



## **Press Statement: Advancing the "Stop the Bleeding" Campaign in Zambia**

### **For Immediate Release**

**Lusaka, Zambia , 5<sup>th</sup> July, 2024-** In a unified effort to tackle the pressing issue of resource hemorrhage in African nations due to debt repayments and illicit financial flows, we are excited to announce the launch of the "Stop the Bleeding" campaign. This initiative, already launched in Tanzania, Uganda, Cameroon, and Malawi during this year's national Africa Conference on Debt and Development (AfCoDD) meetings, seeks to ensure that our resources are reclaimed and utilized for national development.

Achieving the Sustainable Development Goals (SDGs) remains precarious as long as illicit financial flows (IFFs) drain essential resources needed for human rights and sustainable development. According to the United Nations Conference on Trade and Development (UNCTAD), countries with high levels of IFFs spend significantly less on crucial sectors like health and education compared to countries with lower IFFs. This depletion of the tax base and the resulting discouragement of public and private investment hinder economic growth and sustainable development. Therefore, it is imperative that Africa adopts innovative methods to mobilize domestic resources and external private capital while combating IFFs.

Effectively curbing IFFs could secure an estimated USD 90 billion annually, which is about 3.7% of Africa's Gross Domestic Product (GDP). Specifically, for Zambia, the United Nations Economic Commission for Africa reports a 10% GDP loss annually due to corporate tax evasion, with copper trade mis-invoicing accounting for 65% of all such incidents in Africa. Recent findings by the Financial Intelligence Centre (FIC) highlight this issue, with estimated outflows of ZMW 61 billion in Q1 2024 related to suspected IFFs, following ZMW 56.5 billion in the previous quarter. These leakages are sufficient to cover Zambia's current drought induced financing gap of ZMW 22.2 billion.

Furthermore, the cost of servicing debt in Africa in 2024 is equally projected to rise to around USD 74 billion, compared to USD 17 billion in 2010. Due to the mounting debt crisis, African countries risk losing a decade of development progress. Debt service now averages around 10.6% of Africa's GDP, compared to 6% for health spending. Highly indebted African countries face stark trade-offs between servicing expensive debt, supporting growing development needs, and stabilizing domestic currencies.

The "Stop the Bleeding" campaign is a significant step towards halting the haemorrhage of resources that undermine economic stability and growth in African countries. This campaign also

advocates for the respect of economic, social, and cultural rights, promoting sustainable and inclusive development.

The campaign aims to increase awareness among stakeholders about debt and development issues, including the intersection of debt, development, and gender justice in Zambia. By fostering greater understanding, we aim to build a coalition of informed and motivated stakeholders ready to drive change.

Furthermore, the campaign seeks to promote dialogue among stakeholders to develop and advocate for gender-responsive policies and strategies for sustainable and inclusive development. It is crucial that our policies consider the needs and rights of all, especially women and marginalized communities, who are often most affected by economic inequalities.

The campaign will also raise awareness and fight against resource haemorrhage due to debt repayments and illicit financial flows. This includes advocating for greater transparency and accountability in the management of public resources, ensuring that borrowed funds are effectively used for national development.

The launch of this campaign in Zambia is a clarion call to action. It aims to rally Zambians, government officials, civil society organizations, the private sector, and international partners to work together to stop the outflow of resources from our country. United, we can ensure a brighter and more prosperous future for Zambia.

The "Stop the Bleeding" campaign is therefore a vital initiative that will advance sustainable and inclusive development, prioritizing the needs and rights of women and marginalized communities in Zambia. We urge all stakeholders to support and actively participate in this campaign to halt the haemorrhage of our national resources. Together, we can "Stop the Bleeding" and build a thriving Zambia where every kwacha is utilized to improve the lives of our people and drive our nation forward.

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**CSO Debt Alliance and AFRODAD**