



THE ZAMBIA FAIR TAX MONITOR (FTM) GENDER ANALYSIS REPORT (2022)

PUBLISHED BY

CUTS International, Lusaka

Zambia

Email: lusaka@cuts.org

Web: www.cuts-lusaka.org

First Published: April 2022

This report was authored by Aquila Ng'onga and Ucizi Ngulube of CUTS International, Lusaka.

Cover photo by Annie Spratt (<https://unsplash.com/@anniespratt>)

The design and layout was done by Daud Kayisi of Oxfam in Southern Africa

Citation: Consumer Unity & Trust Society, (2022), 'Zambia Fair Tax Monitor (FTM) Gender Analysis Report, CUTS International, Lusaka.

The material in this publication may be referred to for education or non-profit uses, without special permission from the copyright holders, provided acknowledgment of the source is made.

This publication was produced with co-funding from the European Union. Its contents are the sole responsibility of CUTS International, Lusaka and do not necessarily reflect the views of the European Union.

Table of Contents

Table of Contents	3
Acronyms	5
List of Figures	8
List of Tables	9
Acknowledgements	10
Executive Summary	11
Recommendations	17
1 Introduction and background of the FTM	20
1.1 Background of the Fair Tax Monitor (FTM)	20
1.2 Purpose and Scope of the Gender Analysis	20
1.3 The Contextual Analysis	21
1.3.1 Economic Fundamentals	21
1.3.2. Zambia’s 2020-2023 Economic Recovery Plan (ERP)	21
1.3.3 Zambia’s Gender Context	22
1.3.4 Impact of Covid on Gender	22
2 Distribution of the tax revenue sources and progressivity	24
2.1 Categories of Tax Revenue	24
2.2 Direct Taxes	24
2.3 Indirect Taxes	26
2.4 Direct and Indirect Taxes	26
2.5 Presumptive Taxes	28
2.6 Wealth Taxes	29
2.7 Gender Analysis	30
2.8 Recommendations	31
3 Revenue Sufficiency and Illicit Financial Flows	32
3.1 Domestic Resource Mobilisation	32
3.2 Better taxation of the informal economy	34
3.3 Corporate tax compliance, tax avoidance and evasion	34
3.4 Illicit Financial Flows (IFFs) and tax leakages	36
3.5 Illicit Financial Flows (IFFs) and Zambia’s extractive industry	37

3.6 Gender Analysis	38
3.7 Recommendations	38
4 Tax Competition and Corporate Incentives	40
4.1 Governance	40
4.2 Corporate Income Tax Rates	41
4.3. Double Taxation Agreements	46
4.4 Transparency	48
4.5 Recommendations	48
5 Effectiveness of the Tax Administration	49
5.1 Structure of Zambia’s Tax Administration	49
5.2 Revenue Performance	50
5.3 Gender Analysis	51
5.4 Recommendations	54
6 Government Spending	53
6.1 Fiscal deficit	53
6.2 Public Debt	54
6.3 Social sector spending vs Non-social sector spending	55
6.4 Gender Analysis	56
6.4.1 Education	56
6.4.2 Healthcare	58
6.4.3 Agriculture	59
6.4.4 Social Protection	60
6.4.5 Unpaid Care Work	60
6.5. Recommendations	61
7 Transparency and Accountability	63
7.1 Transparency and corruption	63
7.2 Revenue and budget data information availability	63
7.3 Individual tax information availability	64
7.4 Gender impact assessment of policies and budget decisions	64
7.5 Women’s Engagement and Participation	65
7.6 Recommendations	67

Acronyms

ACC	Anti-Corruption Commission
AfCFTA	Africa Continental Free Trade Area
ATAF	African Tax Administration Forum
ATI	Access to Information (Act)
BDS	Business Development Support Services
BMS	Block Management System
BNNB	Basic Needs and Nutrition Basket
CEDAW	Elimination of All Forms of Discrimination against Women
CIT	Corporate Income Tax
COMESA	Common Market for Eastern and Southern Africa
CPI	Corruption Perception Index
CRF	Common Research Framework
CUTS	The Consumer Unity and Trust Society
CSO	Civil Society Organisation
CSPR	Civil Society for Poverty Reduction
DRM	Domestic Resource Mobilisation
DTA	Double Taxation Agreement, also called double taxation treaties (DTTs) And bilateral tax agreements (BTAs)
ERP	Economic Recovery Programme
ESGP	Economic Stability and Growth Programme
EU	European Union
FAO	Food and Agriculture Organisation
FDI	Foreign Direct Investment
FIC	Financial Intelligence Centre
FSP	Food Security Pack
FTM	Fair Tax Monitor
GBV	Gender Based Violence
GDP	Gross Domestic Product
GEEA	Gender Equity and Equality Act
GID	Gender in Development Division
GII	Gender Inequality Index
GPI	Gender Parity Index
GRB	Gender Responsive Budgeting
ICTD	International Centre for Tax and development

IFF	Illicit Financial Flows
IGF	Inter-governmental Forum on Mining, Minerals, Metals and Sustainable Development
ILO	International Labour Organisation
IMF	International Monetary Fund
IPA	Innovation for Poverty Action
LCMS	Living Conditions Monitoring Survey
<i>LDC</i>	Least Developed Countries
MENA	Middle East and North Africa
MHM	Menstrual Hygiene Management
MPSA	Ministries, Provinces, and Spending Agencies
MTEF	Medium-Term Expenditure Framework
NAPSA	National Pension Scheme Authority
NDP	National Development Plan
NHIMA	National Health Insurance
NHSP	National Health Strategic Plan
NGOCC	Non-Governmental Gender Organisations' Coordinating Council
NGP	National Gender Policy
NDP	National Development Plan
OECD	Organisation of Economic Cooperation and Development
PACRA	Patents and Companies Registration Agency
PAYE	Pay As You Earn
PWA	Public Welfare Assistance
PIT	Personal Income Tax
PPP	Purchasing Power Parity
PRMR	Pregnancy Related Mortality Ratio
PTR	Pupil-Teacher Ratio
SADC	Southern African Development Community
SCTS	Social Cash Transfer scheme
SDG	Sustainable Development Goals
SDG	Special Drawing Rights
SEATINI	Southern and Eastern Africa Trade Information and Negotiations Institute
MSE	Micro and Small Enterprises
SSA	Sub Saharan Africa
STR	Suspicious Transactions

SUPRO	Shushashoner Jonno Procharavijan (Campaign for Good Governance)
TTR	Total Tax Revenue
TJNA	Tax Justice Network Africa
UCW	Understanding Children's Work
UHNWI	Ultra High Net worth Individuals
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
VAT	Value Added Tax
WEP	Women Empowerment Program
WHT	Withholding Tax
WRO	Women's Rights Organisation
ZDA	Zambia Development Agency
ZICTA	Zambia Information, Communications and Technology Authority
ZMW	ISO 4217 code for the rebased currency of Zambia.
ZRA	Zambia Revenue Authority
7NDP	Seventh National Development Plan
8NDP	Eighth National Development Plan

List of Figures

Figure 1: Trend in Direct Taxes (2008-2021).....	24
Figure 2: Trend in indirect Taxes (2008-2021).....	26
Figure 3: Direct and Indirect Taxes (percentage of TTR)	26
Figure 4: Trend in Tax Revenue as a percentage of GDP	32
Figure 5: Public financing, borrowing, tax and non-tax revenues as percent of total public finances	33
Figure 6: Comparative CIT Rates (Southern Africa)	41
Figure 7: Index of overall source taxing rights	47
Figure 8: Revenue Performance (Target vs Actual Outturn) 2010-2020	50
Figure 9: Composition of Zambia’s External Debt Stock (2010-2020)	54
Figure 10: Social sector spending and non-social sector spending (2016-2020) ...	55

List of Tables

Table 1: Monthly PIT Tax Rate Bands	25
Table 2 Disseminated Intelligence offence reports by Value	35
Table 3: CIT Rates by category (2022)	42
Table 4: Percentage Distribution of Employed Population (15 years or older) by Industry.....	45
Table 5: Zambia’s DTAs and provisions.....	46
Table 6: Female Staff Compliment in ZRA 2018-2020	51
Table 7: Total Expenditure and Fiscal Deficit (2013-2020)	54

Acknowledgements

The Consumer Unity and Trust Society (CUTS) International would like to thank the European Union for the financial support rendered to this study. CUTS would further like to thank partners on the Fiscal Justice for Women and Girls project; Oxfam, FEMNET and Tax Justice Network Africa for the immense support provided during the period of the study.

The Zambia FTM Gender Analysis received substantial input and contribution from various relevant stakeholders. In this regard, CUTS wishes to thank Mr. Martin-Brehm Christensen (Oxfam Novib), Mr. Ishmael Zulu (Tax Justice Network Africa) and Ms. Engwase Mwale (NGOCC) for the invaluable contribution made to the report. CUTS also values the input from Government Ministries and institutions in the validation process. This includes the Ministry of Finance and the Zambia Revenue Authority (ZRA).

Special thanks go to CUTS, Lusaka technical team namely Mr. Aquila Ng'onga (CUTS) for leading the research process and production of this report, including Mr. Allan Chitwamali, Mr. Ntalasha Chilukutu and Ms. Jane Zulu for the contributions made to the report.

Special thanks also go to the CUTS, Lusaka Centre Director, Dr Claudia M Pollen and Mr Sajeev Nair, Programs Adviser, for supervision and guidance of the CUTS, Lusaka technical team.

Executive Summary

Key Findings

Economic Fundamentals

Zambia can be found in the UN category of *least developed countries* (LDCs) and had in 2021 a nominal GDP per capita of USD 974, and had in 2020 a poverty rate of 60.4 percent. Zambia's GDP has been characterised by steadily declining growth rate since 2010 and growth prospects for the future medium term uncertain.

Tax revenue as a percentage of GDP is close to the African average and has fluctuated around 16 percent for many years. This is far from sufficient for the government to fund basic public service requirements and ensure human rights. On top of this, Zambia's external debt has increased to 170.7 percent of GDP in 2020 resulting in debt servicing now taking up close to a third of Zambia's state budget and therefore severely limits revenue for health, education and other public services critical to meet human rights needs especially of women and girls.

Covid-19 and the compounding crisis of 2022

Like elsewhere, the Covid-pandemic has hampered growth in Zambia, with the Education, Transport, Catering and Accommodation Sectors being the most impacted. As a result GDP declined by 4.2 percent in 2020 exacerbating

existing inequalities for women and girls in access to health, security and social protection. Studies also indicated that during the pandemic, women were 19 percent more likely than men to have no earnings in a week compared to a typical week prior to the pandemic.

With 2022 showing sharp spikes in food and energy prices, rise in interest rates and a general global economic slowdown, the situation for Zambia is increasingly looking bleak. Rising interest rates risks exacerbating the debt crisis already faced by Zambia, while rising food and energy prices are likely to push many more into poverty and widen gender inequality. To withstand these new compounding crises on top of the Covid-pandemic, public policies that can fight poverty and inequality amidst multiple crises are severely needed. And such policies require funding. Therefore, it is critical for the government of Zambia to rapidly increase domestic revenue in ways that do not increase poverty or gender inequality.

Tax and gender

According to the United Nations Development Programme (UNDP), Zambia had in 2019 a Gender Inequality Index (GII) value of 0.539, ranking it 137 out of 162 countries. This is indicative of widespread inequality and calls for deliberate reforms and policies to

effectively address disparities for long term human development.

The report also finds that there is a lack of tax related gender responsive policies as well as impact assessments to understand the gender impacts of the tax system - especially indirect taxes such as excise duty and VAT, on women. These assessments are important in designing policies and regulations to increase gender equality.

The agricultural sector, where the majority of players are women, benefits from some VAT Zero rating of agricultural equipment and accessories such as tractors and hammer mills. However, it may be difficult to measure the gains because most women are small-scale farmers who only have minimal or no benefits from these VAT zero ratings.

Lastly, one other major noteworthy factor is unpaid care work which is not recognised in Zambia. Unpaid care work is extremely important as it contributes to the welfare of people and the nation at large and therefore should be recognised. According to the OECD, women in Sub-Saharan Africa spend over 5 hours a day on unpaid care work. This time spent by women is the foundation that the society including the formal economy rely on including education, mining, health and agriculture which are valued in the calculation of GDP, while unpaid care work remains ignored. In Zambia, unpaid care work used to be recognized

by the Ministry of Labour, however, this practice was stopped in 2017.

Distribution of tax revenue sources and progressivity

In 2021, the share of indirect taxes (such as VAT) as a portion of total tax revenue stood at 49.2 percent. Basic consumption products such as food items, soap and menstrual hygiene management products receive no VAT exemptions. This points to a significant regressivity of the overall tax system and this has negative impacts on low-income persons of which a majority (56.7 percent) are women.

With regards to presumptive taxes, Marketeers pay a base tax charged at ZMW1 (USD0.05) daily. The regressive flat rates and other associated necessary expenses in the marketplace such as toilet fees may disproportionately impede the ability of smaller and low-income marketeers to make a living.

Progressivity can be enhanced by reducing and terminating unjustified tax corporate exemptions and incentives (see section 4.1 and 4.2) and making the brackets of the personal income tax (PIT) more progressive and adding additional brackets with higher tax rates for higher incomes.

One noteworthy factor about the Zambian tax regime is the absence of wealth and property taxes. The

African continent is expected to see the second highest regional five-year growth-rate in Ultra High Net-worth Individuals (UHNWI) – 33 percent – led by Zambia and South Africa. As wealth and property ownership in Zambia are dominated by men, taxing assets and property present a powerful mechanism to redistribute wealth from rich to poor as well as from men to women.

Revenue Sufficiency and Illicit Financial Flows

Zambia's tax revenue fluctuated around 16 percent of GDP and has seen no significant increase since 2011. Foreign financing (grants and loans) exceeded 30 percent of public finances in 2019 and is now the largest single source of finance. The reliance on debt financing (both domestic and foreign) constitutes an alarming burden on Zambia's public finances, and is clearly not sustainable. Zambia endured Africa's first COVID-era sovereign default in November 2020 with a debt burden above 120 percent of GDP.

More revenue can be raised by expanding the tax base through formalising the most profitable parts of the informal economy as many people and companies in the informal sector enjoy high incomes without paying any income tax. As the informal sector is also the largest employer of women, helping more women to graduate into the formal sector can also serve to improve their workers' rights, salaries and conditions.

This FTM report follows UNCTAD's definition of Illicit Financial Flows (IFFs) and defines tax-motivated IFFs as happening *"when the international structuring of transactions or asset portfolios has little or no economic substance, and their expressed purpose is to reduce tax liabilities"*.

Because of limited institutional capacity Zambia is very vulnerable to IFFs and thus loses urgently needed revenue, which increases the dependence on indirect taxes which in their nature disproportionately fall on women and poor people, who at the same time are those hardest hit by budget constraints and inadequate public services. It is not possible to know the exact scope of IFFs but several findings in Zambia give reasons to be worried. For instance in 2019, ZRA assessed ZMW 27.7 million (USD 2.1 million) in suspected tax evasion cases and Zambia's Financial Intelligence Centre (FIC) 2020 Annual Report saw an increase in the number of suspicious transactions (STRs) to ZMW 6.1 billion (USD 288 million) in 2020.

Zambia's extractive industry poses great risks and challenges. In 2015 for example, Zambia accounted for 65 percent of the African continent's IFFs in copper mining, and in 2020 the Zambia Revenue Authority (ZRA) won a case against Mopani Copper mines who had under-priced copper sold to Glencore International AG. According to research released by Oxfam in 2021, an additional USD 102 million per year in income taxes

should have been collected from just one copper mine - Mopani - an amount equivalent to more than half of Zambia's national water supply and sanitation budget for 2020.

Tax Competition and Corporate Incentives

Zambia's Corporate Income Tax (CIT) was reduced in 2022 from 35 percent to 30 percent. This has an estimated tax expenditure of ZMW 599 million (USD 28 million). Further, the Minister did propose the deductibility of mineral royalty for CIT with a projected tax expenditure of ZMW 3.2 billion (USD 151 million). These two policy choices alone imply a loss of revenue which could have funded the construction of more than 1000 schools providing hundreds of thousands of young girls and women access to education.

Zambia's statutory CIT rate is 30 percent higher than the regional average. However, large parts of the economy have considerably lower CIT rates as Zambia provides about 25 different CIT rates (between 0 percent and 40 percent) to different industries. While sectors such as agriculture which traditionally employ women benefit from lower CIT rates, the tax incentive policy isn't gender deliberate. Therefore, women may not actually be able to benefit from these incentives.

Moreover, Zambia offers multiple incentives to companies such as tax allowances, exemptions, and

concessions. The government is deliberate about attracting investment, however there is limited empirical evidence as to the effect of tax incentives' importance on investors' decisions. And from a gender-perspective, tax incentives given to corporations increase gender inequality as men are disproportionately represented in both boardrooms and as shareholders and business owners.

There is a need therefore to assess the efficacy of the differentiated CIT rates and reductions and well as tax incentives. Most governments' financial reports do not disclose tax expenditure information, and no information on companies benefiting from tax incentives. The public has the right to know the bilateral deals made between the government and corporations including what tax incentives are offered and at what revenue cost.

Zambia holds 22 double taxation agreements (DTAs) signed with the intention of motivating foreign direct investments (FDI). However, empirical studies point to Zambia's DTAs not fulfilling this intention and moreover having negative effects on domestic revenue mobilisation (DRM). Data also shows that Zambia is signing worse and worse DTAs which is particularly worrying as Zambia since 2010 signed DTAs with five tax havens; Switzerland, UK, Netherlands, Ireland and the Seychelles. Lastly, it is problematic that Zambia does not require parliamentary

approval to ratify a DTA and thereby leave out inputs from the crucial representatives of the citizens who could better ensure adequate scrutiny of DTAs.

Effectiveness of the Tax Administration

Zambia's tax administration presents an interesting dynamic - on the one hand, the country's tax revenue as a percentage of GDP is only around 16 percent and has not increased in the last 10 years - therefore it would seem that ZRA suffers from limited capacity and/or ineffectiveness. On the other hand, since 2017 ZRA have successfully met their collection target - and only in 2020 (influenced by Covid) falling short of the target by a mere 2.3 percent. Thus, it calls for the Zambian government to be more ambitious in relation to domestic revenue raising (DRM) and reflect this in the revenue collection target for the ZRA and provide more clear policy choices in how to meet such ambitious targets.

Production and access to gender disaggregated tax revenue data remains inadequate and thus challenges the possibilities for making informed policy reforms aiming at mitigating the explicit and implicit gender biases that may exist in the tax regime.

Government Spending

The report finds that debt service allocations have increased dramatically,

including external debt service which rose from 6.8 percent of public expenditures in 2016 to 19.9 percent in 2020. Non-social sector spending (Public Order & Safety and Defence) has also increased. All this comes at the expense of reductions in social sectors - education for example has dropped from 17.2 percent in 2016 to 12.4 percent in 2022 (see section 6.3). Reductions in social sector spending pose adverse impacts on women and girls, e.g. the Zambian education sector has seen a reduction in the number of female candidates entering examinations at Grade Nine level.

During the 2010s, the Zambian health sector has seen a growing awareness of gender equality and progress has been recorded in the key areas of health service delivery and health support systems, e.g. infant mortality has fallen from 2013 to 2018. However, since 2018 public expenditures to health have been reduced and thus one may fear this earlier stated positive trend may not continue.

The gender analysis finds that unpaid care work is a labour category that has had irregular recognition from the Zambian government. Despite the overall disparities between women and men, policy documents have consistently omitted unpaid care work. Zambia still lacks deliberate policies to address this.

Transparency and Accountability

Zambia's latest National Development Plan (NDP7) states the need to improve transparency and accountability. But Zambia lacks legislation that regulates public information access and other salient information of public interest, and the actualization of the *Access to Information Act (ATI)* has been a challenge since 2011 despite several demands by various stakeholders to expedite the process. This limits public access to important information such as extractive industries contracts and the negotiation of double tax agreements (DTAs). Zambia's low scores on both the *Corruption Perception Index (CPI)* and the *Open Budget Score (OBS)* reflects this.

Tax revenue information is accessible in the *National Budget Speech*, the

Annual Economic Report and the *Yellow Book* but these do not offer specific information on government expenditure on women's programmes for example in terms of how budget posts are actually dispersed. Moreover, gender disaggregated data availability remains a challenge - for instance, the *Living Conditions Monitoring Survey (LCMS)* (last released in 2015) monitors living condition variables such as poverty, income levels, employment and school attendance rates, but with no gender disaggregation of data.

Further, Zambia's female representation and participation in decision making processes remains a challenge, and the government's decision to discontinue *The Gender Ministry* signals a step in the wrong direction both practically and symbolically.

Recommendations

Wealth and property taxes

Wealth taxes are absent from Zambia's tax regime - it has no taxes neither on inheritance, estate, gift, capital gains, property nor on net wealth. Thus, the government must work to develop and implement wealth and property taxes. This will be important in reducing income and wealth inequality as well as raising revenue in a progressive and gender sensitive way.

The informal sector

Despite staying in the informal economy, many business owners have high incomes. Therefore, ZRA should progressively incentivise formalisation of the informal businesses and work with other government agencies such as PACRA and NAPSA and use digitalisation to scale up registration of the most profitable parts of the informal economy. ZRA should combine this with efforts to create business support spaces where women, youth and others can seek tax advice and information on their workers' rights as well as on business growth and how to formalise businesses as helping women to graduate into the formal sector can serve to improve their workers' rights, salaries and conditions. To encourage formalisation, the ZRA should focus traditional compliance efforts (e.g. audit, control, fines etc.) on the parts of the informal sector with relatively high-income earners in order to ensure

that high-income earners pay their fair share of tax. With regard to informal low-income persons and businesses, ZRA should target these with more mild incentives to formalise as these may need a longer process to formalise and should not be penalised.

Tackling illicit financial flows

Stakeholders such as FIC, ACC, and ZRA should strengthen the exchange of information, investigations, prosecutions and forfeiture of proceeds of crime, strengthen their focus and ability to assess extractive mining production volumes and strengthen the capacity to assess taxes and accounting procedures in the extractives sector. Lastly, Zambia should secure more royalties from extractive industries and consider introducing a *progressive royalty* regime (especially important with regard to future mining agreements).

Tax incentives

While tax revenues are urgently needed for public health, education services and VAT exemption on basic food commodities, the Zambian government loses massive amounts of tax revenue through tax incentives. This must stop.

Empirical research points to tax incentives as not central to investors' decisions about investment destinations. Therefore the government needs to undertake an in-depth cost

benefit analysis of all existing CIT rates as well as both general and specific tax incentives: What is the efficacy of the various tax incentives and of the differentiated CIT rates? It is also important to enhance the transparency around bilateral deals between the government and corporations including disclosure of what tax incentives are offered and at what revenue cost. The government needs to provide evidence and justification for any incentives to be retained as well as any new incentives offered. The goal must be to reduce the number and scope of tax incentives. The existing incentives are “*gender blind*”. While the government is prioritising investment flows, it may potentially be driving economic inequality as well as gender inequality. Thus, the Zambian government needs to produce and publish information both on the specific discretionary incentives - who are the beneficiaries receiving what benefits - and in the aggregate and on general incentive policies - what are revenue costs and what are gender impacts.

Double taxation agreements (DTAs)

Research confirms that tax revenue losses from Zambia’s double tax agreements (DTAs) are not justified by FDI inflows. The Zambian government should therefore review all its DTAs and involve the parliament in all future ratification processes. Re-negotiations of DTAs should be based on modified model templates like the ATAF model which, compared to the OECD framework,

is friendlier to capital importing least developed countries like Zambia.

Gender disaggregation of revenue information

ZRA should place a deliberate focus on producing and publishing gender disaggregating data so as to highlight the possible explicit and implicit gender biases that are existing in its current form to enable evidence-based policy reforms.

Transparency and Accountability

To strengthen transparency and accountability, the Zambian government should:

- Re-establish the *Gender Ministry*.
- Produce and make easily accessible detailed information about tax revenue collection, budget allocations and disbursements, including gender impact assessments.
- Expediting the passing of the *Access to Information Act* (ATI) so as to ensure citizens their right to access public information.
- Learn from the failure in the 7NDP’s implementation and enhance efforts to attain gender-balance in political leadership positions, including representation in Parliament through deliberate strategies such as legislated quotas and in line with constitutional provisions on gender parity as per *Article 259 of the Constitution (Amendment) Act*

No. 1 of 2016 which also provides for the formation of a *Gender Equity and Equality Commission*.

- Make gender mainstreaming default features of any policy design process and implementation.

Unpaid Care Work

Unpaid care work must be recognised by the Ministry of Labour. Sensitisation of unpaid care work among duty bearers such as the newly elected parliamentarians and government officials would allow for a top-down recognition of the problem and influence policy formulation during the 8NDP period.

Debt Management and government spending

Public spending has continued to rise without a corresponding rise in tax revenues. Therefore, Zambia now has an unsustainable debt overhang and debt servicing costs are crowding out expenditure on key social sectors. Therefore, the government must seek solutions to restructure existing **debt**, slow down debt contraction, and prioritise expenditure to protect the poor and vulnerable. Among other things, the government should together with other developing country governments make it imperative for the G20 Finance Ministers to approve a significant increase in *Special Drawing Rights* (SDRs) by IMF, extend the *Debt Service Suspension Initiative* (DSSI) and

crucially mandate debt relief actions from private creditors and multilateral development banks such as the World Bank.

The Government must also progressively increase tax revenues as well as reduce spending on non-social sectors such as *Defence* and *Public Order* and instead honour its international commitments (e.g. the *Abuja Declaration*) by prioritising social sectors such as *Education*, *Health* and *Social Protection* critical to the welfare of women and girls.

Education

Closure of learning institutions during the Covid-pandemic have derailed school retention efforts especially among female learners at primary school level. Therefore, the government and stakeholders need to sustain interventions to retain children in schools through prioritising more technical and financial resources to implement interventions such the *National Strategy on Ending Child Marriage*, the *Re-Entry Policy* and the *Keeping Girls in School Program*.

1 Introduction and background of the FTM

1.1 Background of the Fair Tax Monitor (FTM)

The Fair Tax Monitor (FTM) project was initiated in December 2014 and was developed by Oxfam Novib in collaboration with Tax Justice Network-Africa (TJNA) and other partner organisations with a focus on fiscal policies and practices related to equitable and fair taxation.¹

The FTM is a unique evidence-based advocacy tool that identifies the main bottlenecks within tax systems and provides evidence for advocacy work. FTM-reports provide an overview of national tax regimes and identify the main constraints faced. The goal is to strengthen advocacy activities at the local, national and regional levels on fiscal justice. The tool provides reliable evidence for the advocacy and lobby work of related partners, which in turn strengthens their position and increases their credibility as well as their influencing power.

With financial support from the European Union (EU) and technical support from Oxfam Novib, Tax Justice network Africa and Oxfam Zambia the 2020 Zambia Fair Tax Monitor (FTM)² general report was developed by the *Consumer Unity and Trust Society (CUTS) International-Lusaka* using the FTM common research framework (CRF).³ Moreover, the Zambia

2022 FTM-report is together with the 2022 Uganda FTM-report the first FTM-report to pilot the new gender-focused CRF-annex focusing on *tax and gender*. Hence, the 2022 Zambian FTM-report serves to evaluate and improve this CRF-annex while it identifies and offers policy recommendations addressing gender impacts of tax and fiscal system.

1.2 Purpose and Scope of the Gender Analysis

This FTM gender analysis report will analyse key developments over the years (2010-2022) such as the Covid-19 pandemic, the launch of the Economic Recovery Programme (ERP) 2020 - 2023, the Eighth National Development Plan (8NDP) formulation, national budgets and global taxation developments. The analysis will serve as a basis for evidence-based advocacy urging the Zambian government, private sector and civil society actors to make lasting strides for fiscal justice for women and girls.

The United Nations Development Programme's (UNDP) Gender Inequality Index (GII)⁴ reflects gender-based inequalities in three dimensions – reproductive health, empowerment, and economic activity⁵ and can be interpreted as the loss in human development due to inequality between female and male achievements.

According to the 2020 report, Zambia has a GII value of 0.539, ranking it 137 out of 162 countries in the 2019 index⁶ indicating widespread inequality and calls for deliberate reforms to effectively address these disparities. The report illustrates how paying taxes and being able to influence fiscal policies and public expenditure are constitutive elements of citizenship. Fiscal policies can contribute to meeting women's and girls' rights by addressing specific needs and priorities and by promoting shifts in gender norms and power relations.⁷

1.3 The Contextual Analysis

1.3.1 Economic Fundamentals

Zambia can be found in the UN category of *least developed countries* (LDCs)⁸ and had in 2021 a nominal GDP per capita of USD974 or USD3.320 per capita purchasing power parity (PPP)⁹. Zambia has been characterised by steadily declining economic growth since 2010 with an average GDP growth at 3 percent in the five years prior to COVID19, and uncertain growth prospects in the future medium term¹⁰. Thus, the economic contraction of the Zambian economy in 2020 completed a decade of poor economic growth coming after a period of strong GDP growth between 2001 and 2010 averaging 7.46 percent.

The fiscal performance was equally poor with the fiscal deficit ballooning from 1.8 percent of GDP in 2011 to 14.4 percent of GDP in 2020 as expenditure

consistently outpaced domestic resource mobilisation through tax and non-tax revenues¹¹. Zambia's external debt has also been increasing, from USD 3.5 billion in 2011 to USD 14.71 billion¹² in 2021 and in 2020 represented 170.7 percent of GDP¹³.

Tax revenue as a percentage of GDP has fluctuated around 15 percent from 15.3 percent in 2000 to 12.4 percent in 2009 rising to 17.5 percent in 2019 and then in 2020 it declining to 16.3percent¹⁴.

Inflation rates have ranged between 7 percent and 18 percent the last decade¹⁵. Accordingly, the exchange rate has experienced a constant devaluation against major currencies such as the dollar. The average exchange rate against the dollar stood at ZMW 4.86 in 2011 compared to ZMW 18.28 as of 2020.¹⁶

Lastly, the Covid-19 pandemic added to Zambia's economic challenges with GDP shrinking by 4.2 percent¹⁷ in 2020. The Covid-19 pandemic socio-economic implications have been detrimental in pushing poverty to 60.4 percent and exacerbating existing inequalities for women and girls in access to health, security and social protection.

1.3.2. Zambia's 2020-2023 Economic Recovery Plan (ERP)

The Zambian government launched its 2020-2023 ERP¹⁸ to succeed the Economic Stabilisation and Growth Programme (ESGP) that was

implemented over the period 2017-2019 a period characterised by economic imbalances. Therefore the ERP, through its 5 pillars, aims to restore macroeconomic stability, attain fiscal and debt sustainability, restore growth and safeguard social sector spending. The government commits to safeguard social protection programmes, including Supporting Women Livelihoods programmes as well as strengthening institutional mechanisms and putting money in social sectors of education, health, social protection and water and sanitation. All in all, the success of the ERP is yet to be seen and depends on political will and improved governance systems.

1.3.3 Zambia's Gender Context

Patriarchal structures are prevalent in Zambia with men dominating positions of power. This may have implications on the country's socio-economic development¹⁹ landing Zambia with a Power Distance Index (PDI) score of 60²⁰ demonstrating a hierarchical society with inherent inequalities. As men have more access to power than women, they are more likely to dominate participation in economic activities while women and other groups of vulnerability remain marginalised.

Gender inequality in Zambia is institutional as well as prevalent in social and cultural norms²¹. Moreover, Zambia faces challenges with Gender Responsive Budgeting (GRB) by both the public and private sectors, and

most existing policies lack gender mainstreaming. This has led to a slow progress in mainstreaming gender across all sectors of the economy²².

Zambia's 2015 Gender Equity and Equality Act No.22²³ is the key legislation guiding women empowerment. It aims to implement international human rights instruments²⁴ such as the *Convention on the Elimination of All Forms of Discrimination against Women*²⁵ (CEDAW) the *SADC Protocol on Gender and Development (2008)*²⁶; and the *Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa (2003)*²⁷

1.3.4 Impact of Covid on Gender

As in most other countries, Covid19 has different socio-economic impacts on men and women in Zambia. The health system have been overburdened and schools have been closed resulting in an increase in the burden of domestic unpaid care predominantly falling on women²⁸. Due to lockdowns, implying restricted movements, many businesses were affected as they were forced to downsize and thus lay off employees. For instance the hospitality industry was severely hit as many lost their jobs. About 30 percent of enterprises in the catering and accommodation sector reduced the number of employees²⁹ and businesses depending on social gatherings have laid-off workers.

In a 2020 survey conducted by Innovation for Poverty Action (IPA), 70 percent of the respondents indicated that they find it challenging to afford the amounts of food they would like to buy even before the Covid-related price hikes³⁰. The survey further reveals that women are less likely to be able to access salaries, savings or credit from private institutions, women are more dependent on family and social networks assistance to mitigate the effect of the pandemic.

Marketers, a majority of which are women, have their debt burden increase as most of their products went unsold³¹. About 70 percent of African women are involved in the informal sector³², and in Zambia women account for a majority of the over 65.4 percent of Zambians who work in the informal sector. The pandemic has increased the debt burden on these women and pushed many families into poverty. Studies also indicated that during the pandemic, women were 19 percentage levels more than their male counterparts to have no earnings in a week compared to a typical week prior to the pandemic.³³



Joshua Dixon
(<https://unsplash.com/@joshdixon00>)

2 Distribution of the tax revenue sources and progressivity

The distribution of tax burden and progressivity chapter aims to determine the impact that selected taxes have on income/wealth distribution, economic inequality and gender inequality.

As of 2021, Zambia has 317,689 active taxpayers³⁴; 89,926 registered companies, 213,049 individuals³⁵, 15,714 includes ministries, embassies and government departments³⁶. Zambia Revenue Authority (ZRA) records 1,824,631 Tpin³⁷ registrations. In terms of income categories, ZRA records 212,809 small earners, 76,376 medium earners, 28,485 large earners and 19 high net worth individuals.

2.1 Categories of Tax Revenue

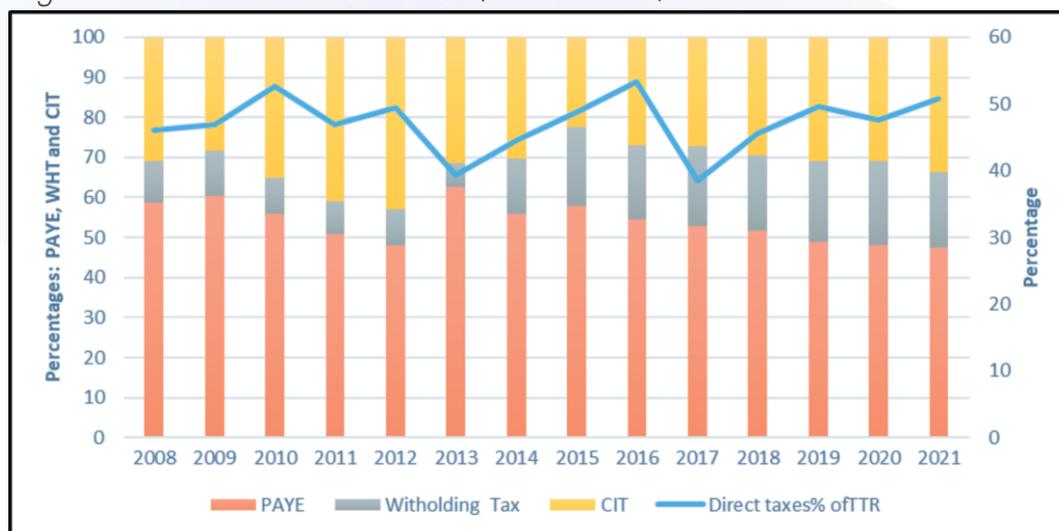
The main categories of tax revenue in Zambia consist of³⁸:

2.2 Direct Taxes

1. Direct taxes which includes Corporate Income Tax (CIT), Personal Income Tax (PIT) and Withholding Tax (WHT).
2. Indirect taxes including value added tax (VAT)
3. Customs and Excise duty which includes Customs duty, Excise duty and Export Duties.

The main constituents of direct taxes are Income Tax, and taxes collected through withholding taxes (a tax levied on payments of interest, dividends, royalties, commissions, management consultancy fees and others³⁹). The figure below shows the trend of direct taxes from 2008 to 2021.

Figure 1: Trend in Direct Taxes (2008-2021)



Source: Ministry of Finance⁴⁰

Direct tax as a percentage of total tax revenue (TTR) has ranged between 39 percent and 53 percent. Personal Income Tax (PIT) collected through *pay-as-you-earn* (PAYE) continues to be the largest constituent of direct taxes.

According to ZRA the increase in collected withholding tax (WHT) over the last decade can be attributed to sensitization campaigns, money market securities coursing increased interest earning, more registrations of tenants and landlords for WTH.⁴¹

The table below shows newly proposed monthly PIT rate bands that are to come into effect in the 2022 financial year.

Table 1: Monthly PIT Tax Rate Bands

PAYE band (ZMW)	USD(1:17)	Rate (percent)
0 - 4500.00	0 – 260.7	0
4500.01 - 4800.00	260.7 – 282.4	25
4800.01 - 6900.00	282.4 – 405.9	30
> 6900.00	> 405.9	37.50 ⁴²

Source: 2022 Budget Speech⁴³

The tax free threshold was proposed to move to ZMW 4500 (USD 21.2) from ZMW 4000 USD189. While this a step towards progressivity, it may not be enough to cushion the high cost of living. As of December 2021, the Basic Needs and Nutrition Basket (BNNB) for a household of 5 stood at ZMW 8,359.80⁴⁴ (USD 394). The Zambian PIT

could be made more progressive if the government increased the thresholds for the lower PIT brackets, and at the same time increased both the tax rate and threshold of the upper brackets and added additional brackets for very high incomes. Moreover, this could increase the total revenue obtained from PIT.

There are no PIT exemptions for women, vulnerable or special groups, however, people differently abled can claim a tax deduction on their allowances amounting to ZMW 600 (USD 28) while businesses that employ people with disabilities can also claim deductions⁴⁵. Further, there are no distinctions of PIT rates or personal allowances based on gender, marital status, or

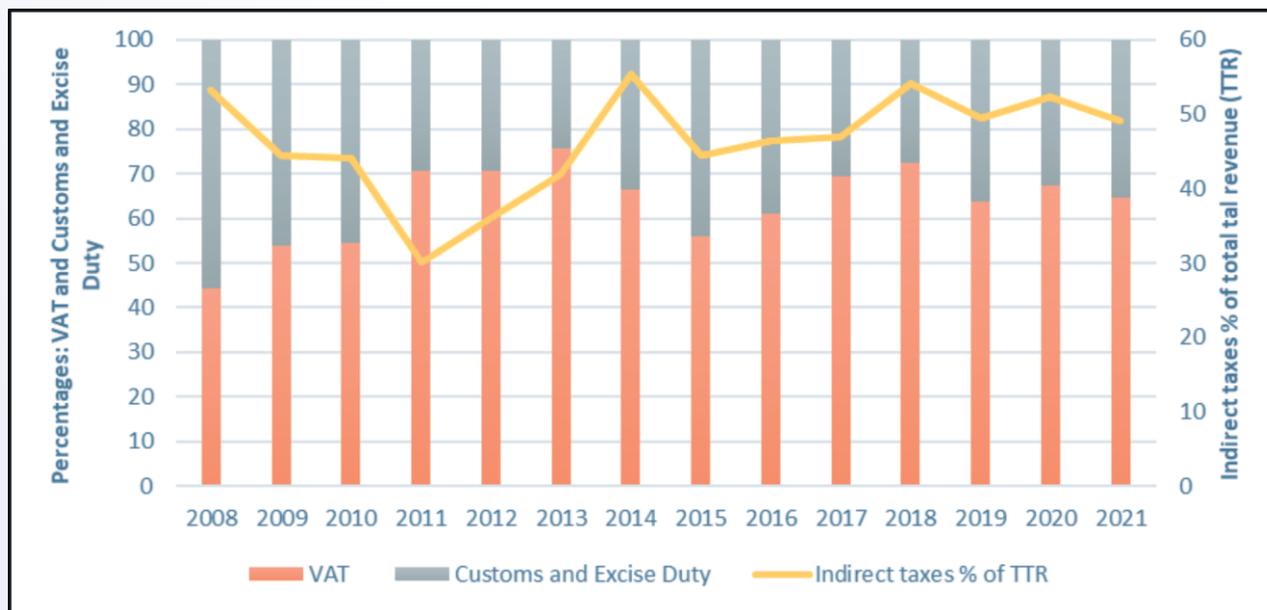
size of the family. Professions that involve partnerships, such as lawyers and doctors have special income tax arrangements and pay according to how much profit their firms make⁴⁶.

It is important to note too that Zambia does not have joint filing in its tax regime.

2.3 Indirect Taxes

The main constituents of indirect taxes are VAT and Customs and Excise duties. The figure below shows the trend of indirect taxes from 2008 to 2021.

Figure 2: Trend in indirect Taxes (2008-2021)



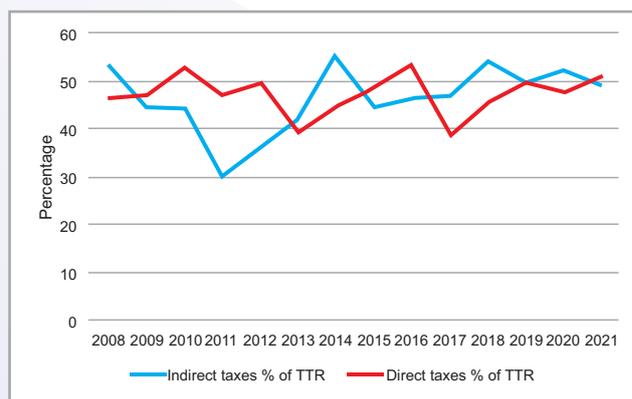
Source: Ministry of Finance⁴⁷

Between 2008 and 2021, indirect tax as a percentage of total tax revenue has ranged between 42 percent and 55 percent with an exception of the period 2011-2013 where it dropped as low as 30 percent. VAT has been the largest constituent of indirect taxes along the trend.

2.4 Direct and Indirect Taxes

The figure below shows the trend of direct taxes relative to indirect taxes, both as a percentage of total Tax revenue (TTR).

Figure 3: Direct and Indirect Taxes (percentage of TTR)



Source: Ministry of Finance⁴⁸

In 2021, direct taxes as a proportion of total tax revenue exceeded the proportion of indirect taxes by 0.8 percentage points. Though this is a small progressive step, the share of indirect taxes remains high and shows that reliance on indirect taxes is eminent in Zambia's tax regime. This is problematic as indirect taxes are non-discriminatory and regressive in nature and falls disproportional on the poor. Moreover, studies show that between 2015 and 2022, the share of women's income as a proportion of total income was only 28 percent in Sub Saharan Africa (SSA)⁴⁹. This implies that reliance on regressive consumption taxes disproportionately hurt women as their proportional share of value-added taxes (VAT) is higher than their share of total incomes. In Zambia, women make up 56.7 percent of the poor⁵⁰ and in a tax regime that is reliant on indirect taxes, Zambian women may be adversely impacted by consumption taxes.

More revenue can be raised from progressive income taxes by progressively expanding the tax base and progressively increasing the tax rate.

The tax base can be expanded by:

- **Formalising pro table parts of the informal economy** (see section 3.2)

- **Reduce and terminate unjustified corporate tax exemptions and incentives** (see section 4.1 and 4.2)
- **Applying digital service taxes (DSTs).** The Zambian government could consider applying digital service taxes (DSTs) on corporations such as Google, Facebook, Zoom and Netflix who have no physical presence in Zambia but a strong online presence and thus earn profit in Zambia. This however, will bring Zambia into conflict with the pillar 1 of OECD's latest *base erosion and profit shifting* (BEPS2) agreement, which prevents signatory countries (including Zambia) from having unilateral DSTs. Thus, the Zambia government should make an impact assessment to clarify whether signing up to BEPS2 reflects the needs of Zambia.

The tax rate can be progressively raised by:

- **Progressively reform the personal income tax (PIT) brackets.** As described above in section 2.2, more revenue can progressively be raised from the Zambian PIT, for instance by adding additional brackets with higher tax rates for higher incomes.

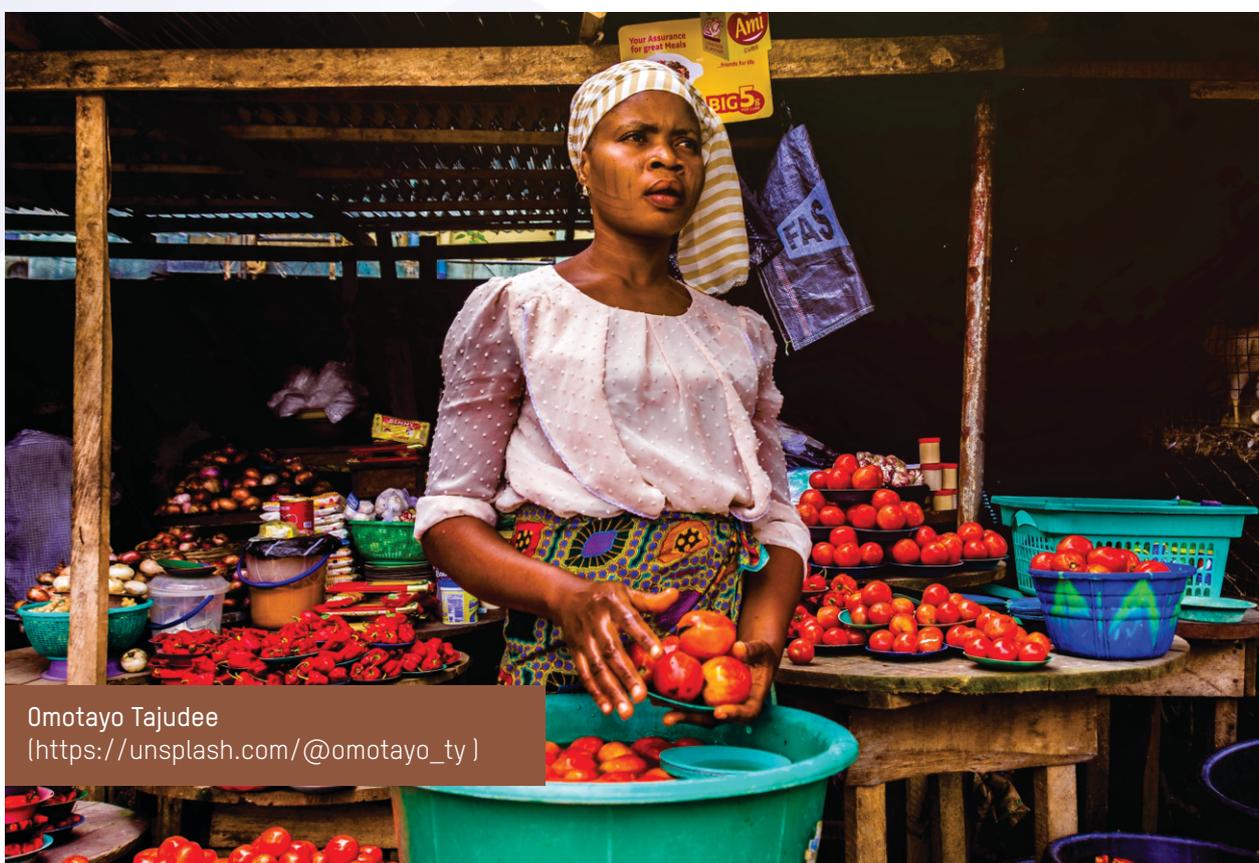
2.5 Presumptive Taxes

There are several presumptive taxes for the informal sector where most women are employed with the notable ones being the turnover tax, base taxes, and levies on small scale passenger transport operators⁵¹. Businesses with a turnover of ZMW 800,000 (USD 37736) or less per annum are liable for turnover tax at a flat rate of four percent⁵². Marketers pay a base tax charged at ZMW 1 (USD 0.05) daily or ZMW 365 (USD 17) annually⁵³. The flat rate has the potential of impacting marketers differently based on their capacity to make profit. The regressive flat rates and other associated necessary expenses in the marketplace such as sanitation facility fees may impede the ability of marketers to make an income. With limited income, they may not be able to

afford some critical basic needs. Thus, this can be a driver of inequality.

More openness may pave the way to less discrimination and better accountability. To protect informal traders against arbitrary charges, ZRA could for instance prominently advertise the rates that market stall operators must pay, and how receipts should be given for taxes and fees paid and thus empower small business to hold authorities responsible.

ZRA should also collaborate with unions and other organisations representing women who work in the informal sector to develop ways to secure equitable evaluation of small businesses' ability to pay tax. Furthermore, ZRA should invest internally in awareness-raising for tax officials on gender issues and customer-service relationships.



Omotayo Tajudee
(https://unsplash.com/@omotayo_ty)

2.6 Wealth Taxes

One noteworthy factor about the Zambian tax regime is the absence of net wealth taxes – neither inheritance, estate, gift tax, capital gains tax nor property tax⁵⁴ – it must be noted however, that Zambia does have a property transfer tax⁵⁵. The African continent is expected to see the second highest regional five-year growth-rate in Ultra High Net-worth Individuals (UHNWI) – 33 percent – led by Zambia and South Africa⁵⁶. To address the high level of inequality and progressively raise revenue for urgently needed public services, Zambia should adopt wealth taxes. First, to ensure that the elite pay their fair share of taxes as they may be building wealth from assets, going untaxed. Second, this must be done to improve Domestic Resource Mobilisation (DRM) given the present high debt situation and raise resources for activities that address women’s urgent need for enhanced public health, education and other services. Third, to address wealth and income inequality.

There may be criticism around the viability of wealth taxes, but policy proposals can draw from experiences from around the world, e.g. from Argentina where a one-off wealth tax raised \$2.4 billion for pandemic recovery⁵⁷. Notwithstanding national differences in tax environments, the adoption of Wealth Taxes must be explored in Zambia.

As wealth and property ownership in Zambia is dominated by men and high-

income groups, a strengthening of wealth and property taxation presents an under-utilised opportunity to expand the revenue base without widening the gender gap.

A majority of assets and properties such as land, and houses, are owned by men. According to the 2018 Zambia Demographic and Health Survey⁵⁸ 15 percent of men are more likely to own land alone compared to 6 percent of women. And among men and women owning land the shared ownership is more prevalent among women 18 percent of women compared to 12 percent of men. Consequently, property taxes tend to have a higher incidence on men compared to women.

Taxes on assets and property are powerful mechanisms to redistribute wealth and resources from rich to poor as well as from men to women especially if the tax rates are increased. Therefore, strengthening property taxes are encouraged. It is important, also, to have distinct property transfer tax rates based on gender where women receive lower rates.

It is recommended to strengthen both the progressivity and the total revenue collected from property taxes. Strengthening the local administrative capacity to levy property taxes and using the revenue for local level service delivery has additional benefits. Property taxes require understanding of the local context, knowledge of

properties and their owners – an understanding which local authorities tend to have. Therefore, administering property taxes locally helps reduce costs. There is also greater incentive for local tax authorities to make good efforts in collecting the tax if the revenue directly ends up in the local government's accounts, instead of it being sent to the central government's consolidated funds.

As properties are immobile assets they are not easily shifted between jurisdictions or localities to evade tax liabilities. This makes them suitable for local level control and administration. If the revenue is also spent at local level, this has the added benefit of building accountability between local governments providing services and the population using basic local services such as water, sanitation, and local roads.

2.7 Gender Analysis

There is a lack of tax related gender responsive policies as well as of impact assessments to understand the gender impacts of the tax system - especially indirect taxes such as excise duty and VAT have on women. These assessments are important in designing policies and regulations that capture the plight of the woman.

In 2021 the share of indirect taxes as a portion of total tax revenue stood at 49.2 percent⁵⁹. As noted earlier, it is evident that the tax regime is still regressive

to a significant extent due to the non-discriminatory nature of the prevailing indirect taxes which tend to have a negative impact on low-income persons where women are overrepresented.

Generally, there are no tax deductions or exemptions for products traditionally meant for women such as Menstrual Hygiene Management (MHM) products and no VAT deductions or exemptions for goods and services mainly purchased by women⁶⁰. Tax removal on MHM products lowers their price which in turn improves access for more women and girls to better manage their MHM practices and ultimately reduce menstruation-related absence and/or psychosocial stress at work or education⁶¹.

The agricultural sector, where the majority of players are women, benefits from some VAT Zero rating of agricultural equipment and accessories such as tractors and hammer mills. However, it may be difficult to measure the gains because most women are small-scale farmers who may lack the capacity of ownership.

Lastly, one other major noteworthy factor is unpaid care work which is not recognised in Zambia. It used to be recognized by the Ministry of Labour, however, this practice was stopped in 2017⁶². Unpaid care work is extremely important as it contributes to the welfare of people and the nation at large and therefore should be recognised. According to the OECD, women in Sub-Saharan Africa spend over 5 hours a

day on unpaid care work⁶³. This time spent by women is the backbone and foundation of the formal sectors that exist such as education, mining, health and agriculture which are valued in the calculation of GDP, while unpaid care work remains ignored. Further, it is important that in crises such as Covid-19, women are recognised for (and if possible shielded from) the additional household burden of care in the household.

2.8 Recommendations

- Government must work to develop and implement wealth taxes. This will be important in reducing income and wealth inequality as well as raise more revenue to channel into women's empowerment programs.
- ZRA should formalise the most profitable parts of the informal economy. For instance, digitalisation could be a key in expanding the tax net and increasing tax compliance. Moreover, ZRA should come up with friendly spaces where women, youth and others can seek tax advice and information on their workers' rights as well as on business growth and how to formalise businesses as helping women to graduate into the formal sector can serve to improve their workers' rights, salaries and conditions.
- The Zambian government should consider applying digital service

taxes (DSTs) on foreign tech giants such as Google, Facebook, Zoom and Netflix who have no physical presence in Zambia but a strong online presence and thus earn profit in Zambia. As this will bring Zambia into conflict with the pillar 1 of OECD's latest *base erosion and profit shifting* (BEPS2) agreement, the Zambia government should make an impact assessment to clarify whether signing up to BEPS2 reflects the needs of Zambia.

- Government must reverse its stance on unpaid care work and begin to recognise it. It is an economic activity that should be recognised due to the value it creates in improving the lives of the beneficiaries.
- There should be tax deductions or exemptions for products traditionally meant for women such as sanitary towels.
- It is important that the government begins to conduct gender impact assessments as well as produce gender disaggregated tax revenue data to provide more insight into the effects of the tax system. This will further be helpful in producing a cushioning effect during shocks such as the Covid-19 pandemic.

3 Revenue Sufficiency and Illicit Financial Flows

Zambia aims to attain the Vision 2030 and the Sustainable Development Goals (SDGs) including SDG 8 (Decent work and economic growth). To do so, sufficient public revenue is needed. Because of institutional weakness Zambia is very vulnerable to Illicit financial flows (IFFs) which again weaken the public finances of Zambia, which again increase the dependence on consumption taxes which in their nature disproportionately fall on women and who are most impacted by budget constraints.

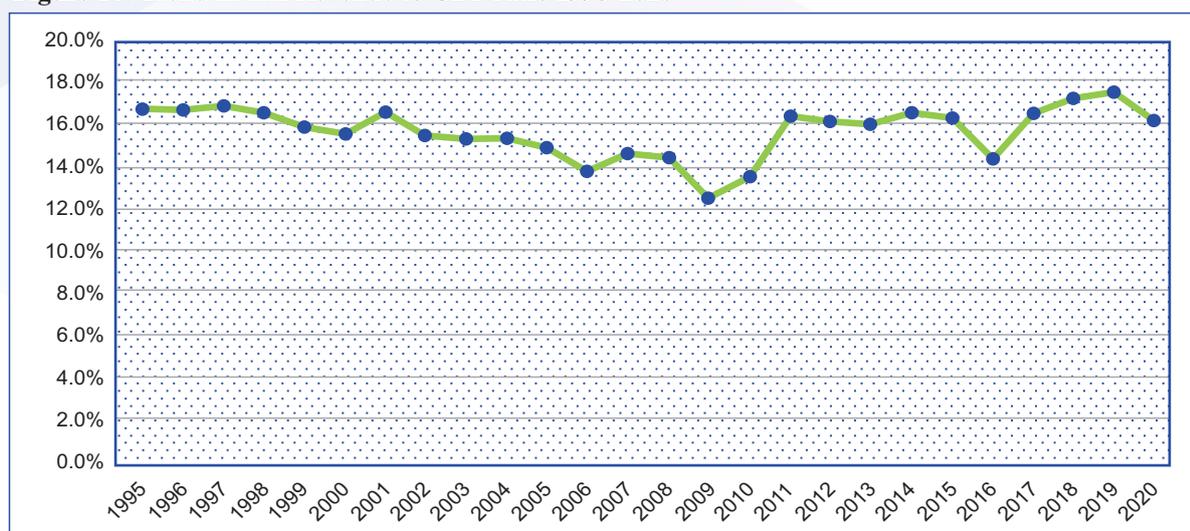
Therefore, there is a need to capture the direct and indirect relations that exist between sufficient public revenue, IFFs and gender inequality.

3.1 Domestic Resource Mobilisation

Figure 4 below illustrates that Zambia's ratio of tax to GDP has averaged 15.7 percent over the last 26 years. The trend is approximately linear and constant with the lowest ratio recorded in 2009 at 12.5 percent and the highest record was in 2019 at 17.5 percent. Among the revenues included in the statistics are mineral royalties, local levies and exercise duties and import and export duties - see page 36 of ZRA, 2020 Annual Report⁶⁴ for a full list. Zambia tax-to-GDP ratio is close to the average of 16.6 percent for Africa as a whole⁶⁵ and only half the ratio of OECD countries with an average of 33.8 percent.

Figure 4: Trend in Tax Revenue as a percentage of GDP

Figure 14: Trend in Tax Revenue to GDP ratio 1995-2020



Source: ZRA, 2020 Annual Report⁶⁶. Among the revenues included in the statistics are mineral royalties, local levies and exercise duties and import and export duties - see page 36 of ZRA, 2020 Annual Report for a full list.

Figure 5 below shows the composition of Zambia's public financing sources (not only tax revenues). Noticeable is that the share of *Foreign Grants and Financing* has increased between 2018 and 2020 and now is the largest single source of finance. In 2019, the share exceeded 30 percent.

The reliance on debt financing (both domestic and foreign) constitutes an alarming burden on Zambia's public finances, and is clearly not sustainable. Zambia endured Africa's first COVID-era sovereign default in November 2020 with a debt burden above 120 percent of GDP⁶⁷.

The reliance on debt financing (both domestic and foreign) is clearly not sustainable and already now constitute an alarming burden on Zambia's public finances where debt servicing took up on third of total government expenditure in 2020, i.e. considerably more than the

combined expenditures for education, health, social and environmental protection⁶⁸ - see section 6.2 and 6.3 for expenditure details. Unfortunately the trend of increasing reliance on foreign sources can be expected to continue beyond the year of 2020 as the slow economic growth and subdued domestic resource mobilisation resulting from the COVID-19 pandemic will increase the need for financing.

Therefore, the Zambian government should together with other developing country governments make it imperative for the G20 Finance Ministers to approve a significant general allocation in International Monetary Fund (IMF) Special Drawing Rights (SDRs), extend the Debt Service Suspension Initiative (DSSI) and crucially mandate debt relief actions from private creditors or multilateral development banks such as the World Bank⁶⁹.

Figure 5: Public financing, borrowing, tax and non-tax revenues as percent of total public finances

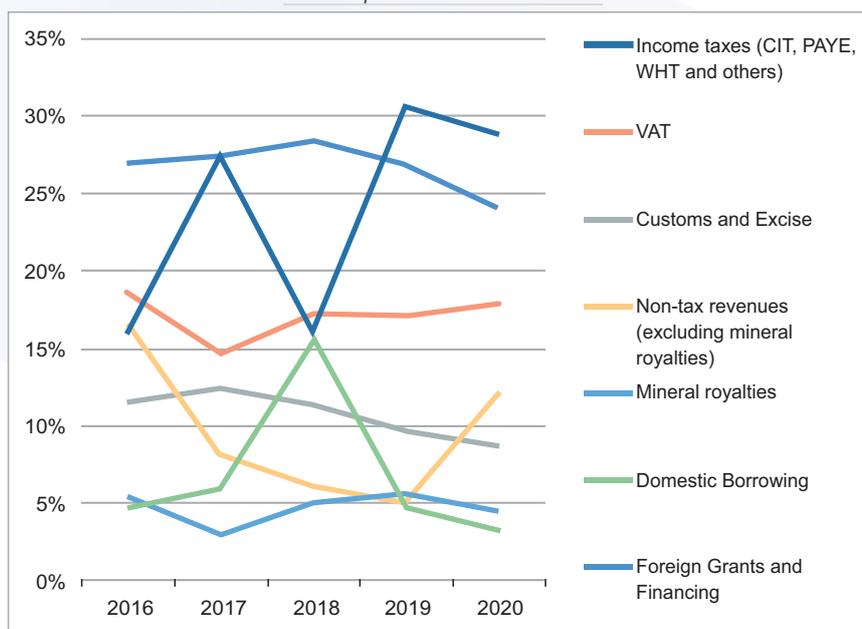


Figure 5 further shows that taxes such as CIT, PAYE and WHT as well as Customs and Excise duty have had a relative decline since 2018 whereas VAT has remained constant while non-tax revenues have increased sharply in importance since 2019.

3.2 Better taxation of the informal economy

Significant tax revenue is lost through the large informal sector. The 2018 *Labour Force Survey*⁷⁰ found that of the total employed persons, 73.4 percent were in the informal economy (85.8 percent rural areas and 65.7 percent in urban areas respectively). The 58.8 percent of employed persons in the informal economy were male and 41.2 percent were female.

The economic downturn resulting from the Covid-19 pandemic has further put a strain on the labour market as unemployment has increased and the low demand emerging from social restrictions⁷¹ has hurt most poor and vulnerable people the most who typically have no social security insurance, benefit and as part of the informal economy have no chance of benefiting from government Covid-relief programs for companies.

However, at the same time many people and companies in the informal sector enjoy high incomes without paying any income tax. Formalising these profitable parts of the informal economy can have several benefits and

ZRA should more proactively seek ways to include these parts of the informal economy. For instance, digitalisation could be a key in expanding the tax net and increasing tax compliance. Moreover, as the informal sector is also the largest employer of women, helping more women to graduate into the formal sector can also serve to improve their workers' rights, salaries and conditions. ZRA should therefore come up with friendly service centres where informal businesses thrive for women, youth and others can seek tax advice and information on their workers' rights as well as on business growth and how to formalise businesses.

Including wealthy individuals and companies from the informal economy in the tax net will generate urgently needed public revenue which can be used to cushion the impact of the pandemic through gender responsive public service.

3.3 Corporate tax compliance, tax avoidance and evasion

In 2019, ZRA assessed ZMW 27.7 million (USD 2.1 million) in suspected tax evasion cases⁷² and in 2020, the ZRA won a case against Mopani Copper mines who had under-priced copper sold to Glencore International AG and thereby reduced its taxable income and evaded its tax liability⁷³. It is worth remembering that naturally such investigations exclude cases that are not discovered and/or cases where ZRA do not have the time or capacity to investigate, thus one

may fear that the true magnitude of tax evasion is much bigger. In any case, the findings point to tax revenue loss that could have been channelled into social sectors enhancing the welfare of women and girls.

Case study extracted from the Financial Intelligence Centre report of 2019: Offshore tax planning

Mr. X, is a foreign national resident in Zambia and shareholder in three companies. It was alleged⁷⁴ that Mr. X held assets in excess of USD 30 million in a bank overseas. Of this amount, USD 22 million was from two of his companies in Zambia. A review of the financial statements showed that shareholders had advanced loans to two of the companies that were loss making for the period 2016 to 2018. The analysis revealed that the companies were transferring funds to Mr. X's personal account in a bank overseas and later received these funds as loans. The high interest payments on the loans put them in a loss making position hence reducing their tax liability. Further, one of the companies was not even registered with the ZRA for any type of tax.

Zambia's Financial Intelligence Centre (FIC) reports on businesses wrongfully registered for turnover tax or operating without being registered with the ZRA while their turnover already significantly exceeded the prescribed threshold.⁷⁵ Table 2 below depicts the monetary value of offence reports filed with the FIC. Significant tax revenue is implicated and tax evasion, corruption and illegal mining represents most important areas. Offence reports can naturally only be filed for offences that have been discovered, therefore one may fear that the true magnitude of tax evasion, corruption and illegal mining is much bigger.

Table 2 Disseminated Intelligence offence reports by Value

Suspected Offences	2020 ZMW (Millions)	2019 ZMW (Millions)	2018 ZMW (Millions)
Tax Evasion	717	144	1000
Corruption	2228	332	4795
Illegal Mining	165	0	0
Fraud	26	53	110
Money Laundering	4	450	195
Others	2	5	0
Total	3142	984	6100

Source: Financial Intelligence Centre Annual Reports (2018-2020)⁷⁶.

The value of disseminated intelligence reports was in 2020 more than ZMW 3 billion⁷⁷ (USD 142 million). This suggests a significant amount of resources that the government is deprived of that would have been utilised in social protection programs

3.4 Illicit Financial Flows (IFFs) and tax leakages

Illicit financial flows (IFFs) describe the movements of money between countries that are illicitly earned, transferred, and/or utilised. This FTM report follows UNCTAD's definition of IFF and defines tax-motivated IFFs as happening *"when the international structuring of transactions or asset portfolios has little or no economic substance, and their express purpose is to reduce tax liabilities"*.⁷⁸

Zambia has seen a rise in suspicious transactions. With the establishment of the Financial Intelligence Centre (FIC) in 2013 there was a domestic effort to investigate, follow up, and expose misconduct in financial transactions, hence identifying and combating tax leakages. The annual FIC Trends Reports have continuously cited abuses of the financial system in Zambia. The 2020 Annual Report saw an increase in the number of suspicious transaction reports (STRs) with the value rising from ZMW 2.4 billion (USD 113 million) in 2019 to ZMW 6.1 billion (USD 288 million) in 2020 which was partly attributed to emerging trends, such as increased use of digital platforms, resulting from

the Covid-19 pandemic. As defined by the FIC ACT of 2020⁷⁹, an STR means *"a report submitted on suspected or attempted money laundering, financing of terrorism or proliferation or any other serious offence whether in form of a data message or otherwise"*. These reports are submitted by Accountable and reporting institutions who must be registered according to the FIC Act before they can submit an STR⁸⁰. The STRs indicate that Zambia, like most African countries, suffers from IFFs which is a problem particularly countries who like Zambia are heavily dependent on extractive industries.

Beyond the FIC trends report, other reports have indicated that IFFs in the Zambian extractive industry are prevalent. In 2015 for example, a report of the High Level Panel on Illicit Financial Flows from Africa revealed that Zambia accounted for 65 percent of the African continent's IFFs in copper mining⁸¹. Further, according to research released by Oxfam in 2021, Zambia ought to have been collecting up to USD\$102 million per year extra in income taxes from just one copper mine - Mopani - which is equivalent to more than half of Zambia's national water supply and sanitation budget for 2020.⁸²

The sources of IFFs in the extractives sector takes places both downstream and upstream in the value chains where the suppliers are multi-tiered and have different levels of compliance adversely affects the flow of information⁸³. These

IFFs can be categorised into three main sources:

- Proceeds from abuse of public authority for personal gain
- Revenues from illegal resource exploitation which prevents the state from receiving its legal share
- Tax evasion initiated by the investor⁸⁴

It is firstly important for stakeholders such as the CSOs, FIC, Anti-Corruption Commission (ACC) and ZRA to collaborate in the exchange of information, awareness raising, policy influence, investigations, prosecutions and forfeiture of proceeds of crime.

Secondly, to address the illegal exploitation and trading of minerals, transparency initiatives that prioritise the capacity building of civil society organisations and local government on reporting practices are needed as well as public monitoring of community development spending.

Thirdly, regarding tax evasion, the ZRA needs to strengthen its capacity to assess taxes and accounting procedures in the extractives sector, for instance the ZRA needs to build specialised knowledge on international transfer-pricing rules and in order to identify and limit profit-shifting schemes by multinational companies for instance through the procurement of technical services, through hedging or other financial arrangements such as *thin capitalisation* where debt is used to shift profits out of Zambia (United Nations 2017). Moreover, the ZRA needs to build capacity to assess discrepancies between actual and reported extractive production and export.

3.5 Illicit Financial Flows (IFFs) and Zambia's extractive industry

Because aggressive tax planning with use and mis-use of transfer-pricing rules remains extremely technical and



Pau Alain Huntna
(<https://unsplash.com/@alainpictures>)

difficult to assess and sanction by ZRA (as well as any other tax authority), a sensible option in relation to Zambia's extractive industries is to introduce *progressive royalties*. Especially for future mining agreements, a progressive royalty regime could incur a tax charge for a certain percentage of the production, but this percentage would vary based on market prices for the extracted commodity, the volume of production, or a combination of both. The royalty's variability with prices and production volume would ensure a certain level of progressivity – higher commodity prices are likely to correlate with higher company profits. However, one should still be aware that such a royalty is incapable of correcting for an increase in a company's production costs and it is in principle more regressive than income-based taxation⁸⁵.

A study carried out in 2020 indicated that lack of geological information about Zambia's mining reserves is affecting the country's ability to negotiate better deals with mining companies which has resulted in subdued revenue collection in the sector⁸⁶. Thus, it is recommended that the Zambian government invest in building knowledge and capacity in this area.

3.6 Gender Analysis

Due to the Covid 19 pandemic, levels of unemployment continue to rise and as the strain on Zambia's public finances

continues to worsen the situation, women and girls disproportionately bear the burden of the pandemic. For instance, through the procurement of technical services, through hedging or other financial arrangements such as *thin capitalisation* where debt is used to shift profits out of Zambia. With a lack of sufficient revenue for Government spending on key social sectors due to tax leakages noted in this section, women and girls remain even more exposed to shocks such as climate change and Covid 19 and ultimately lose out on their welfare.

3.7 Recommendations

- To curb tax avoidance and IFFs in the extractive industries it should be ensured that production volumes are reliably measured, reported, reconciled and assessed vis-a-vis the export volumes. Moreover, because transfer-pricing rules remain difficult to assess, Zambia should secure sufficient revenues from the extractive industry through royalties and for instance include *progressive royalties* in all future mining agreements.

Lastly, it is recommended that the Zambian government invest in building knowledge and capacity to assess geological information about extractive reserves and thus improve the country's ability to negotiate better deals with extractive companies.

- ZRA should work with other

government agencies such as Patents and Companies Registration Agency (PACRA) and National Pension Scheme Authority (NAPSA) and methods such as digitalisation to scale up the formalisation of the most profitable parts of the informal economy as well as continuing the efforts to secure tax compliance from companies and individuals who are already registered taxpayers but may leave large parts of their income undeclared. In this regard, ZRA can collaborate further with Zambia Development Agency's (ZDA) Enterprise Development Division in registration of formalised women led Micro and Small Enterprises (MSEs) to allow them to access the Business Development Support Services (BDS) such as training from the Agency.

Moreover, helping more women to graduate into the formal sector can also serve to improve their workers' rights, salaries and conditions. ZRA can help with this by creating friendly spaces for tax advice and other information.

- Stakeholders including Zambia Revenue Authority (ZRA), Financial Intelligence Centre (FIC) and Anti-Corruption Commission (ACC) should collaborate further and efficiently in the exchange of information, investigations, prosecutions and forfeiture of proceeds of crime in order to fight tax evasion, illicit financial flows (IFFs) and financial crimes.
- ZRA should encourage a regional collaboration to fight IFFs by including protocols in SADC and the African Continental Free Trade Area (AfCFTA) that speak to IFFs as well as advising new ways to improve customs enforcement and land border statistics recording.
- There is a need to scale up transparency through the provision of a Zambian Public Beneficial Ownership Register. Further, beyond the listed companies, all big companies must publicly disclose their tax obligations and payments.

4 Tax Competition and Corporate Incentives

This chapter analyses tax expenditure (tax revenue foregone) incurred in attempting to attract foreign investment through tax incentives and the potential implications that may pose on women and girls. The chapter provides a perspective of how the government manages tax incentives, the level of transparency around it, as well as an analysis of existing tax treaties with other nations

4.1 Governance

With the right policies in place, foreign investment can stimulate a target country's economic development and stimulate the local economy. Foreign investment can contribute meaningfully to employment, technology transfer, development of human resource, competitive market creation and economic growth. Therefore, governments (in developing countries specifically) utilise tax incentives as a policy tool to attract foreign investment. Zambia like many developing countries offers various tax incentives to attract foreign investment, however, there is limited empirical backing to indicate a positive relationship between tax incentives and economic development⁸⁷. There is a need therefore to assess the efficacy

of the existing tax incentives and revise where necessary.

Under the Zambia Development Agency Act (2021)⁸⁸ Zambia offers multiple incentives that companies may qualify for. The Act also provides for the regulation of these incentives such as validity of the incentives and qualification of a company for the incentives. The incentives are in the form of allowances, exemptions, and concessions.

Through a gendered lens, tax subsidies and benefit systems are usually pro men by design⁸⁹. The tax exemptions and incentives given to corporations in many countries mostly benefit men, as men are disproportionately represented in boardrooms and as shareholders. The international trend towards reducing Corporate Income Tax (CIT) rates benefits wealthy men, while the tax burden is often shifted to regressive consumption taxes. Tax avoidance and evasion by multinational corporations through the incentives offered reduce the resources available to provide a functioning public service, which disproportionately impacts women's and girls' education, health, wellbeing, and opportunities to take up formal employment⁹⁰.

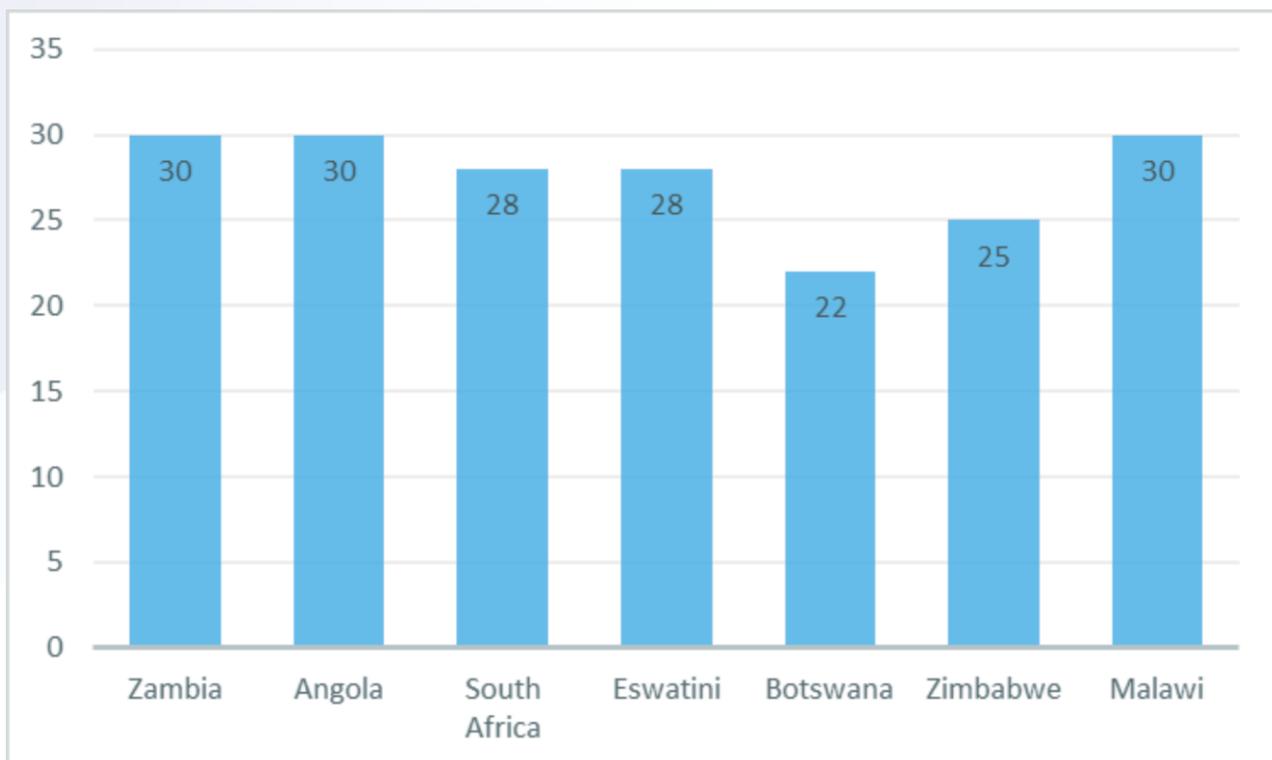
4.2 Corporate Income Tax Rates

Previously, Zambia's Corporate Income Tax stood at 35 percent until 2021 when the Minister of Finance announced a downward revision to 30 percent (effective 2022) with estimated tax expenditure at ZMW 599 million⁹¹ (USD 28 million). Further, the Minister did propose the deductibility of mineral royalty for Corporate Income Tax with a projected tax expenditure of ZMW 3.2 billion (USD 151 million). With a growing fiscal deficit, projected at ZMW 39.0 billion (USD 1.8 billion) as at the end of 2021, Zambia should not be creating avenues for revenue loss especially

through tax incentives. Under the World Bank funded Zambia Education Enhancement Project, the Ministry of General Education constructed low-cost day secondary schools at a cost of ZMW 3.5 million (USD 165 094) per school in 2019⁹². With a total tax expenditure of ZMW 3.8 billion (USD 179 million) from the two CIT revision measures above, more than 1000 schools could have been built across the country, providing hundreds of thousands of young girls and women access to education.

The figure below compares CIT rates across countries in Southern Africa.

Figure 6: Comparative CIT Rates (Southern Africa)



Source: IMF⁹³

As the report notes before, Zambia's CIT rate stood at 35 percent until 2021 where it was reduced to 30 percent (effective 2022). In comparison to other Southern African member states, it still remains one of the highest as the figure above depicts. Beyond the standard CIT rate, Zambia further provides various CIT rates to different sectors. The table below shows the available categories of CIT and the corresponding CIT rates as of 2022.

Table 3: CIT Rates by category (2022)

	Category	CIT Rate (percent)
1	Mineral processing	30
2	Mining	30
3	Manufacturing of products using copper cathodes	15
4	Manufacturing & other companies	30
5	Approved Public Benefit Organisation (on income from 15 business)	15
6	Agro-processing	10
7	Farming	10
8	Non-traditional exports – Agro-processing and Farming	10
9	Non-traditional exports – Others	15
10	Chemical manufacture of fertiliser	15
11	Organic manufacture of fertiliser	15
12	Trusts, deceased or bankrupt estates	30
13	Rural enterprises	Tax chargeable reduced by 1/7 for 5 years
14	Income received by a person providing accommodation and food services (for charge years 2021 and 2022)	15
15	Income received by a person carrying on the business of manufacturing ceramic products (for the charge years 2022 and 2023)	0

16	Income earned from exports of a business enterprise approved by ZDA and carrying on manufacturing activities in a multi-facility economic zone or an industrial park (For ZDA licences obtained after 1st January 2022)	0 percent on income earned in the first 10 years from commencement of works Rate reduced by 50 percent of the applicable rate from year 11 up to year 13 Rate reduced by 25 percent of the applicable rate in the 14th and 15th years
17	Business enterprise operating in a priority sector declared under the Zambia Development Agency Act, 2006 (For ZDA licence holders obtained prior to 1st January 2013)	0 percent for the first 5 years, starting from the first year profits are returned Rate reduced by 50 percent from 6-8 years, after profits are returned Rate reduced by 25 percent from 9-10 years, after profits are returned. No reduced rate after 10th year profits are returned
18	Small and Micro Enterprises operating in an urban area under the Zambia Development Agency Act, 2006 (For ZDA licence holders obtained prior to 11th October 2013)	0 percent for the first 3 years
19	Small and Micro Enterprises operating in a rural area under the Zambia Development Agency Act, 2006 (For ZDA licence holders obtained prior to 11th October 2013)	0 percent for the first 3 years
20	Business Enterprise operating in a priority sector, multi facility economic zone and industrial park declared under the Zambia development agency act, 2006 (For ZDA licence holders obtained between 1st January 2013 and 10th October 2013)	0 percent for the 5 years, starting from the year of commencement of operations of the approved investment. Rate reduced by 50 percent from 6-8 years starting from the year of the commencement of operations of the approved investment Rate reduced by 25 percent from 9-10 years starting from year of commencement of operations of the approved investment No reduced rate after the 10th year starting from the year of commencement of operations of the approved investment

21	Rural Business, Business enterprise operating in a Multi Facility Economic Zone or Industrial Park declared under the ZDA Act, 2006 (For ZDA licence holders obtained between 11th October 2013 to 31st December 2014)	0 percent for the first 5 years from commencement of operations of the approved investments
22	Business enterprise carrying on manufacturing activities in a rural area, Multi Facility Economic Zone or Industrial Park (For ZDA licence holders obtained between 1st January 2017 and 31st December 2017)	0 percent for the first 5 years from commencement of operations of the approved investments
23	Business enterprise carrying on manufacturing or electricity generation located in a rural area, Multi Facility Economic Zone or Industrial Park (For ZDA licence holders obtained between 1st January 2017 and 31st December 2017)	0 percent for the first 5 years from commencement of operations of the approved investments
24	Business enterprises operating in a priority sector declared under the Zambia Development Agency ACT, 2006 (For ZDA licence holders obtained on or after 1st January 2018)	Claim on a straight-line basis, wear and tear at accelerated rate, not exceeding 100 percent in respect of any new implement, plant or machinery acquired and used by the business for the purposes of that business.
25	Electronic communication business: First K250, 000 Above K250, 000	30 40

Source: ZRA 2022⁹⁴

As depicted in the table above, Zambia offers a range of CIT rates, 25 in total, which range between 0 and 40 percent. Zambia's multiple CIT rates and preferential treatment of taxpayers do not only result in complexity and unpredictability of the CIT tax system, but also encourages arbitrage and revenue leakage with its resultant effect of low CIT yield⁹⁵. As shown in the earlier chapter on the distribution of the tax burden, ZRA has been collecting more in PAYE than it has in CIT.

The table also shows the available tax incentives. While sectors such as agriculture which traditionally employ women benefit from lower CIT rates, the tax incentive policy isn't well targeted as they are offered at corporate level which, as mentioned earlier, is male dominated. The policies are therefore not gender deliberate as women may not actually benefit from the incentives offered. This could be a driver of inequality and therefore important for the government to review such incentives.

Gaps remain in accessing information to show the estimated tax expenditure from the differentiated CIT rates and reductions that are presented in table 3. To ascertain the efficacy of the incentives offered, the government must be able to provide projections of revenue loss beyond what is sometimes stated in the annual National Budget Address. This would be critical in creating evidence based tax incentive policy. Further, it is important to address transparency around bilateral deals between government and corporations. When the government offers specific tax

incentives for individual corporations⁹⁶, it should be for public welfare. Further, the details of the specific tax incentives should be open to the public; reflecting beneficiaries and tax benefits involved. Government must also provide gender impact assessments to show inter alia how many women businesses are benefiting.

The table below shows the formal industries that are women dominated and those that employ a substantial share of women.

Table 4: Percentage Distribution of Employed Population (15 years or older) by Industry

	Industry	Percentage distribution	
		Female	Male
1	Agriculture, forestry and fishing	35.5	65.5
2	Electricity, gas, steam and air conditioning	41.2	58.8
3	Wholesale and retail trade; repair of motor vehicles and motorcycles	55.6	44.4
4	Accommodation and Food service activities	71.2	28.8
5	Financial and insurance services	43	57
6	Real estate	44.6	55.4
7	Education	50.8	49.2
8	Human health social work activities	59.2	40.8
9	Activities of households as employers	62.9	37.1

Source: ZAMSTATS⁹⁷

Government is more deliberate about attracting investment while ignoring the aspect of gender mainstreaming. The industries where women are dominant or have substantial presence such as Accommodation and Food service activities do not receive deliberate tax incentives to promote those industries. Therefore, it is important that the government revises its tax incentive policy which does not actually benefit

women. Government loses substantial revenue while offering corporation tax incentives, revenue that could potentially be invested in gender equity and equality programs.

4.3. Double Taxation Agreements

Zambia's Income Tax Act provides for Double Taxation Agreements (DTAs). Zambia presently signed has 22 DTAs as shown in table 5.

Table 5: Zambia's DTAs and provisions

ZAMBIA'S DOUBLE TAXATION AGREEMENTS							
COUNTRY	STATUS	ENTRY INTO FORCE DATE	APPLICABLE TAX RATES				
			DIVIDENDS	INTEREST	ROYALTIES	TECHNICAL FEES	
1 BOTSWANA	In force	14/08/2015	5% OR 7%	10%	10%	10%	
2 CANADA	In force	28/12/1989	15%	15%	15%	0%	
3 CHINA	In force	30/06/2011	5%	10%	5%	0%	
4 DENMARK	In force	18/10/1974	15%	10%	15%	0%	
5 FINLAND	In force	17/05/1985	5% OR 15%	15%	5% OR 15%	0%	
6 FRANCE	In force	30/07/1951	20%	20%	0%	0%	
7 GERMANY	In force	08/11/1975	5% OR 15%	10%	10%	0%	
8 INDIA	In force	18/01/1984	5% OR 15%	10%	10%	10%	
9 IRELAND	In force	23/12/2015	7.5%	10%	10%	0%	
IRELAND	Old agreement	22/07/1973	0%	0%	0%	0%	
10 ITALY	In force	30/03/1990	5% OR 15%	10%	10%	0%	
11 JAPAN	In force	23/01/1971	0%	10%	10%	0%	
12 KENYA	In force	27/08/1968	20%	20%	20%	0%	
13 MAURITIUS	In force	15/06/2012	5% OR 15%	10%	5%	0%	
14 NETHERLANDS	In force	31/03/2018	5% OR 15%	10%	7.5%	0%	
15 NORWAY	In force	22/03/1973	15%	10%	15%	0%	
16 SEYCHELLES	In force	04/01/2013	5% OR 10%	5%	10%	0%	
17 SOUTH AFRICA	In force	31/08/1956	20%	20%	20%	20%	
18 SWEDEN	In force	18/03/1974	5% OR 15%	10%	10%	0%	
19 SWITZERLAND	In force	04/01/1959	0%	0%	0%	0%	
20 TANZANIA	In force	02/03/1968	20%	20%	20%	0%	
21 UGANDA	In force	24/08/1968	20%	20%	20%	0%	
22 UNITED KINGDOM	In force	20/07/2015	5% OR 15%	10%	5%	0%	
UNITED KINGDOM	Old agreement	29/03/1973	5% OR 15%	10%	10%	0%	
NON-TREATY COUNTRIES	NO D.T.A		20%	20%	20%	20%	
NOTE: Where management and consultancy services (fees for technical services) are not expressly provided for in a DTA, the WHT rate may be 0% because this will be subject to the business Profits Article and hence it might be taxable as a Permanent Establishment.							

Source: ZRA⁹⁸

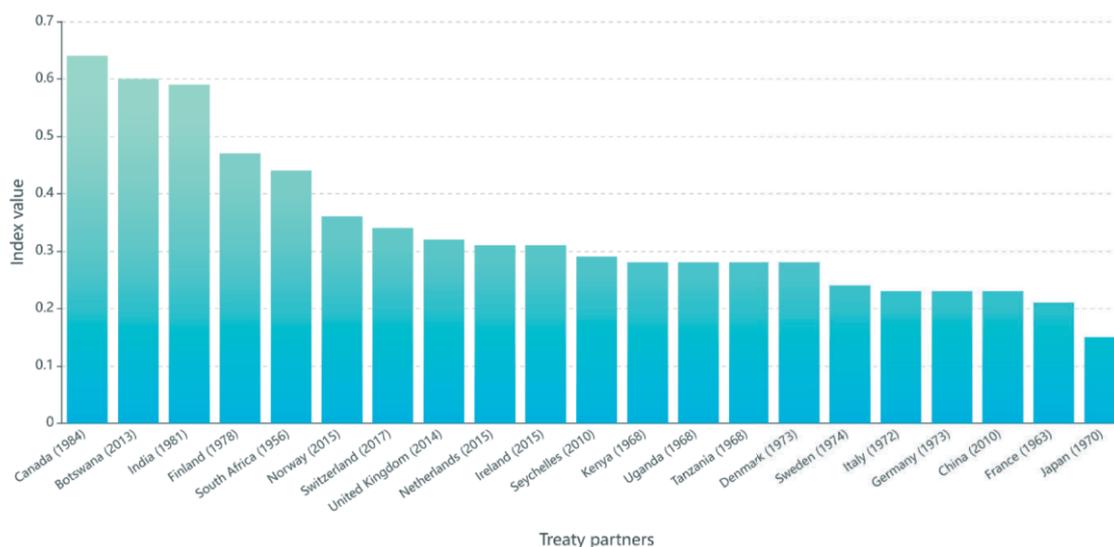
Countries sign DTAs to motivate international flows of investments, technology and services by providing tax certainty and eliminating double taxation of the same income in more than one country. However, empirical studies points to Zambia’s DTAs not fulfilling this intention of leading to additional FDI inflows and moreover having negatively effects on domestic revenue mobilisation (DRM)⁹⁹.

Assessed by the International Centre for Tax and Development (ICTD) figure 7 below shows how Zambia’s tax treaties perform in terms of securing tax rights

to Zambia (being a typical *source country*). It is discouraging to see that Zambia’s DTAs have become worse in signing away Zambia’s taxing rights and decreasing the sovereign policy space and possibilities for strengthening its DRM. It is also worrying to note too that Zambia since 2010 has made tax treaties with five tax havens¹⁰⁰; Switzerland, UK, Netherlands, Ireland and the Seychelles. In all of these five treaties Zambia is aggressively giving up source taxing rights as evidenced by the index scores at 0.36 and lower in ICTD’s Tax Treaty database -see figure 7.

Figure 7: Index of overall source taxing rights

Index of overall source taxing rights: treaties signed by Zambia



Index of Overall Source Taxing Rights. Includes all coded clauses that relate to the balance of taxing rights. It gives a high-level overview of the treaty.

treaties.tax - CC BY 4.0

Source: ICTD¹⁰¹

It is also problematic that Zambia does not require parliamentary approval to ratify a tax treaty, i.e. treaties are ratified by the cabinet only leaving out input from the crucial representatives of the citizens who could better ensure adequate scrutiny of the tax treaties.

4.4 Transparency

While some specific tax expenditure information is presented in the budget speech, information of yearly tax expenditure is not available. Most Ministry of Finance reports do not have a section dedicated to monitoring yearly tax expenditure. Further, there are no publications of companies that benefit from tax incentives. The lack of information or cost benefit studies is quite retrogressive. It is important that this information is readily available so as to understand how much revenue is lost at the expense of the needs of women and girls.

4.5 Recommendations

- Empirical research points to tax incentives as not being central to investors' decisions about investment destinations. There is therefore a need for the government to undertake an in-depth cost benefit analysis of existing CIT rates as well as both general and specific tax incentives – what is the efficacy of the various tax incentives and of the differentiated CIT rates? It is also important to enhance the transparency around bilateral deals between government and corporations including what tax

incentives are offered and at what revenue cost. The government needs to provide evidence and justification for any incentives to be retained as well as any new incentives offered. The goal must be to reduce the number and scope of tax incentives.

- The existing incentives are gender blind. While the government is prioritising investment flows, it may potentially be driving economic inequality as well as gender inequality. Thus, the Zambian government needs to produce and publish information both on the specific discretionary incentives - who are the beneficiaries receiving what benefits - and in the aggregate and on general incentive policies - what are revenue costs and what are gender impacts.
- As tax revenue losses from Zambia's double taxation agreements (DTAs) are not justified by FDI inflows, the Zambian government should review all DTAs and upgrade and increase the withholding tax rates. Zambia also needs to strengthen the provision concerning the exchange of information in its DTAs and involve the parliament in the ratification process. Re-negotiations of DTAs should involve using modified model tax treaties like the ATAF model which, compared to the OECD framework, is friendlier to the capital importing least developed countries like Zambia.

5 Effectiveness of the Tax Administration

The effectiveness of the Zambia tax administration was analysed in the 2020 general FTM report to unpack the structures that make up the tax regime in Zambia and the background and development of the revenue authority in order to identify the shortcomings and strengths of the tax system. This FTM report takes a more narrow focus on gender analysis.

5.1 Structure of Zambia's Tax Administration

The Zambia Revenue Authority (ZRA) under the Ministry of Finance is responsible for the majority of domestic resource mobilisation in Zambia and its

performance in efficient and effective revenue collection has implications on the sufficiency of resources for economic development. ZRA stated functions are to properly assess and collect taxes, duties, levies and fees at the right time; ensure that all money collected are properly accounted for and banked; properly enforce all relevant legislation and administrative provisions; provide revenue and trade statistics to the Government; give advice on tax policy to Government; and facilitate international trade.¹⁰²

ZRA has worked to decentralise their functions to the 10 provinces of the country and have a presence across the nation. At a regional level ZRA also works



Christina
(<https://unsplash.com/@wocintechchat>)

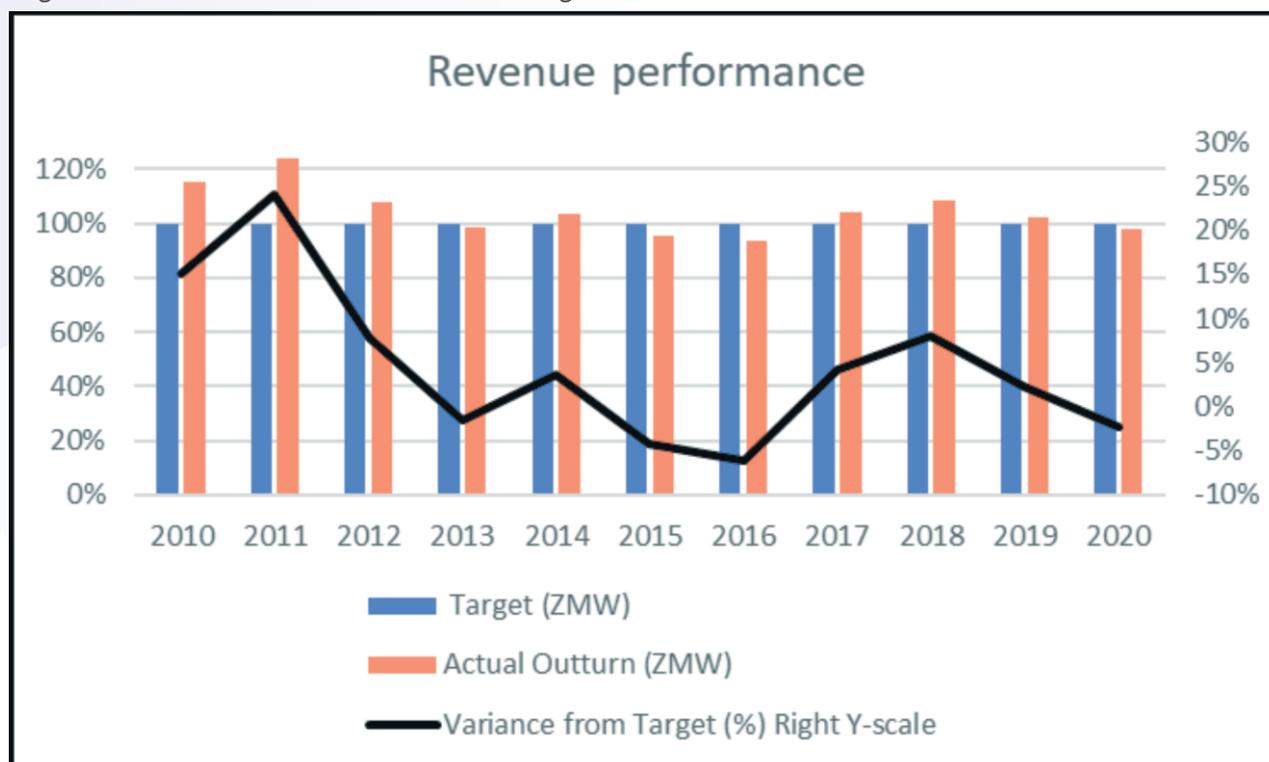
with cooperating partners such as *The Common Market for Eastern and Southern Africa* (COMESA) to improve information sharing and the development of the customs management system. At a global level and through the initiatives such as the *Deep Dive Project*, ZRA develops capacity in tackling base erosion and profit shifting in the mining sector with the support of the *African Tax Administration Forum* (ATAF), the *Organisation of Economic Cooperation and Development* (OECD) and the *Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development* (IGF).¹⁰³ Selected tax divisions such as the *International Taxation Division* and the *Indirect Tax*

departments engage in activities beyond the borders of Zambia such as the collection of property transfer taxes for transactions that involve parties across different jurisdictions.

5.2 Revenue Performance

As described above in section 3.1 and illustrated in figure 4 the trend in tax revenue as a percentage of GDP has not increased over the last 10 years but oscillated around 16 percent. Moreover, the proportion of domestic sources of revenue in comparison with foreign sources of revenue has been decreasing (from 81.3 percent in 2010 to 71.1 percent in 2020) - see figure 5 above.

Figure 8: Revenue Performance (Target vs Actual Outturn) 2010-2020



Source: Ministry of Finance¹⁰⁴

The graph above shows the development of ZRA's annual revenue performance. 2020 was the first time since 2017, the ZRA failed to meet their collection target - falling short of the target by 2.3 percent. 2020 presented challenges due to the Covid-19 pandemic which affected the global economy thus leading to a fall in copper prices by 16 percent and local consumption to contract, reducing the performance of the tax system. To adjust to the new environment, ZRA responded with several measures to protect both staff and taxpayers across the country while keeping its focus on tax revenue. These included the launch of the customs electronic data exchange system between the *General Directorate of Customs*, the *Excise of the Democratic Republic of Congo* and the ZRA, the launch of *TaxOnApp*¹⁰⁵ - the mobile version of *TaxOnline*.¹⁰⁶

In a broader perspective, the observations raise questions about the manner in which revenue targets are set. On the one hand, Zambia's tax revenue as a percentage of GDP is only around 16

percent and has not increased the last 10 years - therefore it could seem that ZRA suffers from limited capacity and/or ineffectiveness. On the other hand, since 2017 ZRA have successfully met their collection target - and only in 2020 (influenced by Covid) falling short of the target by a mere 2.3 percent. Thus, it calls for the Zambian government to be more ambitious in relation to domestic revenue raising (DRM) and reflect this in the revenue collection target for the ZRA and provide more clear policy choices in how to meet such ambitious targets.

5.3 Gender Analysis

The 2020 FTM report highlighted that in 2018 the ZRA senior management comprised 23 staff members of which two were women. The number of women has since increased to five out of the 25 senior management staff as at the end of 2020. In addition, the share of female staff in the entire ZRA establishment increased to 38.1 percent in 2020 from 36.6 percent in 2019 and 33.9 percent in 2017 as is shown in the table below.

Table 6: Female Staff Compliment in ZRA 2018-2020

YEAR	Women in Senior Management	Total Number of Managers	Total percentage of Female managers	Total percentage of Female Staff in ZRA
2018	2	23	8.7	33.9
2019	-	-	-	36.6
2020	5	25	20	38.1

Source: ZRA Annual Reports 2018-20

NB: Statistics for women in senior management and total number of managers for 2019 have not been shared in the Annual Reports 2018-20.

This steady rise in the number of female staff within the revenue authority is commendable, however there is still need for more representation and continuous capacity building on sexual harassment and equity in the treatment of all tax payers.

Access to Gender disaggregated tax revenue data remains a challenge. The ZRA annual reports only reflect a general perspective of tax revenue data. Gender disaggregated data is crucial in conducting impact assessments of existing tax policy on women and girls reporting. This could provide evidence to guide progressive tax policy reforms aiming at mitigating the explicit and implicit gender biases that may exist in the tax regime. Therefore, the tax administration must ensure to provide adequate gender disaggregated data.

5.4 Recommendations

- To build their capacities and sensitise the general public on fiscal justice and the rights of women and girls, ZRA must improve their engagement mechanism with non-state actors such as women's rights organisations (WROs), civil society organisations (CSOs), and academia.
- ZRA has shown good progress improving the gender balance of employees. ZRA should enhance and continue this good work to improve women's representation especially in senior management.
- ZRA has the mandate to influence policy and provide information on tax and trade statistics. However, in this function is a lack of gender disaggregated information which would be useful for the formulation of gender responsive fiscal policies. ZRA should therefore place a deliberate focus on disaggregating tax data in a more gender responsive way so as to highlight the possible explicit and implicit gender biases that are existing in its current form to enable evidence based policy reforms.

6 Government Spending

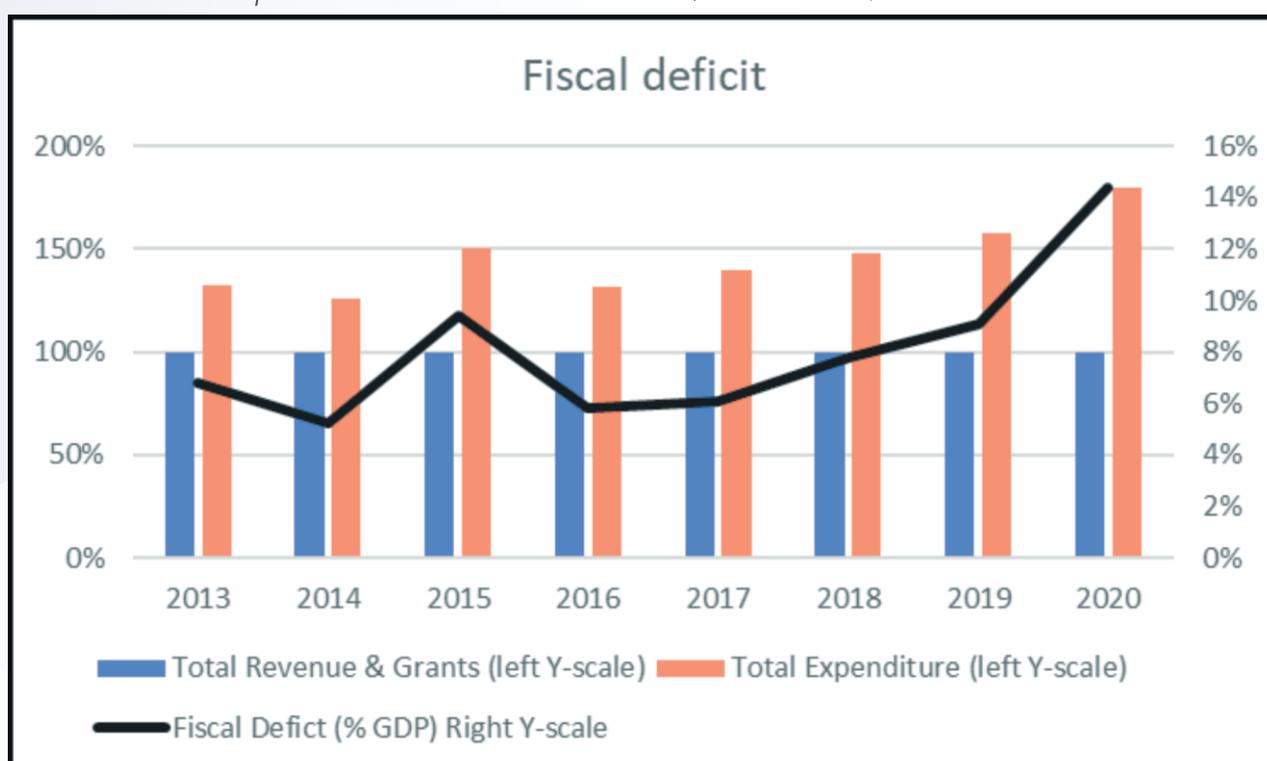
This chapter of the FTM analyses the trends in government expenditure during the period 2013-2020 and highlights the growing fiscal deficits and the over dependence on external financing. The chapter further describes expenditure in key sectors such as education, healthcare, agriculture, unpaid care work and social protection.

6.1 Fiscal deficit

Governments are expected to use their resources to provide public services,

social protection, and infrastructure among other things for its citizens. In recent years the Zambian Government's expenditure has outpaced its resource mobilisation which has led to an increasing fiscal deficit.¹⁰⁷ This growing gap between resource mobilisation and government expenditure has increased the need for financing through both domestic and external markets and has contributed to an unsustainable public debt situation.

Table 7: Total Expenditure and Fiscal Deficit (2013-2020)



Source: Ministry of Finance ¹⁰⁸

According to the Ministry of Finance, for the year of 2020 the fiscal deficit on a cash basis closed at 14.4 percent of GDP against a target of 5.5 percent.¹⁰⁹ As illustrated in figure 7 above, this translated into a ZMW 47.2 billion nominal deficit (USD 2 billion)¹¹⁰ - almost double the deficit of 2019.

6.2 Public Debt

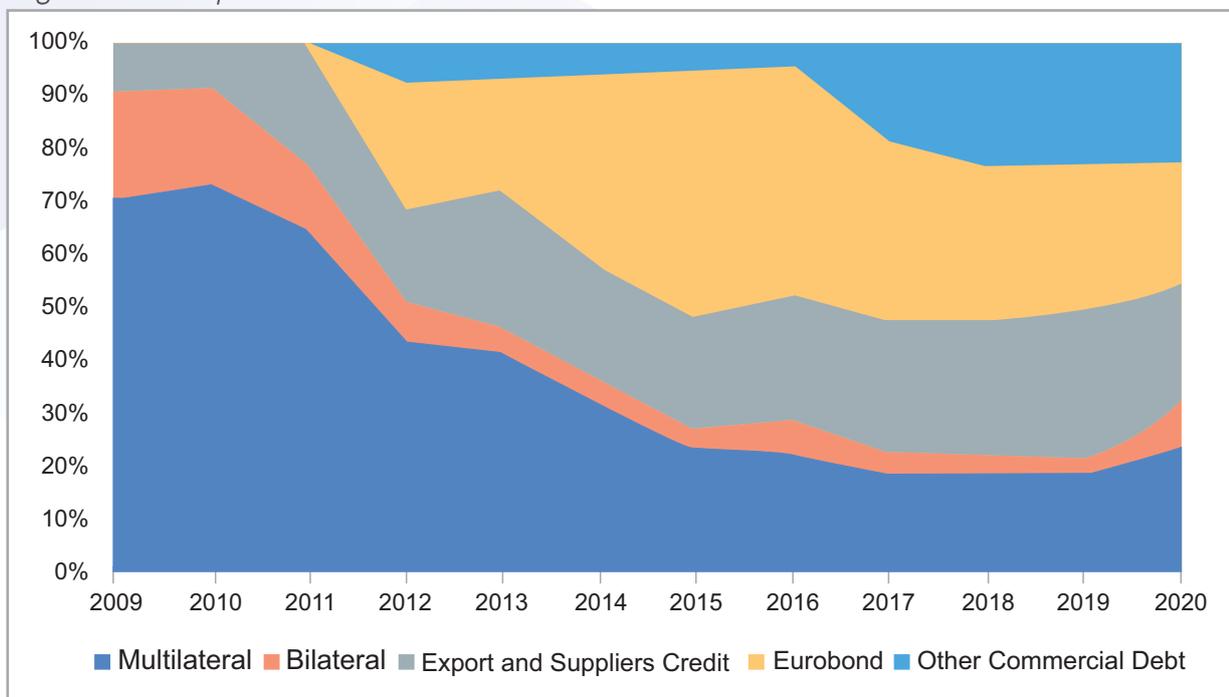
As the fiscal deficit has increased over the years, so has the need for financing to bridge the gap between revenues and expenditures. The period 2013-2020 has seen the public debt stock rise to unsustainable levels standing at USD 30.93 billion excluding interest arrears and USD 31.74 billion including interest at the end of 2021¹¹¹ -Of this, USD 14.7 billion was external debt. In the previous year, 2020, the debt to GDP

ratio was standing at 170.7 percent¹¹².

The FTM gender analysis finds that the expenditure on debt servicing has been increasing at the expense of other sectors of the economy. With the drastic depreciation of the kwacha by over 49 percent since 2019¹¹³ the cost of external debt servicing paid in foreign currency has subsequently increased the expenditure of the government at the expense of other key economic sectors such as health care, education, and agriculture.

The composition of the external debt is largely made up of commercial debt with the 2020 Economic Report indicating that private lenders were responsible for 46.4 percent of the external debt stock.

Figure 9: Composition of Zambia's External Debt Stock (2010-2020)



Source: Ministry of Finance¹¹⁴

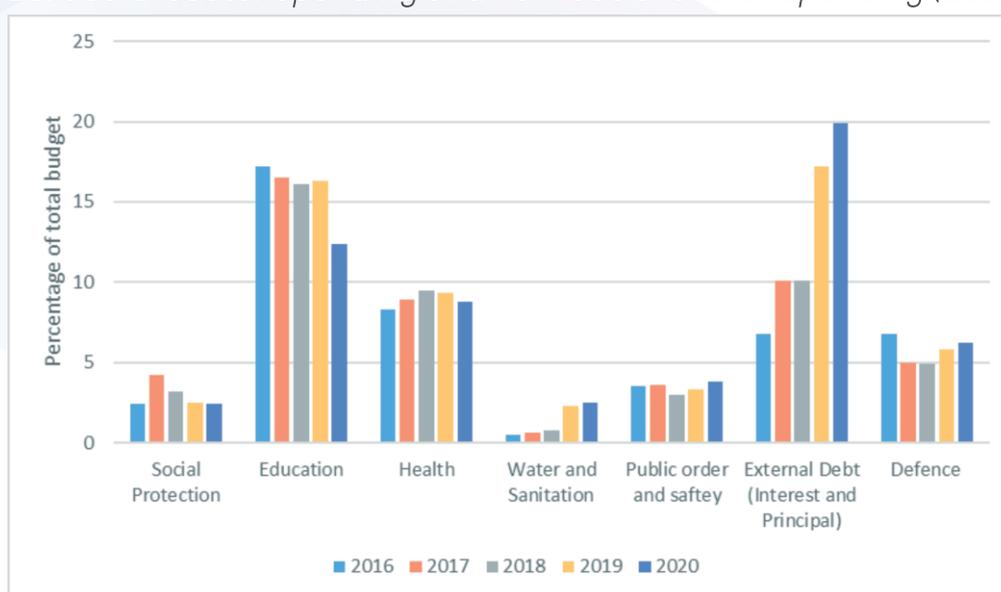
The figure 9 above illustrates how Zambia’s external debt portfolio has changed over the past decade. The introduction of commercial debt (including Eurobonds) in 2011 marked a change in Zambia’s financing sources as economic plans became much more ambitious following the declaration of Zambia as a Middle - Income country.¹¹⁵ Commercial debt is, however, much more expensive than multilateral and bilateral debt which raised concerns about the long-term sustainability of the financing. These concerns proved valid in 2020 when Zambia ultimately defaulted on their Eurobond interest payment.¹¹⁶

6.3 Social sector spending vs Non-social sector spending

Figure 10 below shows a trend of social sector spending and non-social sector spending from 2016 to 2020. It indicates an increase in non-

social sector spending (*Public Order & Safety and Defence*) in the last three years. External debt allocations have increased significantly from 6.8 percent of the total budget in 2016 to 19.9 percent in 2020. On the other end, social sector spending has reduced over the years. Allocation on Education for example has dropped from 17.2 percent in 2016 to 12.4 percent. While social protection increased to 4.2 percent in 2017 from 2.4 in 2016, it dropped back to 2.4 percent in 2020. The graph also indicates that allocations to health have seen a similar trend. The trend therefore implies that debt service allocations have increased at the expense of social sector spending which is critical for the development of women and girls. The reduction in social sector spending may pose adverse impacts on women and girls as limited access to education, health and social protection could limit their progression.

Figure 10: Social sector spending and non-social sector spending (2016-2020)



Source: National Budget Speeches (2016-2020)¹¹⁷.

6.4 Gender Analysis

It is through government expenditure, with the guidance of annual national budgets that policies and developmental plans are implemented in all ministries, provinces and other government spending agencies (MPSAs). In order to analyse government expenditure and the gender responsiveness of the Zambian government, the FTM study focused on education, healthcare, agriculture and unpaid care work.

Due to the Covid 19 pandemic, unemployment is rising and as the strain on Zambia's public finances continues to worsen women and girls disproportionately bear the burden of the pandemic.

There has been a nominal increase in the budgetary allocations to sectors crucial for women and girls such as social protection and water and sanitation between 2016 and 2020. This is a positive trend, but the effect on women and girls may be neglected when taking into account inflation between 15 and 22 percent¹¹⁸ as well as the very small starting point of these budget posts.

According to the *2018 Demographic and Health Survey* reforms and investment have yielded considerable improvements in the health outcomes of women and children¹¹⁹. For example, the infant mortality rate reduced from 45 deaths per 1000 births in 2013-14 to 42 deaths in 2018 while the pregnancy related mortality ratio (PRMR) dropped to 278 deaths per 100,000 live births from

398 in 2013-14. However, allocations to the health sector as a share of the total budget decreased from 9.3 percent to 8.8 percent, falling short of the National Health Strategic Plan's (NHSP)¹²⁰ target of 13 percent annually and below the 15 percent Abuja Declaration target¹²¹. As indicated in figure 10, Zambia's allocation to health has been barely above 10 percent between 2016 and 2020. It is therefore important for the government to improve allocations to such a key sector by addressing revenue leakages as well as reducing non-social sector spending at the expense of such critical sectors.¹²²

With respect to Gender-Based Violence (GBV), the enactment of the Anti-Gender Based Violence Act No. of 2011 was driven by the rising incidences of GBV. According to the National Gender Policy (NGP) 2014, one in five women reported having experienced sexual violence at some point in her life, and 46.8 percent of women have experienced physical violence at some point after the age of 15.¹²³ GBV continues to be a health, economic and social issue, among others.

6.4.1 Education

The National Gender Policy of 2014 states that there is a challenge of retaining girls in higher education and this is attributed to social-economic issues which include high poverty levels, early marriages (16 years and below¹²⁴), and teenage pregnancies, especially in rural areas. Other factors affecting girls'



Annie Spratt
<https://unsplash.com/@anniespratt>

progress include inadequate capacity and infrastructure; lack of appropriate boarding and sanitary facilities for girls; insufficient resources to implement the free education policy and gender stereotyping of subjects/courses at secondary school and tertiary levels.¹²⁵

According to the 2020 Economic Report, there was a reduction in the number of female candidates entering as well as sitting for the examinations at Grade Nine level in recent years. Given that there was a steady increase in the years prior, this reduction can be attributed to the fallout of the Covid-19 pandemic which led to the closure of schools and disrupted the learning calendar.¹²⁶ The pre-Covid steady

increase has been attributed to the interventions the Government and other stakeholders have put in place to retain girls in school such as the Keeping Girls in School Program¹²⁷, GEWEL¹²⁸, Ending Child Marriages (ECM) Clubs and some traditional leader's stance to ban child marriage in their chiefdoms. In addition, the Re-entry policy¹²⁹ formulated by the Ministry of General Education was a gender-responsive government intervention that mandated schools to allow girls back into the school system who previously left school due to pregnancy.

Consequently, the Gender Parity Index (GPI) at primary school was 1 indicating parity between the girls and boys.¹³⁰

Although the gender parity index has been improving, male learners continue to dominate at the secondary school level. At tertiary (university) level the total student enrolment for 2020 fell short of the 100,000 target, with only 99,222 students enrolled. The FTM gender analysis noted male dominance at the tertiary level enrolment with the 2019 Economic Report stating that of the total student population (99,222) only 39,689 were female.¹³¹

It is important to note however that the New Dawn Administration acknowledges the need to address the high pupil-teacher ratio (PTR). The Education Ministry targets a PTR not larger than 40 to 1, but a study in 2018 revealed that 73 percent of government primary schools had PTRs greater than the targeted 40¹³². The government therefore committed to employing 30 000 teachers in 2022¹³³ fiscal year.

6.4.2 Healthcare

The government of Zambia recognizes that the Universal Health Coverage is a top global agenda and has been incorporated in the Sustainable Development Goals. In the quest to fulfil their transformative agenda, the government aligns the agenda to achieve the UHC for all¹³⁴ without any specification to women and girls. The New Dawn Government has in addition to recruiting teachers committed to recruiting 11,200 health personnel to improve the quality of healthcare¹³⁵.

Over the years there has been a growing awareness of gender equality and gender-based issues. The Zambian health sector has recorded significant progress in most of the key areas of health service delivery and health support systems, which have seen maternal and infant mortality reduced over the years. Additionally, the



Hush Naidoo Jade
(<https://unsplash.com/@hush52>)

government provides subsidised drugs, medical equipment and services to the general public, unfortunately these do not reflect gender responsiveness. Further to this, the gender equality and equity bill of 2015 does not reflect a more gender responsive outcome in the health sector. In order to address sexual reproductive health and rights, the *Integrated Family Planning Scale Up Plan* whose objective was to increase contraceptive prevalence rate for modern methods from 33 percent to 58 percent by 2020 was also implemented¹³⁶ - as of the time of writing this report (March 2022) no evaluation of this plan has been published. However, overall weaknesses and gaps still exist at policy, legislation, planning, financing and implementation levels¹³⁷.

Statistics indicate that deliveries in health facilities including uptake of postnatal services is averaging 64 percent¹³⁸. However, there are still weaknesses in surveillance and response mechanisms to address maternal deaths of which 84 percent occur in health facilities at first and tertiary level hospitals¹³⁹. This means more capacity must be built at these levels to reduce mortality. In 2021, however, the Ministry of Health put in place measures to ensure that at least 80 percent of deliveries are conducted by skilled personnel. This will be done through increased awareness to the public on the importance of facility-based deliveries and increased number of facilities. Further, coverage of the

National Health Insurance (NHIMA) Scheme must be intensified to capture more women in the informal sector.

6.4.3 Agriculture

The expenditure allocation to agriculture has been reducing over the years. As of 2020, agriculture expenditure was only 3.7 percent of the national budget compared to 6.1 percent in 2019. Zambia is therefore far from attaining the Maputo Declaration on Agriculture with a set objective of allocating 10 percent of the national budget to agriculture.

However, the National Gender Policy (NGP)¹⁴⁰ recognises the critical role women play in sustaining a productive agricultural sector but identifies that they experience unequal access to and control of important productive resources such as land and other inputs. Despite this recognition, the 2019 Labour Force Survey¹⁴¹ revealed that of the formally employed population in agriculture, only about 33 percent were female while 67 percent were male indicating that a lot more needs to be done by the government to implement gender-responsive policies to increase the participation of women in formal agriculture. Further, it is critical for the Government to secure women's rights over resources, such as land and water

In 2010 the Food and Agriculture Organisation (FAO) analysed the agricultural value chains in developing regions and found that although large multinational firms and supermarkets

are increasingly integrating with local agri-food systems, these integrations include channels to transfer costs and risks to smaller players in the value chain, particularly women. In Zambia, women are key drivers of agricultural value chains in local markets for fresh foods such as vegetables, fruits, grains, tubers, dairy products, and fish. However, they often need support to increase productivity and incomes as they lack access to inputs, extensions, and markets.¹⁴²

With regard to the impact of Covid-19 on agriculture, a study in 2021¹⁴³ revealed that the government's policy response on social distancing and hygiene compelled buyers to switch from buying from local informal markets to formal places such as chain stores. Intermittent health and safety measures have also increased uncertainty and made business unpredictable for all. This has contributed to reduced profits for the informal market players most of whom were women.¹⁴⁴ Support for these women in agriculture has become even more important now as Zambia still faces instability in the economy caused by the Covid-19 pandemic.

6.4.4 Social Protection

The main focus for Social Protection interventions include Social Cash Transfer, School Feeding Programme and the Food Security Pack - all formally targeting the extreme poor and vulnerable households, to improve their welfare and livelihoods. In addition

to the social protection programmes outlined in the national budgets, the Women Empowerment Program (WEP) encourages women to form clubs and cooperatives through which the support is provided to start and manage economically rewarding businesses.¹⁴⁵

Most people in the informal sector lack access to social security benefits. There is also inadequate protection for pregnant women or those who have just conceived. The National Social Protection Policy¹⁴⁶ recognises these challenges and aims at addressing them. Ideally, social protection in Zambia is designed to reach the poorest and it is the Government's duty to ensure this by limiting all forms of corruption by upholding transparency and accountability in the disbursement processes. It is also key that the government supports women adequately by enhancing the WEP.

6.4.5 Unpaid Care Work

According to the OECD, women in Sub-Saharan Africa spend over 5 hours a day on unpaid care work¹⁴⁷. This time spent by women is the foundation that the society rests on including the formal economy which is valued in the calculation of GDP, while unpaid care work remains ignored.

Unpaid care work is a labour category that has had irregular recognition from the Zambian government. Despite the overall disparities between women and men, policy documents have

consistently omitted unpaid care work. Zambia still lacks deliberate policies to address unpaid care work, such as those that ensure day-care facilities are available. The Ministry of Labour highlighted that unpaid care work is no longer recognised by the government. This practice was stopped in 2017 with no clear reason¹⁴⁸. The National Gender Policy¹⁴⁹ states that women continue to be viewed far more as carrying out reproductive roles (unpaid care work) than economically productive roles. This status often results in less attention being paid to women about accessing and having control over economically productive resources such as land and property ownership, credit, agricultural extension services and implements as compared to men. In an effort to create awareness around the issue of unpaid care work among women and children, organisations such as ActionAid Zambia have been advocating for it to be *recognised, reduced and redistributed*. They found that women dedicate an average of 3.2 hours per day more than men to unpaid care work, which coincides with the United Nations observation that there is an unequal division of unpaid care and domestic work.¹⁵⁰

There is a need to reintroduce unpaid care through deliberate policy clearly highlighting recognition, reduction and redistribution. However, over the past few years, Zambia has been experiencing a huge debt burden which has created a constraint on budget

allocation making it extremely difficult for the government to invest tax revenue into public services that reduce unpaid care work and consequently create time for education and formal employment for women. This then calls for the government to address its domestic resource mobilisation strategy to allow for substantial revenues for public services, infrastructure and social protection. Although Social protection programmes offer limited support for the elderly and the disabled, there is still a need to scale it up to ensure that most vulnerable people and children are supported adequately.

6.5. Recommendations

- With an unsustainable debt and a substantial depreciation of the Kwacha the past years, debt servicing costs have increased and are now severely crowding out social sector spending critical for the development of women and girls. The government must therefore, in the short-term, seek solutions to restructure existing debt, slow down debt contraction, and prioritise expenditure to protect the poor and vulnerable. Among other things, the government should together with other developing country governments make it imperative for the G20 Finance Ministers to approve a significant increase in Special Drawing Rights (SDRs) by the International Monetary Fund (IMF), extend the Debt Service Suspension Initiative (DSSI) and crucially mandate debt relief actions

from private creditors and multilateral development banks such as the World Bank¹⁵¹.

- The Zambian Government must reduce spending on non-social sectors such as *Defence* and *Public Order* and instead prioritise key social sectors such *Education, Health* and *Social Protection* which are critical to the welfare of people especially women and girls. Allocating more to these social sectors will also enable the nation to move closer to its international commitments such as the Abuja declaration¹⁵².
- The Zambian government and other stakeholders need to sustain and enhance interventions to retain students in schools especially during the Covid-19 pandemic. The pandemic-related closure of learning institutions has exacerbated school existing retention challenges especially for female learners at primary school level. Therefore enhanced technical and financial capacity is needed to implement interventions such the *National Strategy on Ending Child Marriage*, the *Re-Entry Policy* and the *Keeping*

Girls in School Program.

- During the 7NDP period from 2017-2021, Unpaid Care Work was not recognised and acted upon by the Ministry of Gender and the Government at large. Unpaid care work must be recognised by the Ministry of Labour. Sensitisation of unpaid care work among duty bearers such as the newly elected parliamentarians and government officials would allow for a top-down recognition of the problem and influence policy formulation during the 8NDP period.
- The 7NDP aimed at enhancing the Government's capacity for gender mainstreaming and gender policies, plans, programmes, projects, activities, and budgets. Although there have been policies such as the NGP, GEEA and the WEP, they have been poorly monitored and implemented due to inadequate funding. More must be done to ensure that gender-responsive budgeting is institutionalised beyond the Gender in Development Division, including through training of Parliamentarians, local councillors, ministry planners and other key public stakeholders.

7 Transparency and Accountability

7.1 Transparency and corruption

Research confirms that policies enhancing budget transparency as well as anti-inequality public services improves the public perception of corruption¹⁵³. It is therefore imperative that Zambian citizens can hold their government accountable. One crucial component is to ensure transparency, inclusion and women's participation in national planning and budgeting processes in all sectors and at all levels¹⁵⁴.

Corruption remains one the greatest impedance to Zambia's development with its Corruption Perception Index (CPI) score being low and not improved (it was 34 in 2019 and 33 in 2021)¹⁵⁵. This disproportionately harms vulnerable citizens like women and girls thanks to the loss of public revenues and through nepotistic appointments and bribery in civil services limiting the access for vulnerable citizens (including women and girls) to various services, rights and opportunities. In this way corruption causes a widening of already existing inequalities. Therefore, the government must show commitment and a clear un-politicised strategy to tackle corruption.

Zambia's rating in the International Budget Partnership's *Open Budget Score (OBS)* has improved from 8 in 2017¹⁵⁶ to 30 in 2019¹⁵⁷. However, there

is still room for improvement as 30 is only a very low score.

Zambia's National Development Plan (NDP7) states the need to improve transparency and accountability¹⁵⁸.

7.2 Revenue and budget data information availability

Zambia lacks legislation that regulates public information access and other salient information of public interest. Since 2011, there have been challenges in actualising the enactment of the *Access to Information Act (ATI)* despite several demands by various stakeholders to expedite the process¹⁵⁹. This limits public access to important information such as some extractive contracts and tax treaties - including information about how they are negotiated. Further, the absence of such crucial legislation inhibits women and girls and citizens in general from holding the government to account. It deprives women and girls of their right to demand their human rights be fulfilled via adequate public services.

Tax revenue information is accessible in the *National Budget Speech*, the *Annual Economic Report* and the *Yellow Book*. The *Yellow Book* offers general information on the budget allocations on women programmes. However it is still challenging to access specific information on government expenditure

on women programmes for example in terms of how budget posts are actually dispersed. Moreover, gender disaggregated data availability remains a challenge - for instance, the *Living Conditions Monitoring Survey* (LCMS)¹⁶⁰ (last released in 2015) monitors living condition variables such as poverty, income levels, employment and school attendance rates, but with no gender disaggregation of data. When such information is missing, it is difficult to provide evidence to present cases of misconduct and other concerns. It also limits the efforts of WROs in their efforts to influence policy.

The Zambian government must therefore improve reporting to capture data that is gender specific. Government must also expedite publishing information that monitors the living conditions of people.

7.3 Individual tax information availability

The online tax registration in Zambia is quite low given the quick global digital migration. Individual taxpayer information is available for anyone on the ZRA online portal¹⁶¹ but as of 2020, there are only 861 users registered under the ZRA Block Management System (BMS) which leverages on the TaxOnline, TaxOnPhone and TaxOnApp technologies to drive compliance¹⁶².

ZRA should therefore do extensive awareness raising to urge more taxpayers to register online to

conveniently access information and file returns using digital means. The ZRA annual report of 2020 also does not provide any gender disaggregated data on the online registered taxpayers. The *Zambia Information, Communications and Technology Authority* (ZICTA) reports that as of 2020 Zambia recorded 10.3 million internet subscriptions. While it does not provide any gender disaggregated internet subscription data, it acknowledges an increasing digital gender gap. There is potential to drive online tax registrations given the internet access availability, and there is equally an opportunity to address the digital gender gap. This is possible with the government deliberately investing in education; information and communications technology (ICT) investment and digital literacy in the gender equality programs.

All taxpayers are free to visit a ZRA branch in any district and see the taxpayer service department¹⁶³ where they can request for tax information and present queries. ZRA service departments are usually sufficiently staffed for the convenience of the clients. Taxpayers can also call the ZRA National Call Centre to speak to ZRA tax consultants. Operating hours of the call centre were extended to Saturday as well from 09:00 am to 16:00 pm¹⁶⁴.

7.4 Gender impact assessment of policies and budget decisions

There are currently no assessments to capture the impact of selected taxes

on gender. However, the Government does try to create an environment to accommodate general budget submissions through town hall meetings where Gender Responsive Budgeting (GRB) submissions can be made by WROs and CSOs. GRB is yet to be institutionalised with necessary capacities built. It is therefore important for the government to extend efforts to understand the gender implications of the tax regime and respond with inclusive policies thereof. These tax policies will be able to render the tax regime progressive when effectively implemented as they will be able to address the implications on gender. Further, the policies will be able to support the welfare of women in times of shocks such as the current Covid-19 pandemic that may affect women more adversely than men.

7.5 Women's Engagement and Participation

Despite being a signatory of the Beijing Declaration where commitments were made to ensure "Women's empowerment and their full participation on the basis of equality in all spheres of society, including participation in the decision-making process and access to power"¹⁶⁵ and a signatory of the SADC Protocol on Gender and Development (2008) which aims to "provide for the empowerment of women, to eliminate discrimination and achieve gender equality by encouraging and harmonising the development and implementation of gender responsive legislation, policies and programmes

and projects", Zambia's female participation in decision making processes remains a challenge. Structural barriers, legislative and policy challenges¹⁶⁶ remain the major constraints to women's participation in decision making processes. As long as these challenges are not met with rigorous political will, institutional reforms and capacity enhancement in systems, gender inequality will continue to inhibit Zambia's human development.

7.5.1 Closure of the Gender Ministry

In September 2021, the Ministry was terminated¹⁶⁷ by the *New Dawn* Administration. It is now under the Office of the President and currently called the *Gender in Development Division (GID)*¹⁶⁸. The Ministry of Gender mandate was "protecting and promoting women's rights, curbing gender-based violence and reducing gender inequalities by making progressive changes to legislation to strengthen the protective environment"¹⁶⁹. The removal of the ministry is regressive as it limits the inclusion of women on policy issues regarding gender. CSOs and WROs have already voiced out on this issue and feared that it "will create a big gap both at national and regional level"¹⁷⁰ and "will have a far reaching impact on the positive gains made in advancing the gender agenda thus far"¹⁷¹.

It is therefore important for the government to re-establish the Gender Ministry especially in the absence of the *Gender Equity and Equality Commission*

whose creation is provided for in two critical pieces of regulation; the *Constitution and the Gender Equity and Equality Act*. Further, the representation of women in political roles is already limited and hence the removal of the Gender Ministry exacerbates this situation.

7.5.2 Female representation in parliament and national planning roles

Female representation in the Zambian parliament remains low. The proportion of seats held by women in Parliament following the 2021 general election stood at only 14 percent¹⁷². This is a reduction from the 17 percent in 2020 and is significantly lower than the target of 50 percent in the 7NDP. Therefore, more needs to be done in ensuring that women obtain more political power as women participation in politics is crucial in reducing inequality.

While the vice chairperson role of the Planning and Budgeting parliamentary committee has female representation, only 20 percent of the committee is female, with a total membership of 10. With limited women participation in such crucial institutions and processes, inequality continues to ravish development. It is important that policies and regulations are inclusive of the voices of women and while considering the intersectionality aspect.

Culturally, Zambian women and girls are facing prevailing archaic patriarchal norms and a patriarchal system

impeding women and girls' access to employment, education and positions of power.

Women in Zambia are fighting hard to influence the national planning and budgeting process. For example, civil society organisations are invited to town hall meetings by the government to make submissions. Civil societies make spaces for women's contribution in preparing gender sensitive budget proposals. For example, leading to the budget submissions for the 2022 budget, civil society organisations and women rights organisations such as the *Consumer Unity and Trust Society, Zambia Alliance of Women, OXFAM, Non-governmental Gender Organisations' Coordinating Council (NGOCC), Sistah Sistah Foundation, Sister's Keeper, ActionAid Zambia* and *Civil Society for Poverty Reduction (CSPR)*, informal traders (women marketeers), among other CSOs, held a Gender Responsive Budgeting meeting. The tax and non-tax proposals were ultimately shared with the Ministry of Finance. The outcome of the submission resulted in the Zambian government revising the Personal Income Tax brackets to increase the PIT exempt threshold from ZMW 4000 (USD 189) to ZMW 4500 (USD 212). The government also promised to look into base erosion and profit shifting to enhance domestic resource mobilisation. To this effect, it can be said that to a certain extent the input of grounded women rights organisations are considered by the government in the budgeting process.

7.6 Recommendations

7.6.1 Securing transparency and access to (gendered) information

To fight corruption and gender discrimination as well as ensuring transparency and access to information, the Zambian government should:

- Produce and make easily accessible detailed information on tax revenue collection, budget allocations and disbursements, for example, disbursements for specific women's empowerment programs.
- Expedite the passing of the Access to Information Act (ATI) so as to ensure citizens their right to access public information. This is critical for citizens' confidence in the government as if there is no law to compel a government executive to release information about the welfare of citizens, especially women, it impedes social accountability.
- Produce gender impacts assessments and gender mainstreaming of all programmes and interventions. This will contribute to improving social accountability mechanisms that will allow more women the capacity to engage government on related issues.

7.6.2 Securing accountability and equal rights and representation of all genders

To reform the prevailing archaic norms and patriarchal systems impeding women's and girls' rights and access to employment, education, and positions of power, the Zambian government should:

- The Zambian government should re-establish the Gender Ministry especially in the absence of the *Gender Equity and Equality Commission* whose creation is provided for in two critical pieces of regulation; the *Constitution and the Gender Equity and Equality Act*. Further, the representation of women in political roles is already limited and hence the removal of the Gender Ministry exacerbates this unfortunate situation.
- Define and implement clear and attainable processes in the NDP8 learning from the failure in the 7NDP's implementation in attaining the targeted proportion of women and men in political leadership positions, including representation in Parliament in line with constitutional provisions on gender parity as per Article 259 of the Constitution (Amendment) Act No. 1 of 2016. The Planning and Budgeting Parliamentary Committee for instance has only 20 percent female members. With limited women participation in such crucial institutions and processes, inequality continues to ravish development. It is important

that policies and regulations are inclusive of the voices of women and girls while considering the intersectionality aspect.

- Reduce gender inequality and underrepresentation. More political power must be accorded to women through deliberate strategies such as legislated quotas. Moreover, the Zambian electoral processes need to be reformed in order to adopt and promote female politicians. Acting upon the shortcomings of the current process can complement and inform efforts to improve female representation at other political levels.
- Critically review election processes to prevent misconceptions and voter attitudes that discriminate against female contenders. This will be key in building a system that improves women's access to political power.
- Set up deliberate mechanisms specifically designed for women to be able to participate in the national planning and budgeting process. Gender balance in the selection of the cabinet officers is important. Further, Ward Development Committees (WDCs) must possess a strong woman voice at Community level. The Formulation of the Gender Equity

and Equality Commission, which is a legal mandate in the Constitution and the Gender Equity and Equality Act, are crucial. The National Planning and Budgeting Act of 2020, for instance, does not promote women engagement in the national planning and budgeting process and neither does it present structures specifically created for women engagement.

- Support women in decision making positions to exercise their power and become actual figures of influence in the formulation and implementation of the policy and legal frameworks.
- Welcome and support women's groups to form collaborative actions enhancing their capacity to lobby and influence the national planning and budgeting process. The opportunity presented by the NGOCC network and other coalitions needs further exploring on how the women's voice and urgency could be strengthened in that regard.
- Promoting women's rights and representation through extensive community sensitisation and awareness raising.
- Make gender mainstreaming default features of any policy design process and implementation.

Endnotes

- 1 Oxfam.Fair Tax Monitor Report(<https://nigeria.oxfam.org/latest/policy-paper/fair-tax-monitor-report>) Accessed 23/06/21
- 2 Consumer Unity & Trust Society, (2020), 'Zambia Fair Tax Monitor (FTM) Report, CUTS International, Lusaka.
- 3 <https://maketaxfair.net/assets/wbb-publications/1107/Common%20Research%20Framework.pdf>
- 4 <https://hdr.undp.org/en/content/gender-inequality-index-gii>
- 5 Reproductive health is measured by maternal mortality and adolescent birth rates; empowerment is measured by the share of parliamentary seats held by women and attainment in secondary and higher education by each gender; and economic activity is measured by the labour market participation rate for women and men. The value of GII ranges between 0 and 1, with 0 being 0 percent inequality.
- 6 UNDP, 2020. Human Development Report 2020 - Zambia http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/ZMB.pdf - Accessed 28/06/2021
- 7 Oxfam, 2019. Gender and Taxes - The gendered nature of fiscal systems and the Fair Tax Monitor
- 8 https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/ldc_list.pdf
- 9 <https://www.imf.org/en/Countries/ZMB#countrydata>
- 10 <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=ZM>
- 11 Ministry of Finance, 2020 Economic Report
- 12 2022 Budget Address by Honourable Dr. Situmbeko Musokotwane, Mp, Minister of Finance and National Planning delivered to the National Assembly on Friday, 29th October, 2021
- 13 <https://data.worldbank.org/indicator/DT.DOD.DECT.GN.ZS?locations=ZM>
And
MOF.2021. Quarterly Report: Second Quarter(https://www.mof.gov.zm/?wpfb_dl=375) Accessed 26/10/21
and
https://cuts-lusaka.org/pdf/Understanding_the_Impact_of_Zambias_Growing_Debt_on_Different_Stakeholders.pdf
- 14 ZRA Annual Report 2020
- 15 <https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG?locations=ZM>
- 16 Bank of Zambia. (<https://www.boz.zm/statistics.htm>) Accessed 31/01/22
- 17 2021 Budget Address by Honourable Dr. Bwalya K.E. Ng'andu, MP, Minister of Finance, delivered to the National Assembly on Friday, 25th September, 2020.
See also IMF 2021 <https://www.imf.org/en/Countries/ZMB>
- 18 Economic Recovery Plan-2020-23.(https://www.mndp.gov.zm/wp-content/uploads/2020/12/2020-Economic-Recovery-Report-Verison-2.indd_16.12.2020.pdf) Accessed 27/10/21
- 19 Zambia Gender Report. 2017-19 (https://www.giz.de/en/downloads/giz2021_en_Zambia_Gender_Report_2017-2019.pdf) Accessed 28/10/21
- 20 <https://www.hofstede-insights.com/country/zambia/>
- 21 (https://www.giz.de/en/downloads/giz2021_en_Zambia_Gender_Report_2017-2019.pdf) Accessed 28/10/21
- 22 Ministry of Gender. (https://www.giz.de/en/downloads/giz2021_en_Zambia_Gender

- Report_2017-2019.pdf) Accessed 28/10/21
- 23 <https://www.parliament.gov.zm/sites/default/files/documents/acts/The%20Gender%20Equity%20and%20Equality%20Bill%2C%202015.pdf>
- 24 Zambia Gender Report. 2017-19 (https://www.giz.de/en/downloads/giz2021_en_Zambia_Gender_Report_2017-2019.pdf) Accessed 28/10/21
- 25 <https://www.un.org/womenwatch/daw/cedaw/cedaw.htm>
- 26 https://www.sadc.int/files/8713/5292/8364/Protocol_on_Gender_and_Development_2008.pdf
- 27 <https://www.ohchr.org/Documents/Issues/Women/WG/ProtocolontheRightsofWomen.pdf>
- 28 <http://www.times.co.zm/?p=110748>
- 29 <https://www.zm.undp.org/content/dam/zambia/UNDP%20Revised%20Business%20Survey%20Report%2003-07-2020%20CLEAN.pdf>.
- 30 <https://www.google.com/url?q=https://www.poverty-action.org/blog/zambia-recover-survey-results-and-policy-priorities-identifying-evidence-based-social-protection&sa=D&source=docs&ust=1646567260980582&usq=A0vVaw3bMbweoMsToGK9ZGaRRTMU>
- 31 <https://reliefweb.int/report/zambia/making-markets-and-communities-safer-covid-19>
- 32 <https://pmrczambia.com/wp-content/uploads/2021/03/Presentation-Overview-of-Challenges-of-Women-led-Enterprises.pdf>
- 33 <https://www.poverty-action.org/recover-study/recover-zambia-tracking-effects-covid-19-pandemic>
- 34 Active tax payer entails one who has been registered for tax and actively compliant in a period of 6 months
- 35 The category Individuals differs from “Active taxpayers as the latter are those paying tax constantly eg PIT, CIT WHT - not once off taxes like customs and excise duty.
- 36 ZRA
- 37 TPIN is a unique ten-digit computer generated number allocated to a taxpayer upon registration with the Zambia Revenue Authority (ZRA). It is a pre - requisite for any transaction with ZRA concerning taxes be it Domestic Taxes or Customs Services.
- 38 Ministry of Finance (2015-21). National Economic Reports.
- 39 ZRA. Withholding Taxes. (2021). Available at (<https://www.zra.org.zm/tax-information/#wht>) Accessed 03/07/21
- 40 Ministry of Finance (2008-21). National Economic Reports, Fiscal Tables and National Budget Addresses
- 41 CUTS 2020, Zambia Fair Tax Monitor Report (2020)
- 42 Exchange reflects 2022, the year the proposed PIT rate bands come into effect
- 43 2022 Budget Address by Honourable Dr. Situmbeko Musokotwane, MP, Minister of Finance and National Planning delivered to the National Assembly on Friday, 29th October, 2021
- 44 JCTR. 2021. Available at (<https://www.jctr.org.zm/bnnb>). Accessed on 02/02/22
- 45 The Income Tax Act (2016)
- 46 Zambia Fair Tax Monitor Report (2019)
- 47 Ministry of Finance (2008-21). National Economic Reports, Fiscal Tables and National Budget Address
- 48 Ministry of Finance (2008-21). National Economic Reports, Fiscal Tables and National Budget Addresses
- 49 World Inequality Lab.(2022). World Inequality Report. Available at (https://wir2022.wid.world/www-site/uploads/2022/01/WIR_2022_FullReport.pdf). Accessed 02/02/22
- 50 Ministry of Gender (2016). National Gender Statistics

- 51 Zambia Fair Tax Monitor Report (2019)
- 52 ZRA (2021). Turnover Tax. Available at. (<https://www.zra.org.zm/tax-information/#:~:text=At%20what%20rate%20is%20Turnover%20Tax%20calculated%3F,-The%20Ninth%20Schedule&text=This%20amendment%20introduces%20a%20flat,4%25%20on%20the%20total%20turnover>) Accessed 05/07/21
- 53 ZRA. Base Tax. Available at (<https://www.zra.org.zm/wp-content/uploads/2020/01/Base-Tax.pdf>) Accessed 05/07/21
- 54 Zambia has no property taxes - see [https://taxsummaries.pwc.com/zambia/individual/other-taxes#:~:text=Zambia%20does%20not%20have%20a%20property%20tax%20other%20than%20Property,PTT\)%20\(see%20below\)](https://taxsummaries.pwc.com/zambia/individual/other-taxes#:~:text=Zambia%20does%20not%20have%20a%20property%20tax%20other%20than%20Property,PTT)%20(see%20below)).
no capital gains tax - see <https://taxsummaries.pwc.com/zambia/corporate/income-determination#:~:text=Zambia%20does%20not%20have%20a,are%20not%20subject%20to%20tax>.
and no gift taxes <https://taxsummaries.pwc.com/zambia/individual/other-taxes#:~:text=Zambia%20does%20not%20have%20an%20inheritance%20C%20estate%20C%20or%20gift%20tax>.
However, Zambia does have a Property Transfer Tax (PPT), tax will be paid on the property's realised value when transferred.
- 55 <https://taxsummaries.pwc.com/zambia/individual/other-taxes#:~:text=PTT%20on%20the%20transfer%20of,nominal%20value%20C%20whichever%20is%20greater>.
- 56 Knight Frank. (2021) The Wealth Report. Available at <https://content.knightfrank.com/research/83/documents/en/the-wealth-report-2021-7865.pdf>
- 57 Business Insider (2021). Critics say a wealth tax wouldn't work. Argentina just brought in \$2.4 billion with one. Available at (<https://www.businessinsider.com/one-time-wealth-tax-in-argentina-brought-in-24-billion-2021-5?amp>) Accessed 05/07/21
- 58 <https://dhsprogram.com/pubs/pdf/FR361/FR361.pdf>
- 59 Ministry of Finance (2008-21). National Economic Reports, Fiscal Tables and National Budget Addresses
- 60 ZRA (2020). VAT Liability Guide. Available at. (<https://www.zra.org.zm/wp-content/uploads/2020/07/VAT-Liability-Guide-2020-1.pdf>) Accessed 05/07/21
- 61 Bryn Welham. (2020). Taxes and duties for sanitary products in Africa. (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1008503/Query-50-Ethiopia-taxation-sanitary-products1.pdf) Accessed 05/07/21
- 62 Consumer Unity & Trust Society, (2020), 'Zambia Fair Tax Monitor (FTM) Report, CUTS International, Lusaka.
- 63 <https://oecd-development-matters.org/2019/03/18/why-you-should-care-about-unpaid-care-work/>
- 64 ZRA 2020 Annual Report <https://www.zra.org.zm/wp-content/uploads/2021/05/Annual-Report-2020-2.pdf> - Accessed 03/-7/2021
- 65 OECD 2021, Revenue Statistics in Africa 2021, <https://www.oecd.org/tax/tax-policy/revenue-statistics-africa-south-africa.pdf>
- 66 ZRA 2020 Annual Report <https://www.zra.org.zm/wp-content/uploads/2021/05/Annual-Report-2020-2.pdf> - Accessed 03/-7/2021
- 67 Reuters 2021: *Zambia expects to agree debt restructuring with creditors by mid-2022 - minister* <https://www.reuters.com/world/africa/zambia-expects-agree-debt-restructuring-with-creditors-by-mid-2022-minister-2021-12-23/>

- 68 See page 17 in Zambia's 2020 Budget speech: https://www.parliament.gov.zm/sites/default/files/images/publication_docs/2020BUDGET-SPEECH.pdf
- 69 Oxfam et. al 2020. "Passing-buck-debt-relief-private-sector". <https://oxfamlibrary.openrepository.com/bitstream/handle/10546/621026/mb-passing-buck-debt-relief-private-sector-160720-en.pdf?sequence=4&isAllowed=y>
- 70 <https://www.zamstats.gov.zm/phocadownload/Labour/2018%20Labour%20Force%20Survey%20Report.pdf>
- 71 CTPD, 2021. Covid-19 and its Implications on Gender: An Analytical Lens of Informal Cross Border Traders and Agriculture
- 72 FIC (2019). The 6th Money Laundering and Terrorist Financing Trends Report
- 73 OECD Development Matters(2020). Landmark Supreme Court victory in Zambia: collecting millions in tax revenues and sending a message across borders. Available at <https://oecd-development-matters.org/2020/11/12/landmark-supreme-court-victory-in-zambia-collecting-millions-in-tax-revenues-and-sending-a-message-across-borders/>) Accessed 05/07/21
- 74 Case study extracted from the Financial Intelligence Centre report of 2019 Available at. (<https://www.fic.gov.zm/component/attachments/download/95>) Accessed 02/02/22
- 75 FIC (2019). The 6th Money Laundering and Terrorist Financing Trends Report
- 76 Financial Intelligence Centre Annual Reports(2018-2020) <https://www.fic.gov.zm/79-fic-news/104-trends-report-2018> <https://www.fic.gov.zm/79-fic-news/110-trends-report-2019> <https://www.fic.gov.zm/79-fic-news/114-typology-report-2020>
- 77 Financial Intelligence Centre Annual Report, (2020) Retrieved from <https://www.fic.gov.zm/publications>
- 78 UNCTAD (2014), *Trade and Development Report, 2014: Global Governance and Policy Space for Development*. Accessed from: https://unctad.org/system/files/official-document/tdr2014_en.pdf
- 79 <https://www.parliament.gov.zm/sites/default/files/documents/acts/The%20Financial%20Intelligence%20Centre%20%28Amendment%29%2C%20Act%20No.%2016%20%20of%20%202020.pdf>
- 80 https://www.fic.gov.za/Documents/171002_%20FIC%20userguide_uploading%20of%20a%20STR.pdf
- 81 <https://www.tralac.org/documents/resources/africa/2072-report-of-the-high-level-panel-on-illicit-financial-flows-from-africa-uneca-2015/file.html>
- 82 https://www.google.com/url?q=https://www.oxfamamerica.org/explore/research-publications/potential-corporate-tax-avoidance-in-zambias-mining-sector/&sa=D&source=docs&ust=1648802575209668&usq=A0vVaw1qzqx_8QAm-tLrl-yZ3tZF
- 83 <http://www.regionalcommissions.org/iffactsheet.pdf>
- 84 <http://www.regionalcommissions.org/iffactsheet.pdf>
- 85 <https://www.ictd.ac/publication/improving-the-performance-of-natural-resource-taxation-in-developing-countries/>
- 86 <https://www.techwatch.news/lack-of-geographical-information-affecting-mines-ctpd/> - Accessed 30/10/2021
- 87 Zambia Fair Tax Monitor Report (2020)
- 88 <https://www.parliament.gov.zm/sites/default/files/documents/acts/ACT%20No.%2048%20OF%202021%2C%20THE%20ZAMBIA%20DEVELOPMENT%20AGENCY%28AMENDMENT%29%20BILL.pdf>
- 89 <https://thedocs.worldbank.org/en/doc/930521613075090296-0090022021/original/GenderandTaxationGTPGLWPPTFinal.pdf>

- 90 EU Parliament's report on gender equality and taxation policies in the EU (2018/2095(INI). P.6f.
 91 2022 Budget Address by Honourable Dr. Situmbeko Musokotwane, Mp, Minister of Finance and
 National Planning delivered to the National Assembly on Friday, 29th October, 2021
 92 <https://www.parliament.gov.zm/node/8581>
 93 Consumer Unity & Trust Society, (2020), 'Zambia Fair Tax Monitor (FTM) Report, CUTS International,
 Lusaka.
 94 ZRA.2021. Practice note No 1 of 2022. available at [https://www.zra.org.zm/download/practice-
 notes-2022/](https://www.zra.org.zm/download/practice-notes-2022/). accessed (13/02/22)
 95 <https://www.theigc.org/wp-content/uploads/2017/02/Jibao-2017-final-report.pdf>
 96 Conversations with CSOs and ZRA officials in various fora
 97 2020 Labour Force Survey. available at ([https://www.zamstats.gov.zm/phocadownload/
 Labour/2020%20Labour%20Force%20Survey.pdf](https://www.zamstats.gov.zm/phocadownload/Labour/2020%20Labour%20Force%20Survey.pdf)) Accessed 23/01/22
 98 ZRA.<https://www.zra.org.zm/download/double-taxation-agreement-rates/#>
 99 See study Centre for Trade Policy and Development (2018) "DANGERS OF DOUBLE TAX AGREEMENTS IN
 FINANCING" <https://www.globaltaxjustice.org/sites/default/files/DTA-Analysis-Report.pdf>
 and Hearson (2015): *Do tax treaties increase foreign investment in developing countries?* [https://
 martinhearson.net/2012/11/27/do-tax-treaties-increase-foreign-investment-in-developing-
 countries/](https://martinhearson.net/2012/11/27/do-tax-treaties-increase-foreign-investment-in-developing-countries/)
 100 A tax haven is a country that offers foreign businesses and individuals minimal or no tax liability
 for their bank deposits in a politically and economically stable environment (Investopedia 2021)
 101 <https://www.ictd.ac/dataset/tax-treaties-explorer/>
 102 [https://offgrid.gov.zm/en/Directory/Details/fd55e848-08eb-48a5-a43b-
 029709691228#:~:text=ZRA's%20responsibilities%20include%20assessment%20and,on%20
 aspects%20of%20tax%20policy.](https://offgrid.gov.zm/en/Directory/Details/fd55e848-08eb-48a5-a43b-029709691228#:~:text=ZRA's%20responsibilities%20include%20assessment%20and,on%20aspects%20of%20tax%20policy.)
 103 ZRA 2020 Annual Report [https://www.zra.org.zm/wp-content/uploads/2021/05/Annual-
 Report-2020-2.pdf](https://www.zra.org.zm/wp-content/uploads/2021/05/Annual-Report-2020-2.pdf) - Accessed 30/11/2021
 104 Ministry of Finance (2010-2020). National Economic Reports, Fiscal Tables and National Budget
 Address
 105 TaxOnApp grants access to basic ZRA functionalities such as registration, verification, return
 filling, passenger clearance and payment through WhatsApp
 106 ZRA 2020 Annual Report [https://www.zra.org.zm/wp-content/uploads/2021/05/Annual-
 Report-2020-2.pdf](https://www.zra.org.zm/wp-content/uploads/2021/05/Annual-Report-2020-2.pdf) - Accessed 29/06/2021
 107 CUTS Lusaka, 2020. Highlights of the FTM Report [https://cuts-lusaka.org/pdf/policy-brief-
 highlights-from-the-zambia-fair-tax-monitor-report.pdf](https://cuts-lusaka.org/pdf/policy-brief-highlights-from-the-zambia-fair-tax-monitor-report.pdf) - Accessed 29/06/2021
 108 Ministry of Finance (2013-20). National Economic Reports, Fiscal Tables and National Budget
 Address
 109 Ministry of Finance, 2020. Annual Economic Report https://www.mof.gov.zm/?wpfb_dl=358 -
 Accessed 29/06/2021
 110 USD 1: K21.2
 111 Ministry of Finance. Public Debt Summary- As End of 2021
 112 <https://data.worldbank.org/indicator/DT.DOD.DECT.GN.ZS?locations=ZM>
 113 Zambia Institute for Policy Analysis and Research (ZIPAR) 2020. Redeeming the Falling Kwacha
<https://www.zipar.org.zm/redeeming-the-falling-kwacha/> - Accessed 03/07/2021
 114 Ministry of Finance - Annual Economic Reports. Available at [https://www.mof.gov.zm/?page_
 id=6197&wpfb_cat=81#wpfb_cat=81](https://www.mof.gov.zm/?page_id=6197&wpfb_cat=81#wpfb_cat=81) - Accessed 28/06/2021
 115 Lusaka Times, 2011. World Bank Gives Zambia Middle-Income Status. Reported on 14th July 2011

- <https://www.lusakatimes.com/2011/07/14/world-bank-zambia-middleincome-ranking/> - Accessed 03/07/2021
- 116 Jubilee Debt Campaign, 2020. <https://jubileedebt.org.uk/blog/zambias-debt-default>
- 117 National Budget Speeches(2016-2020), <https://www.parliament.gov.zm/publications/budget-debates>
- 118 <https://www.statista.com/statistics/457704/inflation-rate-in-zambia/>
- 119 <https://www.dhsprogram.com/pubs/pdf/FR361/FR361.pdf>
- 120 https://www.healthdatacollaborative.org/fileadmin/uploads/hdc/Documents/Country_documents/Zambia/zambiaNHSP.pdf
- 121 https://www.who.int/healthsystems/publications/abuja_report_aug_2011.pdf
- 122 PRMR includes all deaths during pregnancy, delivery, and within 2 months of the end of a pregnancy; it includes deaths due to accident and violence during these time periods.
- 123 National Gender Policy 2014 (<http://extwprlegs1.fao.org/docs/pdf/zam152916.pdf>) – Accessed 15/11/2019
- 124 In Zambia, the Marriage Act sets the legal minimum age of marriage at 21 years. However, a child can marry from the age of 16 with written consent from their legal guardian.
- 125 National Gender Policy 2014 https://www.gender.gov.zm/?wpfb_dl=51 – Accessed 26/10/2019.
- 126 Diggers Newspaper, March 2020 <https://diggers.news/local/2020/03/17/govt-shuts-all-schools-to-prevent-covid-19-outbreak/>
- 127 Keeping Girls in School Program <https://www.moge.gov.zm/?p=5381> – Accessed 30/10/2021
- 128 Girls education and Women’s Empowerment and Livelihood (GEWEL) <https://www.worldbank.org/en/news/loans-credits/2020/03/27/zambia-girls-education-and-womens-empowerment-and-livelihood-gewel-additional-financing> - Accessed 30/10/2021.
- 129 Ministry of General Education. Re-entry Policy. Available at: <https://www.moge.gov.zm/download/policies/Re-entry-Policy.pdf>.
- 130 A GPI of 1 indicates parity between the sexes; a GPI that varies between 0 and 1 typically means a disparity in favour of males; whereas a GPI greater than 1 indicates a disparity in favour of females.
- 131 Ministry of Finance. 2019 Economic Report https://www.mof.gov.zm/?wpfb_dl=264
- 132 <https://www.poverty-action.org/printpdf/35676>
- 133 2022 Budget Address by Honourable Dr. Situmbeko Musokotwane, MP, Minister of Finance and National Planning delivered to the National Assembly on Friday, 29th October, 2021
- 134 Health care financing strategy
- 135 2022 Budget Address by Honourable Dr. Situmbeko Musokotwane, MP, Minister of Finance and National Planning delivered to the National Assembly on Friday, 29th October, 2021
- 136 Zambia’s Integrated Family Planning Scale Up Plan 2013-2020
- 137 National Adolescents Health Strategic Plan 2011-2015
- 138 <https://www.unicef.org/zambia/media/881/file/Zambia-DHS-2013.pdf>
- 139 (UNFPA, 2014 MDSR Report)
- 140 National Gender Policy, 2014. Available at: <http://extwprlegs1.fao.org/docs/pdf/zam152916.pdf>. Accessed 29/01/2020
- 141 2019 Labour Force Survey Report. Available at: <https://www.zamstats.gov.zm/phocadownload/Labour/Labour%20Force%20Survey%20Q1%20-%202019.pdf>. Accessed 29/01/2020.
- 142 Food and Agriculture Organisation (FAO). <http://www.fao.org/3/i2008e/i2008e04.pdf>
- 143 <https://www.iapri.org.zm/effects-of-covid-19-on-agribusiness-in-zambia/>
- 144 CTPD 2021. Covid-19 and Its Implications on Gender: An Analytical Lens of Informal Cross Border Traders and Agriculture

- 145 Labour Force Survey Report 2018. (<https://www.zamstats.gov.zm/phocadownload/Labour/2018%20Labour%20Force%20Survey%20Report.pdf>) – Accessed 03/11/2019.
- 146 ilo.org/wcmstp5/groups/public/---africa/---ro-abidjan/---ilo-lusaka/documents/article/wcms_566929.pdf
- 147 <https://oecd-development-matters.org/2019/03/18/why-you-should-care-about-unpaid-care-work/>
- 148 2020 Fair Tax Monitor Report
- 149 National Gender policy, 2014 <http://extwprlegs1.fao.org/docs/pdf/zam152916.pdf>
- 150 SDG 5 <https://www.zm.undp.org/content/zambia/en/home/sustainable-development-goals/goal-5-gender-equality.html>
- 151 Oxfam et. al 2020. “*Passing-buck-debt-relief-private-sector*”. <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621026/mb-passing-buck-debt-relief-private-sector-160720-en.pdf?sequence=4&isAllowed=y>
- 152 https://www.who.int/healthsystems/publications/abuja_report_aug_2011.pdf
- 153 Oxfam International. (2022).The Inequality Crisis in east africa Fighting austerity and the pandemic. Available at (<https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621348/rr-inequality-crisis-east-africa-090222-en.pdf?sequence=7>) Accessed 01/03/22
- 154 IMF. (2005). The Role of Transparency and Accountability for Economic Development in Resource-rich Countries, Address by Agustín Carstens, Deputy Managing Director, IMF. Available at (<https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp012705>) Accessed 08/07/21
- 155 <https://www.transparency.org/en/cpi/2020/index/zmb>
- 156 https://www.internationalbudget.org/sites/default/files/2020-04/2017_Report_EN.pdf
- 157 https://www.internationalbudget.org/sites/default/files/2020-04/2019_Report_EN.pdf
- 158 7th National Planning and Budgeting Process
- 159 MISA.(2020). Gostructural barriers, legislative and policy challenges, and barriers related to electoral procedures and electoral processesvernment should expedite enactment of ATI law. Available at (<https://zambia.misa.org/2020/10/07/government-should-expedite-enactment-of-ati-law/>) Accessed 08/07/21
- 160 <https://prais.unccd.int/sites/default/files/2018-08/LCMS%202015%20Summary%20Report.pdf>
- 161 <https://portal.zra.org.zm/>
- 162 <https://www.zra.org.zm/download/zra-2020-annual-report/#>
- 163 Conversations with ZRA employees
- 164 <https://m.facebook.com/ZambiaRevenueAuthority/photos/a.1407825289447003/2943473055882211/>
- 165 United Nations.Fourth World Conference on Women. Available at (<https://www.un.org/womenwatch/daw/beijing/platform/declar.htm>) Accessed 18/01/22
- 166 EU.EU support for women’s political participation and leadership under the EU’s Gender Action Plan .Available at (<https://epd.eu/wp-content/uploads/2021/12/gap-zambia-final.pdf>)Accessed 18/01/22
- 167 <https://diggers.news/local/2021/09/15/parley-approves-turning-gender-ministry-into-office-of-the-president-dept-among-other-changes/>
- 168 <https://www.gender.gov.zm/?p=5601>
- 169 <https://www.gender.gov.zm/>
- 170 <http://www.daily-mail.co.zm/ministry-of-gender-removal-irks-mens-network/>
- 171 <https://diggers.news/local/2021/09/15/scrapping-of-gender-ministry-worries-women-movement/>
- 172 Members of Parliament (2021) <https://www.parliament.gov.zm/members-of-parliament?page=2> – Accessed 30/10/21

**Consumer Unity & Trust Society
CUTS Lusaka**

We're Here

**CUTS International, Lusaka
Plot No. 406 Kudu Rd. Kabulonga, Lusaka
Copyright 2019 - CUTS. All rights reserved**



@CUTS_Lusaka



www.cuts-lusaka.org



@CUTSLusaka