

# Press Statement

22 September 2020

## About us

The Consumer Unity and Trust Society (CUTS) International, Lusaka is an NGO that was established in 2000 to function as a center for research, advocacy and networking on issues of trade and development, economic governance and consumer welfare.

The mission of the center is to function as a resource, co-ordination, as well as networking center, to promote South-South cooperation on trade and development by involving state and non-state actors (NSAs).

For further information please contact: The Director, Consumer Unity and Trust Society (CUTS), House No 32, Plot 407, Kudu Road, Kabulonga, Lusaka. Email: [lusaka@cuts.org](mailto:lusaka@cuts.org) or phone: 0957944739.

This press statement has been made available to you by:

**Njavwa Wilanji Simukoko**  
**CUTS Communications Officer**  
**+260964905611**  
**[nws@cuts.org](mailto:nws@cuts.org)**

**THANK YOU!**

## Contact us



## The Fair Tax Monitor Report Underscores Zambia's Tight Fiscal Position

Government expenditure has outpaced its resource mobilisation which has led to an increasing fiscal deficit which stood at 9.1 percent of GDP at the end of 2019. Zambia's fiscal performance remains a challenge as debt levels were recorded at over 70 percent of GDP in 2019. This is largely due to Zambia's limited domestic revenue sources. As the debt has continued to escalate, Domestic Resource Mobilisation (DRM) has become a top Government agenda to ensure that Zambia is better placed to fund its development. Efficient and effective tax collection therefore is important to a country like Zambia because it is the biggest source of long-term financing for sustainable development and the determinant of good governance in terms of high-quality service provision; holding the Government to account; and citizens participation in the management of public funds.

DRM is expected to be much lower than anticipated in 2020 following the Covid-19 pandemic. To bridge the gap, the Government has turned to domestic and external financing. The result of this has been an accumulation of domestic arrears and unsustainable external debt – the significant depreciation of the Kwacha against the US dollar by over 40 percent in 2020 further exacerbates the burden of external debt servicing for the Zambian government, shrinking the country's fiscal space, leaving inadequate resources to respond to the economic shock seen in 2020. For citizens, this means that they will experience increased inflation rates reflected by higher prices of goods and services in the economy.

The Fair Tax Monitor (FTM), a tool originally developed by Oxfam and the Tax Justice Network Africa (TJNA) seeks to provide reliable evidence based on an analysis of the national tax regimes. The Zambia's FTM report is therefore key in speaking to the importance of strengthening the tax base to be able to respond to economic shocks such as the one brought about by the COVID-19 pandemic. It is expected that the findings of this study will go a long way in influencing tax policy formulation and evaluation in Zambia to make the tax system more equitable and progressive. This is important because Zambia's current fiscal position has weakened the Government's budgetary commitments towards key developmental sectors such as healthcare, education, agriculture, and social protection.

The FTM report therefore seeks to highlight these and many other issues and provides solutions and recommendations to the government and other relevant stakeholders. The formulation of Zambia's FTM report was a collaborative effort with multi-stakeholder input from institutions such as Oxfam, TJNA, ActionAid, Centre for Trade Policy and Development (CTPD), Non-governmental Gender Organisations' Coordinating Council (NGOCC), Zambia Institute for Policy Analysis and Research (ZIPAR) Caritas Zambia, Civil Society for Poverty Reduction (CSPR), ActionAid Zambia, and Policy Monitoring and Research Institute (PMRC). Substantive input was received also from the government through the Ministry of Finance, Ministry of Gender, Zambia Development Agency (ZDA) and the Zambia Revenue Authority (ZRA).

Against this background, Consumer Unity and Trust Society (CUTS) Lusaka will launch Zambia's first FTM report. In addition to the physical meeting that will be held to launch the study, a live webinar will be held on September 23 2020, 9:30am -12.30 pm CAT.

By Mr. Ishmael Zulu, Programmes Coordinator, Consumer Unity and Trust Society (CUTS).