international banks, donors, and multilateral institutions like the World Bank and the IMF. By the mid 1980s, it was heavily in debt and had to begin to submit to reform packages of SAP proposed (imposed!) by the World Bank and IMF.

Almost bankrupt by the time of the 1991 transition to the multi-party politics of the Third Republic, Zambia went fully into the SAP reforms under the leadership of the new president, F.T.J. Chiluba. Some humorists have said that SAP means "Starve African people," or "Stop all production," or even "Satana ali pano"! But what it actually does involve is frequently not understood by ordinary citizens or even by politicians.

Basically, SAP is an economic programme designed to (1) *stabilise* an economy by monetary measures (e.g., devalue the money) and budget decisions (e.g., replace free education and health care with service fees), and (2) *restructure* an economy by market arrangements (e.g., remove subsidies) and trade agreements (e.g., eliminate tariffs). It is based on an ideology of liberalisation in which the government withdraws and leaves all economic activity to the play of the free market.

It is certainly true that the Zambian economy has needed plenty of restructuring in recent years. At the time of the transition to the Third Republic, more than 80% of the economic business of the country was in the hands of the state (everything from copper mines to dry cleaners!) and productivity was averaging around 35%. So the new government plunged fully into the SAP reform through devaluation of the kwacha (from K65 to the US dollar in 1991 to 1300 kwacha to the US dollar today), removal of subsidies on mealie-meal and other basics, retrenchment of workers in the public sector, imposition of school and health fees, privatisation of para-statal, dropping tariffs, etc., etc.

### **SOCIAL CONSEQUENCES**

But the establishment of SAP was so rapid, so rigid and so austere that most Zambians wondered if the cure was worse than the sickness! It is of course those who are

already suffering the most who are the ones who must bear the greatest burdens caused by the economic reforms. Families especially suffer in a variety of ways: unemployment increases through retrenchment, the cost of living soars as subsidies are withdrawn, fewer children attend school and fewer people go to hospitals or clinics because of fees being charged, housing, physical infrastructure and environment deteriorates, and crime and prostitution become widespread.

Because of this suffering of the poor, the Catholic church has become very outspoken in its challenge to the Chiluba government policies. Responding in 1993 to reports from the IMF and World Bank that Zambia was doing well in implementing its economic reforms, the Catholic Bishops stated bluntly: "But we have to ask: who is Zambia? In the light of the human suffering..., what Zambia are they talking about when they say, Zambia is doing well?" (Pastoral Letter, "Hear the Cry of the Poor") The Bishops acknowledged the need for reforms but asked that the government take more account of the human dimensions of the economy.

To encourage greater attention to the social costs of SAP, the Justice and Peace Department of the Zambia Catholic Bishops Conference began in 1994 a project to monitor the impact of the economic reform on the poor. The purpose of the effort is to raise awareness about the policies; to encourage wider public debate, participation and organisation around the issues raised; and to enable groups, both nationally and internationally to lobby for changes in policy.

## LOCAL MONITORING

A unique feature of this monitoring project is that it uses local justice and peace groups and development groups based in parishes across the country. These groups receive basic training in gathering data, interviewing, reporting and lobbying. In its two years of existence, the project has involved hundreds of grass-roots people and gathered significant data about the social impact of SAP. These findings are reported in a bi-monthly newsletter, "The SAP Monitor," and receive wide national circulation, including reprints in the major Zambian newspapers. Here are some typical findings of surveys done in the past year:

- cost of a monthly basket of food for a family of six in Lusaka was K194,000 in February 1997, while the salary of a school teacher was K60,000
- at many clinics and hospitals, patients have to buy medicine and syringes from private sources, even though they may have paid the health service fees
- in one urban primary school 1576 applications were received for grade one school places but out of these only 240 students could be enrolled
- fertiliser and other agricultural inputs were either not available or priced out of the reach of most peasant farmers this past season, resulting in poor harvesting despite record rainfall
- students could not sit for grade nine Home Economics exam in one school because they could not afford to purchase the necessary requisites such as flour, baking powder, etc.

## PRIORITIES AND POLITICS

The findings of the SAP monitoring project formed the concrete basis for the sharp critique by the Catholic Commission for Justice and Peace (CCJP) of the 1997 Budget offered by the Zambian Minister of Finance and Economic Development in January. The CCJP challenged the government for ignoring the growing problem of poverty in the country and neglecting to address the serious issue of employment.

The critique offered by the Church is not a rejection of any major economic reform. Nobody wants to go back to the "bad old days" of the economics of the Second Republic! But SAP is more of a fiscal management programme than a development programme. There is great need to promote development that is sustainable, human, integral and social. Employment, education, health care, environment, informal sector, regional cooperation: these and other such issues are central to such development but now are being crowded out because of the over-emphasis on SAP.

It has been said that the task of combating poverty is not simply a question of resources but an issue of politics, policies and priorities. The Catholic church in Zambia is actively involved in pressing for more justice in these politics, policies and priorities. Only when that justice becomes central will SAP be part the solution to poverty and not a major problem itself.

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1997-01-30

# January 1997 Bulletin: SAP: Is it the Solution or the Problem? the Case Study of Zambia

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