



***FOR IMMEDIATE RELEASE***

**Date: 23/07/21**

**CTPD PRESS STATEMENT ON THE 2020 FINANCIAL INTELLIGENCE CENTER (FIC) REPORT**

The Centre for Trade Policy and Development (CTPD) has noted with concern, the revelations from the latest 2020 Financial Intelligence Center (FIC) report that Zambia lost about K3.1 billion through corruption, tax evasion, fraud, illegal mining and other vices, with corruption alone accounting for over 70% of the total losses, translating into about K2.2 billion. CTPD has carefully examined the report and makes the following immediate concerns:

1. CTPD is concerned that FIC only managed to analyze 346 Suspicious Transaction Reports (STRs) out of a total of 2,266, representing only about 15 % of the reported cases. One of the major factors underpinning this position, as sighted by FIC, is 'low staff levels'. FIC reports that out of a total establishment of 62, the center only has 25 recruited members of staff. This underperformance implies that the total amount of resources that Zambia lost in the year under review could have been way above the reported K3.1 billion.
2. When analyzed in the context of the 2020 National Budget, the total amount of resources lost could have been enough to support Zambia's Social Cash Transfer budget, which was around K1 billion in 2020, for three fiscal years-thereby safeguarding the livelihoods of the most vulnerable as envisioned in the National Budget. These are resources that could have been channeled towards financing the dismantling of domestic areas budget which stood at around K2 billion in the year under review.
3. On account of the COVID-19 pandemic, Zambia witnessed a slowdown in economic activities in 2020, which negatively affected revenue collection thereby partly contributing to the high fiscal deficit recorded at 14% of Gross Domestic Product (GDP). Without these losses, the country would have potentially narrowed the fiscal deficit and moderated the depth of the recession experienced in 2020 when the economy contracted by an estimated 3%.

4. Revelations such as the ones in the latest FIC report have potential to jeopardize Zambia's case as Government negotiates with its bilateral and multilateral creditors, such as the International Monetary Fund (IMF) and the bond holders. This has potential to hinder the successful navigation of the debt restructuring process, and thus make the attainment of an economic rebound envisioned in the Economic Recovery Program (ERP) uncertain.
5. We are concerned that the 2020 FIC Report does not by way of comparison address specific issues that were flagged in the previous report, such as the involvement of law firms in money-laundering practices and loopholes in public procurement processes. In previous reports, the losses from these and other key institutions were reflected in monetary terms which is important for identification of leakages within the system.
6. We have noted that the financial period under review was not subject to the FIC Amendment Act No. 16 of 2020 (the Amendment Act) which was passed in December of 2020. Therefore, we expect the subsequent report to reflect some of the pertinent issues that the Amendment Act has sought to address. For instance, it is expected that subsequent reports will indicate the number of institutions and persons sanctioned by the FIC and the reasons why. In addition, the FIC now has a wider reach in relation to politically exposed persons. Measures taken against these persons should be indicated in the report to enhance transparency in the public service.

**Issued by:**

**Wakumelo Mataa (Mr)**

**CTPD Researcher Public Finance**

**Editor's Note**

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

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

For more information you can Email: [info@ctpd.org.zm](mailto:info@ctpd.org.zm). or Visit our web site [[www.ctpd.org.zm](http://www.ctpd.org.zm)] You can also follow our TWITTER Account - [@CTPDZambia](https://twitter.com/CTPDZambia) Address: office Plot 123, Kudu Road Kabulonga

Contact: Mwaka Nyimbili  
Centre for Trade Policy and Development  
Phone: +260 211 264409 | +260975876038  
Fax: +260 211266234  
Plot 123, Kudu Road Kabulonga  
[www.ctpd.org.zm](http://www.ctpd.org.zm)