

## **New report reveals: Zambian children paying the price for IMF policies**

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*Washington DC:* While thousands of trained Zambian teachers sit unemployed and classes overflow with students, Zambia will shell out a staggering \$156 million more on debt repayments than it will spend on education this year. These new figures are released today, October 1, in a ground-breaking report by the Global Campaign for Education (GCE).

The new report reveals how Zambian children are paying the price for IMF policies. Ludicrously, while schools are in desperate need of another 9000 teachers, 8-9,000 qualified teachers sit unemployed. Why? A budget ceiling on government spending imposed by the IMF means that the government is not able to employ the teachers and health workers it desperately needs.

The GCE report, *“Undervaluing teachers: IMF policies squeeze Zambian education system”* is co-authored with International agencies VSO and Oxfam.

It calls upon the IMF and rich countries at today’s G7 finance ministers meeting to announce 100% cancellation of multilateral debt owed by the world’s poorest countries, funded in part by a revaluation of IMF gold stocks.

Report co-author Max Lawson from Oxfam, said: “The IMF’s priority is to be repaid at all costs, even at the expense of educating Zambian children. Meanwhile the IMF is sitting on billions of dollars worth of gold they neither need nor use.”

Co-author Lucia Fry from VSO said “Zambia shows us the need for a radical change in the way the IMF does its business. IMF commitments to the Millennium Goals are tested in exactly these challenging circumstances and the fund is failing on all counts.”

In Zambia, one of the poorest countries in the world, more than 70% of the population live in poverty and one in five adults are infected with HIV/AIDS.

Education should be the golden path to ending poverty and helping stop the spread of HIV, yet in 2004, the Zambian government will be forced to pay \$377 million in debt repayments, and spend just \$221 million education. Repayments to the IMF alone will amount to a massive \$247 million, more than entire annual education budget.

Silas Silewu, Head Master at Maano Basic School in Lusaka says: “We have only 3 teachers, including me, to teach 526 pupils. The average class size is 70 pupils and each teacher has to teach two classes. To work effectively we need at least 12 teachers.”

The Dutch Government has now stepped in with a short-term emergency package to allow some of these 9000 teachers to be taken on. However this does not solve the long-term problem of how to finance much needed future increases in teacher numbers.

**GCE Report recommendations:**

- The IMF and G7 should today announce 100% cancellation of multilateral debt owed by the world's poorest countries, funded in part by a revaluation of IMF gold stocks.
- Rich countries should pledge \$50bn extra in development aid annually to meet the Millennium Development Goals (MDGs), including the additional US\$5.6bn needed to achieve universal basic education. Developed countries should set clear timetables to reach the agreed target of 0.7% of GNP spending on overseas development assistance by 2010.
- A fully independent review of the impact of economic policy conditionality should be conducted, including inflation targets and payroll ceilings, as countries move into the second round of Poverty Reduction Strategy Papers. The report demands due diligence of the IMF in ensuring all macroeconomic frameworks are the product of national discussion of different scenarios, based on independent Poverty and Social Impact Analysis (PSIA) linked to MDG needs.
- The IMF must be explicit in its communiqués that adequate numbers of trained teachers and health workers are vital to achieving the MDGs and resources must be found to pay them a living wage.
- Funding for basic education and other poverty reduction strategies must be delinked from the IMF's lending program.
- Rich countries must expand their commitment to direct budget support, pooled sector funding and predictable long-term financing through mechanisms such as the EFA Fast Track Initiative and the proposed International Financing Facility.
- Developing country governments should make poverty reduction and the attainment of the MDGs an explicit objective of macroeconomic policy with transparent and measurable indicators in the annual budget, and maximize expenditure on poverty reduction, including education and health.

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