



FOR IMMEDIATE RELEASE

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ADDRESSING INEQUALITY NEEDS STRONG POLITICAL WILL

The year 2022 is set to mark Zambia's 58th year of national independence, a time in which the country will look back to the several strides made in achieving national unity and economic prosperity. Yet, to look back and reflect on the poverty and inequality statistics in the country, exacerbated by alarming corruption and misuse of public resources as reported annually by the Financial Intelligence Centre-and Auditor General's Office is certainly not as pleasant a fairy-tale to remember.

As of 2015, the poverty incidence rate stood at 54.4% implying that 5 out of every 10 Zambians are poor. While poverty rates remain high, in 2018, the World Bank ranked Zambia the fourth most unequal country from a list of 150 countries. For a country that remains richly endowed with natural resources including minerals, land, and forest resources, the expectation is these resources should lead to sustained economic growth that translates into economic and human development at all levels especially the rural parts. However, being endowed with these natural resources fall short of their expectations.

Inequality in local communities stems largely from the limited participation of the local people in decision-making at that level, as well as the limited resources of the local authority to undertake developmental projects. In what can be seen as an effort to address existing inequality, in the 2022 national budget, the government increased the allocation of the Constituency Development Fund (CDF) from K1.6 million in 2021 to K25.7 million in 2022 per constituency against K173 billion budget. This is meant to bring about infrastructure development, women and youth empowerment within local communities, ensure adequate health and education facilities and service provision including to tertiary level. This is through the loan schemes, and other broad-based development agendas meant to uplift the face of local communities.

CDF has for a long time been perceived to be a way of bringing development closer to the local people and has been a vehicle for governments to champion the agenda. In Zambia, CDF has been administered from the year 1995 with the aim of decentralising development projects so that the function lay with the area Member of Parliament and a select constituency

committee. Essentially, CDF is meant to extend the develop function of the central government.

The decentralisation policy is the vehicle through which the CDF is executed, and at present, the 2013 policy, founded on the vision of having a decentralised system of Government within the unitary State of Zambia, sets the legislative anchor for decentralization, but as with many policies in Zambia, it has not reached its full implementation potential. As a result of which, the CDF has been characterised with various challenges, stemming from lack of, to limited fund disbursement, to utilisation and management of these funds and the limited capacity of the local authorities to administer these funds.

While we commend government for the step taken to increase allocations of public resources towards rural development. CTPD would like to put it forward that in order to address the extreme inequality and poverty, there will be need to address some of the perpetual structural and administration challenges the country has been experiencing over the years, key among these include but are not limited to:

- 1. *Policies and legislation:*** There is a need to ensure that the policy options that the government takes up do not only uphold the interests of an elite few, but work to benefit the majority citizenry. In view of this, the government does well to ensure that the burden of taxation does not fall on the marginalised/poor but that this should be fairly shared. We remain concerned that the few working-class have continued to bear the burden of financing Zambia's development while Multinational Companies continue to enjoy tax incentives and holidays.
- 2. *Fighting corruption:*** Inequality is reduced through equitable redistribution of public resources and this is manifest through the provision of both public and common goods which all people get to benefit from, however, when a governance system takes a laissez-faire approach to deal with corruption, mismanagement of public resources is imminent.
- 3. *Facilitate meaningful participation and consultation of local people:*** The government does well to ensure that individuals at all levels of society and regardless of status or inclinations are well informed and consulted on issues that affect their well-being. A good example would be the planned economic reforms, government will do well to make public its intentions, and there is a need to make public the planned economic reforms to allow the public to have a buy-in.

This is not an exhaustive list but sets a tone for dealing with some of the underlying causes of inequality and poverty which is key if meaningful gains are to be realised. Issued by;

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Editor's Note

The Centre for Trade Policy and Development (CTPD) is a not-for-profit, membership based trade policy and development think tank. The organization was established in 1999 and existed as the civil society trade network (CSTNZ), until 2009 when it was rebranded as the Centre for Trade Policy and Development (CTPD).

The mandate of CTPD is to influence pro-poor trade and investment reforms at national, regional and multilateral levels as well as facilitate the participation of various stakeholders including member organizations in ensuring that trade is used as a tool for poverty eradication.

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