

Strengthening Good Financial Governance in Zambia (GFG)



Co-funded by the European Union



PROGRAMME AT A GLANCE

Programme name:
Strengthening Good Financial Governance (GFG) in Zambia

Commissioned by:
European Union (EU) and the German Federal Ministry for Economic Cooperation and Development (BMZ)

Implemented by:
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

Lead political partner:
Ministry of Finance and National Planning

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01.01.2019 - 31.12.2022

Funding:
15 million EUR

Primary partners:
Ministry of Finance and National Planning and the Zambia Revenue Authority



CHALLENGES IN ZAMBIA'S PUBLIC FINANCES

The system of public finances in Zambia is facing many challenges. Inadequate tax revenues and the spending of public resources in a manner that undermines budget credibility has caused government spending to be significantly higher than public revenues, resulting in budget deficits:



120%

of domestic revenue is reserved for civil service **salaries and debt services**



0 EUR

per person available from domestic revenues **for investments in public service delivery**

Due to the change in government after the August 2021 elections, there is an ambitious reform agenda for public financial management in Zambia.

OUR APPROACH

PROGRAMME OBJECTIVE

The Good Financial Governance Programme seeks to support the Government of the Republic of Zambia in its efforts to enable financial **transparency, accountability, responsiveness to citizens' needs, and efficiency.**

STRATEGY



Strengthen capacities in the **tax administration** in the areas of tax compliance (audits and debt collection) as well as data analysis.



Improve the citizen responsiveness of **tax service delivery** through the introduction of e.g. mobile tax offices, the USSD application TaxOnPhone, as well as TaxOnApp for iOS and Android.



Enhance the national **tax policy** function as well as capacities for macro-economic modeling and revenue forecasting for a more credible national budget.



Improve the **budget planning** process through the introduction of performance-based budgeting as well as through the inclusion of public procurement and investment planning.



Assist the government in strengthening **budget execution** through improved financial reporting and financial management, e.g. assessing the accuracy of its employee database.



Support the foundations needed to expand **fiscal decentralization**, including transferring funds and responsibilities to local governments to better serve citizens' needs.



PROGRAMME IMPACT

Through close cooperation with the partners, the programme has already achieved significant results.



65.7% additional taxes collected from audits.



As of **2021**, budgets are focused on results in service delivery to citizens.



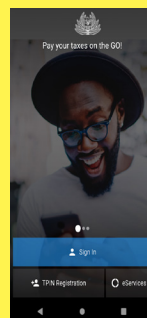
In-year budget adjustments are approved by parliament.



Tax compliance is made easier through mobile applications.

IMPROVING ACCESSIBILITY TO TAX SERVICES

The mobile market in Zambia has grown rapidly over the past decade. In the advent of reduced mobile phone prices, over 50% of the population are projected to own a smartphone by 2023. With the support of GIZ, the Zambia Revenue Authority implemented the TaxOnApp mobile service gateway which enables citizens to pay for their taxes on the go. Amid the COVID-19 pandemic, the release of the App has further



helped reduce congestion within tax service centers. As of Q2 2021, the App helped register an additional 36,000 individual taxpayers as well as generated over 1.1 million Kwacha in additional tax revenue.

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