

**SPEECH BY
HIS EXCELLENCY MR EDGAR CHAGWA LUNGU
PRESIDENT OF THE REPUBLIC OF ZAMBIA AND COMMANDER-
IN-CHIEF OF THE ARMED FORCES
AT THE OFFICIAL OPENING OF THE WORLD BANK'S
INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA) MID-
TERM REVIEW MEETING
13TH NOVEMBER 2018**

AVANI HOTEL, LIVINGSTONE

**STATE HOUSE
LUSAKA**

- **HON. MARGARET MWANAKATWE, MP. MINISTER OF FINANCE**
- **HON. ALEXANDER CHITEME, MP, MINISTER OF NATIONAL DEVELOPMENT PLANNING**
- **HON. PROFESSOR MTHULI NCUBE, MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT FOR THE REPUBLIC OF ZIMBABWE**
- **HON. EDIFY HAMUKALE, SOUTHERN PROVINCE MINISTER,**
- **HIS WORSHIP, THE MAYOR OF THE CITY OF LIVINGSTONE**
- **MS. KRISTALINA GEORGIEVA, WORLD BANK MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**
- **MR. HAFEZ GHANEM, WORLD BANK VICE-PRESIDENT FOR AFRICA**
- **MR. AXEL VAN TROTSENBURG, WORLD BANK VICE-PRESIDENT OF DEVELOPMENT FINANCE**
- **DR. DENNY KALYALYA, BANK OF ZAMBIA GOVERNOR AND IDA BORROWER REPRESENTATIVE, AFRICA GROUP 1 CONSTITUENCY**
- **MS. ANNE KABAGAMBE, WORLD BANK GROUP EXECUTIVE DIRECTOR FOR AFRICA GROUP1 CONSTITUENCY**
- **DISTINGUISHED DELEGATES**
- **MEMBERS OF THE PRESS**

ALLOW ME ON BEHALF OF THE PEOPLE AND GOVERNMENT OF THE REPUBLIC OF ZAMBIA TOWELCOME ALL OUR VISITING DELEGATES TO ZAMBIA AND IN PARTICULAR TO OUR TOURIST CAPITAL, LIVINGSTONE.

I AM GREATLY HONOURED TO OFFICIALLY OPEN THIS HIGH-LEVEL MID-TERM REVIEW MEETING OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA-18) OF THE WORLD BANK GROUP.

LET ME THEREFORE EXPRESS MY GOVERNMENT'S PROFOUND GRATITUDE TO THE WORLD BANK GROUP FOR ACCORDING ZAMBIA THE OPPORTUNITY TO HOST THIS IMPORTANT MEETING.

WE ARE GREATLY HONOURED AND PROUD TO BE THE FIRST SOUTHERN AFRICAN COUNTRY TO HOST THE MEETING.

THE WORLD BANK GROUP IS A HUGELY IMPORTANT GLOBAL DEVELOPMENT PARTNER THAT HAS PLAYED A SIGNIFICANT ROLE IN ZAMBIA'S DEVELOPMENT AGENDA SINCE THE 1950'S.

AS ONE OF OUR LONG TERM PARTNERS, THE WORLD BANK GROUP HAS FINANCED 250 PROJECTS THROUGH CONCESSIONAL IDA CREDITS AND GRANTS WITH A CUMMULATIVE VALUE OF US\$ 4.6 BILLION OVER THE YEARS.

DISTINGUISHED DELEGATES

THE BANK HAS SUPPORTED TRANSFORMATIONAL PROJECTS SUCH AS THE KARIBA DAM, THE MOST IMPORTANT SOURCE OF HYDRO POWER FOR ZAMBIA AND ZIMBABWE.

INDEED, THE BANK'S ROLE CONTINUES TO BE SEEN IN IMPORTANT SECTORS SUCH AS ENERGY, AGRICULTURE, TOURISM, WATER, TRANSPORT, HEALTH, AND EDUCATION.

EVEN IN CHALLENGING TIMES, THE WORLD BANK'S COMMITMENT TO DEVELOPMENT HAS BEEN STRONG.

ZAMBIA'S ALLOCATION BETWEEN THE **IDA-17** AND **IDA-18** REPLENISHMENTS HAS INCREASED OVER 70 PERCENT FROM US\$248 MILLION TO US\$424 MILLION SPECIAL DRAWING RIGHTS (SDR) IN IDA17 AND IDA 18 RESPECTIVELY.

ALLOW ME TO EMPHASIZE THE EXCEPTIONAL CONTRIBUTION OF IDA WHICH, THROUGH GRANTS AND CONCESSIONAL LOANS, HAS ASSISTED THE WORLD'S POOREST COUNTRIES TO ACCELERATE THEIR PACE OF ECONOMIC DEVELOPMENT; ADDRESS INCOME AND GENDER INEQUALITIES; TACKLE ENVIRONMENTAL CHALLENGES; STRENGTHEN INSTITUTIONS, AND IMPROVE PEOPLE'S LIVING CONDITIONS.

IDA IS ONE OF THE LARGEST SOURCES OF FINANCIAL ASSISTANCE TO THE WORLD'S 75 POOREST COUNTRIES, 39 OF WHICH ARE IN AFRICA. FURTHER, IDA IS THE SINGLE LARGEST SOURCE OF FINANCING FOR BASIC SOCIAL SERVICES, INCLUDING INVESTMENTS IN THE CRITICAL COMPONENTS OF HUMAN CAPITAL.

DISTINGUISHED DELEGATES

IT IS THEREFORE CRITICALLY IMPORTANT THAT THE PARTNERSHIP WITH IDA REMAINS STRONG AND SUSTAINABLE TO ACHIEVE THE SUSTAINABLE DEVELOPMENT GOAL (SDGS).

IN ZAMBIA, IDA'S CURRENT PORTFOLIO IS APPROXIMATELY US\$1.2 BILLION SUPPORTING 21 KEY PROJECTS WHICH INCLUDE IRRIGATION DEVELOPMENT, SCALING SOLAR, CLIMATE RESILIENCE, IMPROVED RURAL CONNECTIVITY, LIVESTOCK DEVELOPMENT, GIRLS AND WOMEN EMPOWERMENT AND REGIONAL PROJECTS.

IT IS IN THIS REGARD, THAT I WISH TO EXPRESS MY GOVERNMENT'S APPRECIATION TO IDA'S CONTINUED SUPPORT AND TO THE COOPERATING PARTNER COUNTRIES WHO ARE FINANCING THE IDA ENVELOPE.

DEVELOPING COUNTRIES, SUCH AS OURS, STILL HAVE A LOT TO DO TO IMPROVE THE QUALITY OF LIFE OF THE ORDINARY CITIZENS.

THE HOSTING OF THIS IDA MEETING IN THIS REGION IS A SIGNIFICANT REMINDER OF THE DUTIES AND RESPONSIBILITIES THAT ARE PLACED ON US AS LEADERS TO ENSURE THAT WE MAKE THE BEST USE OF INCREASINGLY SCARCE IDA RESOURCES.

THIS IS IN AN EFFORT TO FIGHT THE POVERTY THAT ADVERSELY IMPACT ON THE LIVES OF THE MAJORITY OF OUR PEOPLE.

DISTINGUISHED DELEGATES

WE, THEREFORE, HAVE A RESPONSIBILITY TO EMBARK ON A PATH THAT WILL LEAD US TO THE ATTAINMENT OF THE SDGS.

FURTHER, I WOULD LIKE TO UNDERSCORE THE NEED FOR SUCCESSFUL IMPLEMENTATION OF IDA FUNDED PROJECTS, ESPECIALLY THAT MOST OF THE DEVELOPING COUNTRIES ARE INCREASINGLY FACING THE THREAT OF HIGH DEBT LEVELS, AND REDUCED ACCESS TO CHEAPER FINANCING.

THE DEBT SITUATION DOES NOT ONLY REQUIRE URGENT AND APPROPRIATE POLICY RESPONSES, BUT ALSO AFFORDABLE FINANCING MECHANISMS.

IN THIS REGARD, MATTERS RELATING TO GOOD GOVERNANCE, SOUND FINANCIAL MANAGEMENT, EFFECTIVE PROJECT IMPLEMENTATION AND COST EFFICIENCY IN THE CONDUCT OF PUBLIC AFFAIRS ARE CARDINAL.

FUNDS, WHETHER FROM COOPERATING PARTNERS OR FROM DOMESTIC RESOURCES, COME AT A GREAT COST TO TAXPAYERS IN GIVING AND RECIPIENT COUNTRIES ALIKE.

MISUSE OR MISAPPROPRIATION OF FUNDS, CORRUPTION, MIS-PROCUREMENT AND POOR PROJECT IMPLEMENTATION MUST BE DEALT WITH DECISIVELY.

IN THIS REGARD, I THEREFORE EMPHASIZE THE NEED TO BUILD STRONG GOVERNANCE INSTITUTIONS.

IN ZAMBIA WE ARE DEALING WITH THESE ISSUES DIRECTLY. WE HAVE, FOR EXAMPLE, RECENTLY PASSED A NEW PUBLIC FINANCE MANAGEMENT ACT THAT HAS INTRODUCED STIFF, DECISIVE ADMINISTRATIVE AND LEGAL ACTIONS, WHICH HAVE ALREADY SEEN PERPETRATORS OF SUCH ACTS BEING DISMISSED IMMEDIATELY AND LEGAL ACTION BEING TAKEN.

WE WILL CONTINUE TO STRENGTHEN OTHER LAWS DEALING WITH MANAGEMENT OF PUBLIC FINANCES. KEY AMONG THEM IS THE REPEAL OF THE CURRENT PROCUREMENT LAW TO INTRODUCE ELEMENTS OF COST CONTROL THROUGH BENCHMARKING OF PRICING AND USE OF EXPERT ESTIMATES TO GUIDE THE PROCUREMENT PROCESS.

WE ARE ALSO IN THE PROCESS OF ENACTING A NEW PLANNING AND BUDGETING BILL THAT WILL ENSURE VALUE FOR MONEY AND GUIDANCE OF NATIONAL PRIORITIES AS WELL AS LINKING BUDGETS TO PLANS.

ON DEBT MANAGEMENT, ZAMBIA WILL REMAIN STEADFAST IN ENSURING THAT OUR DEBT REMAINS SUSTAINABLE AND DOES NOT COMPROMISE OUR SOVEREIGNTY IN ANY WAY WHATSOEVER.

IT IS IN THIS REGARD THAT THE COUNTRY IS IMPLEMENTING BOLD MEASURES TO ENSURE THAT WE ACHIEVE DEBT AND FISCAL SUSTAINABILITY.

MY GOVERNMENT IS RECEPTIVE TO SOUND ADVICE AND SUPPORT FROM COOPERATING PARTNERS. WE ARE COMMITTED TO IMPROVING TRANSPARENCY ON DEBT MANAGEMENT AND REPORTING.

I ALSO WISH TO STRESS ZAMBIA'S COMMITMENT TO CREATING A CONDUCTIVE ATMOSPHERE TO REFORMS AIMED AT STRENGTHENING GOOD GOVERNANCE AND UPHOLDING THE RULE OF LAW.

ON THE PART OF THE BANK, I IMPLORER THE BANK TO ENSURE THAT IT PUTS IN PLACE URGENT MEASURES TO ADDRESS THE ISSUE OF DEBT BY, AMONG OTHERS, INCREASING SUPPORT TO DEBT MANAGEMENT, IMPROVING THE EFFICIENCY IN PUBLIC INVESTMENT AND ENHANCING DOMESTIC RESOURCE MOBILIZATION, AS WELL AS IN ADDRESSING ILLICIT FINANCIAL FLOWS.

LET ME NOW ADDRESS A FEW ISSUES REGARDING PROJECT IMPLEMENTATION. LOW ABSORPTIVE CAPACITY OF IDA RESOURCES HAS REMAINED A KEY CONCERN IN MANY BENEFICIARY COUNTRIES.

A NUMBER OF CHALLENGES, SUCH AS, DELAYS IN OBTAINING NECESSARY LEGAL CLEARANCES HAVE ADVERSELY AFFECTED SPEEDY COMPLETION OF PROJECTS.

IN ZAMBIA, FOR EXAMPLE, THE FOLLOWING ARE SOME OF THE MEASURES THAT ARE BEING UNDERTAKEN TO ADDRESS THIS CHALLENGE:

- (a) APPOINTMENT OF DEDICATED PROJECT IMPLEMENTATION UNITS FOR SUCCESSFUL IMPLEMENTATION AND MONITORING OF PROJECTS; AND
- (b) CREATION OF COMMITTEE STRUCTURES AND ENHANCED DIALOGUE AMONG THE WORLD BANK GROUP AND THE MINISTRIES OF FINANCE AND NATIONAL DEVELOPMENT PLANNING.

I AM ALSO GLAD TO NOTE THAT THE WORLD BANK HAS EMBARKED ON AN EXERCISE OF IMPROVING ITS EFFICIENCY IN DELIVERING PROJECTS.

THE SLOW PACE IN THE PROJECT CYCLE HAS BEEN A MAJOR CONCERN FROM THE BANK'S CLIENTS. WE HOPE THAT THIS EXERCISE WILL RESULT IN TIMELY DELIVERY OF PROJECTS, EVEN WITH THE ROLL OUT OF A MORE COMPREHENSIVE SOCIAL AND ENVIRONMENTAL FRAMEWORK.

IN ALL THESE ISSUES I HAVE ALLUDED TO, COUNTRY OWNERSHIP, AS WELL AS TAKING INTO ACCOUNT DIFFERENT COMPLEXITIES, IS ESSENTIAL TO THE SUCCESS OF PROGRAMMES.

THE DEVELOPMENTAL LANDSCAPE CONTINUES TO EVOLVE WITH GREATER COMPLEXITIES INVOLVING THE RISK OF FRAGILITY, CLIMATE CHANGE AND PANDEMICS, THAT MOSTLY AFFECT POORER NATIONS.

IN ADDITION THE EMERGING REFUGEE CRISIS REMAINS A CONCERN FOR ALL. ZAMBIA, FOR INSTANCE, HAS RECORDED A SURGE IN THE NUMBER OF REFUGEES FROM THE NEIGHBOURING DEMOCRATIC REPUBLIC OF CONGO DUE TO INSTABILITY. WE ARE DOING OUR BEST TO HOST THEM DESPITE BUDGETARY CONSTRAINTS

WE ALSO FEEL THAT ISSUES AROUND MIGRATION ARE A MATTER OF GLOBAL CONCERN AS MANY PEOPLE, PARTICULARLY THE YOUNG, ARE RISKING THEIR LIVES IN SEARCH OF OPPORTUNITIES. THEREFORE, CREATION OF ECONOMIC OPPORTUNITIES IN HOME COUNTRIES IS CRITICAL IN ADDRESSING THE GLOBAL MIGRATION PROBLEM.

IN VIEW OF THESE CHALLENGES, IT IS IMPERATIVE THAT THE CONDITIONS OF THIS ASSISTANCE NEED TO BE ENHANCED. I AM GLAD TO NOTE THAT YOUR MEETING WILL, AMONG OTHER IMPORTANT MATTERS, DISCUSS THE ISSUE OF MIGRATION AND REFUGEE SUPPORT AS WELL AS JOBS AND ECONOMIC TRANSFORMATION.

I NOTE THAT THE FINANCING TERMS FOR MIDDLE-INCOME COUNTRIES ARE HARDENING. THIS IS DESPITE THE FACT THAT WHILE INCOMES IN THESE COUNTRIES HAVE RISEN, OTHER ECONOMIC AND SOCIAL INDICATORS COULD STILL BE UNSATISFACTORY.

DISTINGUISHED DELEGATES

THIS IS THE CASE FOR ZAMBIA. SO, AS YOU DISCUSS THE GRADUATION POLICY FOR IDA, I URGE IDA DEPUTIES TO CONSIDER A REVIEW OF THIS CRITERIA TO INCLUDE OTHER PARAMETERS AWAY FROM A PURELY INCOME-BASED CLASSIFICATION.

THE IDA 18 REPLENISHMENT TO FINANCE PROJECTS DURING THE PERIOD 2017 – 2020 IS THE LARGEST IN IDA'S 58-YEAR HISTORY.

THESE UNPARALLELED RESOURCES WERE AND ARE STILL ENVISAGED TO ASSIST IDA COUNTRIES TO RESPOND TO THE MYRIAD DEVELOPMENTAL CHALLENGES THAT THEY FACE.

I WISH TO ACKNOWLEDGE THAT UNDER IDA18, LENDING TO INFRASTRUCTURE AND SOCIAL SERVICES IS IN EXCESS OF 60 PERCENT.

IAM GLAD TO NOTE THAT THROUGH THE IDA ENVELOPE, THERE HAS BEEN A MARKED IMPROVEMENT IN INFRASTRUCTURE SPENDING IN RECIPIENT COUNTRIES AND THIS HAS SUPPORTED GROWTH AND DEVELOPMENT.

SIMILARLY, SOCIAL SERVICES ARE ESSENTIAL IN HUMAN CAPITAL DEVELOPMENT AND IDA LENDING HAS BEEN INSTRUMENTAL IN THIS REGARD.

ZAMBIA IS A WELL-ESTABLISHED FREE AND OPEN MARKET BUILT ON THE STRONG FOUNDATION OF THE RULE OF LAW.

RESPECT FOR PROPERTY RIGHTS IS DEEPLY ENTRENCHED NOT JUST IN OUR ORDINARY STATUTE, BUT IN THE SUPREME LAW OF THE LAW, THE CONSTITUTION.

USING THIS AUSPICUOUS OCCASION THEREFORE, I WANT TO ASSURE DEVELOPMENT PARTNERS THAT YOU ARE MORE THAN WELCOME HERE.

INVESTORS FROM ANY PART OF THE WORLD WILL FIND OUT FOR THEMSELVES THAT WE ARE FRIENDS OF BUSINESS AND WHEN YOU ARE IN DOUBT, TALK TO US.

DON'T LISTEN TO PROPAGANDA IN SOME NEWS MEDIA. YOU CAN SEE FOR YOURSELVES AND WHEN YOU HAVE QUESTIONS TALK TO US. OF COURSE YOU CAN VERIFY ANY INFORMATION WITH ANY FAIR-MINDED INDIVIDUALS AND INSTITUTIONS. YOU WILL LEARN THAT WE ARE AN OPEN BOOK!

YES, ZAMBIA HAS DEBT CHALLENGES IN RESPECT OF SPENDING ON DEBT SERVICING AS A RATIO TO SPENDING ON SOCIAL PROTECTION AND SOCIAL SERVICES.

BUT HEAR IT FROM ME, WE ARE NOT IN DISTRESS. ZAMBIA HAS NEVER DEFAULTED ON ITS DUES AND WE REMAIN COMMITTED NOT TO FALL INTO THAT SITUATION.

WE ARE TAKING MEASURES TOWARDS A SITUATION WHERE ONLY CONCESSIONAL AND VERY LOW INTEREST LOANS WILL BE ACCEPTABLE AS ADDITIONAL SOURCES OF FINANCING WHEN OUR LOCAL RESOURCES ARE NOT AVAILABLE.

WE SHALL BORROW WHEN WE NEED TO, BUT ONLY FOR INVESTMENT INTO ABSOLUTELY NEEDY AREAS.

WHAT WE HAVE BORROWED IN THE RECENT PAST HAS GONE A LONG WAY INTO INVESTMENTS INTO PUBLIC INFRASTRUCTURE CRICALLY NECESSARY FOR ECONOMIC DEVELOPMENT.

MY GOVERNMENT WILL CONTINUE TO CREATE AN ENABLING BUSINESS ENVIRONMENT TO PROMOTE MORE FOREIGN DIRECT INVESTMENT INTO THE COUNTRY.THEREFORE, ZAMBIA IS THE PLACE TO BE FOR ANY BUSINESS. THIS COUNTRY IS OPEN FOR BUSINESS.

ZAMBIA IS A FREE AND OPEN SOCIETY WHERE MARKET FUNDAMENTALS, RATHER THAN UNDUE STATE INTERVENTIONS, REMAIN THE GUIDING PRINCIPLES OF THE COUNTRY'S ECONOMIC MANAGEMENT.

AND SINCE WE ARE HERE TO DISCUSS DEVELOPMENT, PARTICULARLY INTERNATIONAL DEVELOPMENT, LET ME TAKE THIS OPPORTUNITY TO TELL THE WORLD THAT OUR ENGAGMENT WITH INTERNATIONAL PARTNERS IS ALWAYS ON MERIT AND BASED ON MUTUAL RESPECT.

WHEN WE TRADE WITH PARTNERS, WE DO SO CONSCIOUS THAT WE ARE A FULL MEMBER OF THE INTERNATIONAL COMMUNITY OF NATIONS.

SO, THOSE WE OWE MONEY THROUGH EURO BONDS CAN BE ASSURED THAT THEIR MONEY IS SAFE WITH US; THOSE WE OWE MONEY THROUGH BILATERAL ARRANGMENTS CAN BE REST ASSURED THAT WE ARE A CREDIBLE PARTNER WITH A LONG ESTABLISHED RECORD IN THAT REGARD.

ZAMBIA HAS NOT SOLD OR MORTGAGED ANY OF ITS ASSETS TO ANY LENDERS BE THEY BILATERAL, MULTILATERAL OR COMMERCIAL PARTNERS.

NONE OF THE STATE-OWNED ENTERPRISES HAS BEEN SOLD TO ANY FOREIGN ENTITY BUT WE INTEND TO PROGRESSIVELY LIST THEM ON THE STOCK MARKET TO MAKE THEM MORE VIABLE AND MORE TRANSPARANTLY RUN.

LISTING ON THE OPEN MARKET IS HIGHLY RECOMMENDED BY BOTH THE WORLD BANK AND THE IMF AND SO WE INTEND TO TRANSFORM OUT STATE-OWNED ENTERPRISES INTO MORE VIABLE ENTITIES THROUGH THAT ROUTE.

YOU MAY HAVE HEARD FALSEHOODS ABOUT PURPORTED SALE OF OUR NATIONAL POWER UTILITY COMPANY (ZESCO), OUR NATIONAL BROADCASTER (ZNBC), AND OUR FORESTRY COMPANY (ZAFFICCO): I AM HERE AS PRESIDENT TO TELL YOU THAT PLEASE IGNORE SUCH RUMOURS AND SEEK CREDIBLE GOVERNMENT INFORMATION.

AS I CONCLUDE, LET ME REITERATE THE INVALUABLE ROLE THAT IDA IS PLAYING IN THE GLOBAL DEVELOPMENT PROCESS BY AVAILING FINANCIAL RESOURCES TO THE WORLD'S POOREST NATIONS.

IT IS NOW MY SINGULAR HONOUR AND PRIVILEGE TO DECLARE THE IDA MID-TERM REVIEW OFFICIALLY OPEN.

I WISH YOU SUCCESSFUL DELIBERATIONS. I AM CONFIDENT THAT THE OUTCOMES OF THIS MEETING WILL HAVE A POSITIVE IMPACT ON THE OVER 700 MILLION PEOPLE LIVING IN EXTREME POVERTY.

I WISH ALL OUR VISITORS AN ENJOYABLE STAY IN ZAMBIA AND I URGE ALL OF YOU TO TAKE TIME AND SAMPLE SOME OF OUR TOURIST PRODUCTS AROUND LIVINGSTONE AND OTHER PARTS OF THE COUNTRY SHOULD YOUR SCHEDULES PERMIT.

I THANK YOU AND GOD BLESS.