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PRESS STATEMENT

Protecting Public Resource at all Cost through Prudent Public Financial Management

Lusaka, 3rd July 2021: The Zambia Tax Platform (ZTP) wishes to urge all Zambians to protect public resource through prudent management of public resources in the country. ZTP notes with increasing concern, the fiscal standing of the country and spending by Government on programs that may not address the country's priority needs. It is important that public expenditure in the country conforms to certain principles that will ensure economic growth while addressing the needs of the people. Public expenditure, if properly executed, has the potential to reduce poverty and other developmental challenges.

Non violation of public expenditure principles and credibility in the prudent management of public resources is not only critical in economic objective attainment but also in boosting people's morale to comply on taxes which must benefit all Zambians. In this regard, the platform notes the recent move by the Government to begin to buy civil servant's loans to ease their debt burden. ZTP wonders the criteria Government used to select only civil servants to benefit while many other Zambians continue to face their debt problems unilaterally. After all, the money belongs to all Zambians who equally contribute a fair share to the Government resource envelope through the various taxes they pay.

This move, however, falls short on many other public expenditure tenets. Its effectiveness to cure the underlying problem is questionable. There is no evidence that proper or any consultation for that matter was done by the Government to establish if, and to what extent, civil servants are debt burdened and the solutions applicable thereof. Many Zambians have questioned how this move will promote maximum social benefit if in fact, the social costs and benefits have not been assessed fully. "Could this money not have been more impactful towards social protection programs?" Many Zambians have asked.

The Zambia Tax Platform is a multi-stakeholder group that provides critical analysis of Zambia's tax policy regime, tax administration and promotes sustained advocacy on improving public finance management.

Furthermore, there is need to explain to the people how the debt swap has been financed as this is not an expenditure component that was budgeted in the 2021 national budget while the Government has claimed that the talks around a debt swap started as early as 2020. This will enable people to understand how and who sanctioned the expenditure when parliament closed and also enhance accountability. While the Government has embarked on this program, we note that it owes Zambians through domestic debt and arrears. Furthermore, we understand that total Government debt stands at USD19 billion which still needs to be paid by Zambians through the Government. This already places an internal and external debt burden on Government and adds more burden on the poor and vulnerable in society

The Zambia Tax Platform wishes to urge policy makers and implementers to be transparent and sincere to the Zambian people. It is critical that public expenditure targets the achievement of economic objectives both in the short and long term. Public resources must not be a conduit for managing people's expectations as the economy cannot be manipulated. Zambia's must also work towards strengthening the legal and institutional frameworks around public finance management. Growth of the economy depends on how the scarce resources are utilized which relies on the law relating to Public Financial Management. We appreciate the reforms that Government has done in past such as the replacement of Public Financial Act of 2004 with Public Financial Management Act of 2018, but we strongly believe that more should be done to enhance rules, systems and processes on Public Expenditure Management.



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