

## YOUNG PEOPLES PERCEPTIONS ON A ZAMBIA-IMF PROGRAM



“Rocks, and Hard Places“

by Moses Mukambo Jr

**T**he last couple of weeks have been quite contentious. There has been division and derision, and tensions have flared on account of three letters: I.M.F. Should Zambia take an IMF bailout to stabilize her economy? The answer is complicated at best, and extremely difficult at worst. Our story with the IMF began in the 1990s, when structural adjustments proposed by the IMF put a significant strain on Zambia’s macroeconomic positioning<sup>1</sup>. Because of this, many see the IMF bailout as an encroachment on our nation’s sovereignty due to the proverbial “strings” that come along with it. Nonetheless, it does have supporters who believe it is the only viable option available. This is where the derision begins.

### What Do Young People Think of the IMF?

Before we can discuss their perceptions of the bailout, we must understand what they think it is. Following an online survey by CYLA we found, many young people describe the IMF as an organization whose sole purpose is to govern and monitor the global economy to ensure its well-being. To some, the term “govern” has sinister undertones. The thought of a large, disinterested organization deciding the direction of their

economy is Orwellian. Practical functions of the IMF that young people cite include budgetary support to governments, giving loans to developing countries, providing economic assistance and aid, reducing poverty, and helping stabilize the economy.

**What does the IMF say it does?** The IMF has evolved a lot from its inception and original mandate to oversee the global fixed exchange rate by correct balance of payment imbalances and stimulate the global economy. Majority of its functions are still the same today. According to their website, “the IMF promotes international financial stability and monetary cooperation. It also facilitates international trade, promotes employment and sustainable economic growth, and helps reduce global poverty”.

“The IMF is a lender of last resort, lending to countries in time of crisis“

The core function of the IMF is to provide countries with credit lines to correct trade imbalances<sup>2</sup>. For example, if a country is

spending more for imports in an external currency [dollars] than it is raising from exports, the IMF can step in with a quick injection of the external currency to sustain the international trade and prolong the vitality of the global financial system. Moreover, the IMF provides technical assistance and gives short-term low-interest loans to low-income countries experiencing crisis’.

In practice, an IMF program, also known as a bailout would be a package that includes:

- A Low-Interest loan, less than 1% per year.
- A maximum payback period of 5 years.
- Technical advice from trained economists from the IMF.
- Conditional policies known as conditionalities implemented either before they give the loan or during the loan’s life<sup>3</sup>.

### Young People’s Perceptions on an IMF program

To determine the perceptions of young people about the IMF program, CYLA conducted a short survey. From our findings, we were able to classify respondents into three distinct groups: the supporters,



Youths discussing inclusion and participation at the CYLA Program for Young Politicians in Africa cohort at Chiminuka.

the detractors and those on the fence.

### The Supporters v The Detractors

The majority of young people are in support of an IMF program. This may be quite eye-opening, especially for those that remember the public's reaction to the initial IMF program. However, this isn't surprising. Young people have a strong distrust of the public sector's ability to handle tax-payers' money. These sentiments have slightly changed with the change of regime. Hakainde Hichelema is popular among the young people however, some still believe corruption will continue to be rampant. For this reason, they see the IMF program as a tool that will improve financial administration and oversight.

To many, the IMF's experience and expertise are an invaluable asset in the restructuring of Zambia's debt. But not all share this sentiment. This has been fuelled by unlimited access to information through the internet. This has bred a generation of socially, economically and politically conscious young people.

These people see the IMF as a neo-classical institution with an agenda that isn't exactly in our best interest with outdated solutions

that don't exactly work. For them, an IMF program is a tool of subjugation that re-inforces the cycle of poverty.

### Those On the Fence

Even though they aren't entirely agreeable, those on the fence gravitate toward the side of the supporters. They cite the need for more information on the full extent of Zambia's economic position before a solid opinion can be made. They call for more transparency, both in the nature of the deal on the table and the position of Zambia, or believing it is not an apparent need in the short term.

### Expectations of Young People

There is one truth that the Zambian populace has yet to contend with: **there is an ageist structure that disenfranchises young people**. This is often guised under the pretence of "a lack of experience", leading to the development of a governance 'glass ceiling' by those that propagate the structure. Experience aside, the current generation of young people has got more access to knowledge than all previous generations combined; and it will only increase with time. For this reason, many young people have lost interest in concerning themselves with the affairs of the state. Moreover, several of our

participants cite a lack of interest and understanding of the IMF system in their peers as the cause for the difference in views.

All the participants agree that there is need for a concerted effort to make sure the event of an IMF program does not become a "copy" and "paste" solution. Rather, a program should be designed to tackle Zambia's situation as it prevails on the ground right now. In the long term, lasting institutional structures need to be put in place to ensure this cycle does not repeat its self.

All participants speak in unison on the what we expect to see going forward. There is need to make progressive demands that support policy that will increase domestic capacity and fiscal space for the greater good of all of Zambia. Chief amongst all demands is the need for transparency, the creation of a publicly available action plan to deal with the debt crisis, and increased investment into the economy. Moreover, our participants cite and support the need to:

- Improve fiscal discipline, carry out periodic audits whose recommendations are implemented.
- Increase domestic resource mobilization.
- Leverage Zambia's position and minerals to grow the economy by supporting and promoting Zambian business and industry.
- Do away with unproductive assets i.e. the presidential Jet and reduce the wage bill.
- Reduce fiscal deficits and external loan contraction.
- Reschedule and restructure current debt.
- Create sovereign funds and invest in assets and sectors that have high growth potential, such as agriculture. Make policy and

decisions with the highest net positive long-term effect on society.

## ZAMBIA VISION 2030

Whatever steps and decisions are made, there is a need to include the views of young people on the handling of the economic situation. It is young people who will contend with the repercussions and reparation of the decision.

It is not only unfair and unethical to make decisions on behalf of young people without their knowledge and input, but also unconstitutional and goes against articles 89 and 205 of the constitution which state that the national assembly shall facilitate public in the legislative making process and the participation of any Zambian in the formulation of all financial frameworks, respectively<sup>4</sup>.

## CONCLUSION

Zambia is at a precipice, on one side economic malaise and on the other the IMF. Many young people are in support of an IMF bailout, to these the IMF is seen as a saving grace. Both supporters and detractors of an IMF bailout are adamant that in the event of a bailout, novel tools are used to fix the Zambian economy as current and previously used tools have been either ineffective, led to unintended consequences or had the opposite effect.

This has led many to be skeptical of the IMF's ability to offer certain and sustainable solutions. Studies have shown a 13% reduction in government spending could lead to a reduction of 2.5% in economic growth<sup>5</sup>. Many don't have this technical knowledge but know of the disastrous effects that bailouts have on the local economy when coupled with austerity measures and a wage freeze, which are expected to come with an IMF bailout.

Whatever solutions are taken to revamp Zambia's economy they should be based on created with the Zambian context in mind, accounting for natural resources endowments and macroeconomic position. In as much as an IMF deal is desirable, they are conditions that come with any lending facility that is accessed from the IMF that can not be expected. The government's position should be to ensure these conditionalities have a net positive effect on the Zambian economy in the long term.

## ENDNOTES

1. Political Economy, No. 47, What Price Economic Reform?, 47(1), pp. 8-27.
2. International Monetary Fund, 2021. The IMF at a Glance. [Online]. Available at: <https://www.imf.org/en/About/Factsheets/IMF-at-a-Glance>
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4. Republic of Zambia, 2016. Constitution of Zambia Act of 2016. [Online]. Available at: [https://www.parliament.gov.zm/sites/default/files/documents/acts/Constitution%20of%20Zambia%20Act%202016%20\\_0.pdf](https://www.parliament.gov.zm/sites/default/files/documents/acts/Constitution%20of%20Zambia%20Act%202016%20_0.pdf)
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*The Center for Young Leaders in Africa (CYLA) is a non-profit young political leader's volunteer organization established in 2017. The center is a platform that brings young people from different political parties and other diverse backgrounds to build capacity through interactive skill sharing in different aspects of life so that they can work together for a common purpose. Our main objectives are to Increase young peoples's participation and inclusion in politics and political party rank & file, while improving coordination and collaboration of young people in mother parties around common issues, which affect them. To find out more on our work, how you can benefit or support us please contact us*

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