

**SUBMISSION TO THE COMMITTEE ON CABINET AFFAIRS:
REVIEWING THE OPERATIONS OF THE FINANCIAL INTELLIGENCE CENTRE (FIC)**

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1. Background

ActionAid Zambia submits this paper to support the Committee on Cabinet Affairs in its review of the operations of the Financial Intelligence Centre (FIC). The submission assesses the adequacy of the legal and policy framework, institutional coordination, operational effectiveness, and emerging challenges and opportunities, using a governance, human rights, and development lens.¹

1.1 About ActionAid

ActionAid Zambia (AAZ) is a part of the ActionAid Global (AAG) Federation, sharing common values and aims to drive social change towards a just, equitable, and sustainable world. The ActionAid Federation builds the active agency of people living in poverty, their organisations, and movements, to address the structural causes of social injustice, gender inequality, and poverty. This is in line with the United Nations' Sustainable Development Goals (SDGs), which have identified the importance of addressing poverty and inequality.

1.2 Vision

Our vision is to have a just, equitable, and sustainable Zambia in which every person enjoys freedom from poverty and oppression for the enjoyment of their right to a life of dignity.

1.3 Mission

Our mission is to promote social justice, gender equality & poverty eradication for the people living in poverty, exclusion, and marginalised in society by working with the people living in poverty, their communities, organizations, activists & social movements for a just, sustainable Zambia.

2. Introduction

As an organisation working to promote social and economic justice, ActionAid Zambia is deeply concerned that corruption, money laundering, tax abuse, and broader illicit financial flows are eroding domestic revenues needed to finance quality public services for poor and marginalised communities. Evidence from national budget trends shows persistent financing gaps for basic public services and social protection, even as leakages and illicit outflows persist in the wider economy. These challenges disproportionately affect women, young people, and marginalised communities. Strengthening financial integrity institutions, such as the FIC, is therefore critical to inclusive and sustainable development

This submission responds to the Committee on Cabinet Affairs' call for inputs on the review of the operations of the Financial Intelligence Centre (FIC), focusing on

the adequacy of the legal and policy framework, inter-agency coordination, operational effectiveness, and key challenges and opportunities. It uses a human-rights and governance lens to demonstrate why a strong, independent, and well-resourced FIC is vital for protecting citizens' rights and broader sustainable development.

2.1 Policy Framework

Zambia's anti-money laundering and counter-terrorist financing (AML/CFT) framework is anchored in the Financial Intelligence Centre Act No. 46 of 2010, as amended by the Financial Intelligence Centre (Amendment) Act No. 16 of 2020. The framework is complemented by the Prohibition and Prevention of Money Laundering Act No. 14 of 2001 (as amended), the Anti-Terrorism and Non-Proliferation Act No. 6 of 2018, the Banking and Financial Services Act No. 7 of 2017, and the Companies (Amendment) Act No. 11 of 2021, among others.¹²³

Collectively, these instruments seek to align Zambia with the Financial Action Task Force (FATF) Recommendations, particularly with respect to beneficial ownership transparency, politically exposed persons, risk-based supervision, and international cooperation.⁸

2.2 Implementation Challenges and Opportunities

Despite a relatively comprehensive legal framework, implementation has been uneven and often constrained by limited capacity, weak inter-agency coordination, and political interference, especially where financial crimes involve politically exposed persons or powerful economic actors.¹³ Sanctions for non-compliance by reporting entities are not always applied consistently, and gaps in beneficial-ownership transparency and cross-border cooperation continue to enable complex schemes that divert public resources away from essential public services.

There are, however, important opportunities to deepen implementation, including ongoing public-financial-management reforms, digitalisation of government systems, and growing public awareness of the costs of corruption on everyday services and livelihoods. Civil-society organisations, professional associations, media, and community-based structures are increasingly vocal about budget leakages and misallocation, creating a supportive environment for stronger AML/CTF enforcement and transparent FIC reporting.

2.3 Our Approach

This submission combines policy analysis with evidence from community-level work and social-justice programming to assess how FIC operations can better support pro-poor development outcomes. The analysis draws on national statistics,

independent budget tracking, and international human-rights and governance reports to link financial-integrity issues with access to basic services, equity, and poverty reduction.

ActionAid Zambia adopts a human-rights-based and gender-responsive approach, which foregrounds transparency, participation, accountability, non-discrimination, and access to information as core principles for both financial-integrity institutions and wider public-sector governance. The recommendations, therefore, focus not only on technical AML/CTF compliance but also on how FIC operations can be leveraged to protect and expand fiscal space for inclusive, quality public services and social protection.

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3. Analysis

3.1. Adequacy of the FIC's Legal and policy framework in line with international money laundering and counter-terrorist financing standards

The Financial Intelligence Centre Amendment Act No 16 of 2020 provides a foundation for collecting, analysing, and disseminating financial intelligence, but it does not fully embed global standards on beneficial-ownership transparency, politically exposed persons, and risk-based oversight of non-financial businesses and professions. Financial Intelligence Centre Act No 46 of 2010, Zambia. International assessments of Zambia's AML/CTF framework have highlighted residual gaps in identifying ultimate beneficial owners, monitoring cross-border transactions, and ensuring that sanctions for non-compliance under the Prohibition and Prevention of Money Laundering Act No. 14 of 2001 and related laws are sufficiently dissuasive

National fiscal and development reports show that while there have been efforts to expand social and economic investments, funding for critical programmes remains under pressure, illustrating how illicit financial flows indirectly constrain financing for essential services and infrastructure. Ministry of Finance and National Planning, Economic Report (GRZ, Lusaka, year). International human-rights and development agencies have underscored the need for increased, predictable domestic funding to achieve inclusive and equitable development outcomes, reinforcing the importance of a robust FIC in protecting revenues from leakage and diversion.

3.2. Extent of inter-agency coordination and stakeholder collaboration with law enforcement, regulators, and financial institutions

The FIC works alongside law-enforcement agencies, regulators, and supervisory authorities, but coordination is often ad hoc, with variable feedback on disseminated intelligence and inconsistent follow-through toward investigation,

prosecution, and asset recovery. Absence of clear timelines and performance obligations for recipient agencies under frameworks such as the Anti-Corruption Act No. 3 of 2012 and sectoral mandates weakens the overall impact of FIC work and fuels public perceptions that “nothing happens” after suspicious-transaction reports are filed.

Stakeholder engagement with broader governance actors remains limited, even though leakages in payrolls, procurement contracts, and public-investment projects are manifestations of money-laundering or corruption risks. Trade unions, professional bodies, oversight commissions, and local governance structures hold rich information about irregular recruitment, ghost workers, and procurement anomalies that could inform FIC risk assessments if structured collaboration channels were created.

3.3. Effectiveness of the FIC in detecting, analysing, and reporting financial crimes, including money laundering, terrorist financing, and illicit financial flows

The FIC’s annual trends reports have demonstrated its capacity to identify patterns of suspicious activity, including in public procurement, extractive sectors, and politically exposed persons’ transactions, yet resource and capacity constraints limit the depth and timeliness of analysis. Delays in access to comprehensive financial and ownership data, as well as limited analytical tools, make it difficult for the FIC to keep pace with increasingly sophisticated laundering schemes and digital financial services.

Community case studies from marginalised urban and rural areas show how misappropriation of public funds and corrupt procurement directly translate into poor service delivery, inadequate infrastructure, and reduced access to basic services, reinforcing cycles of poverty and exclusion. When FIC intelligence is not swiftly translated into prosecutions and asset recovery by agencies enforcing the Penal Code Act, Chapter 87, the Anti-Corruption Act No. 3 of 2012, and other laws, communities experience a sense of impunity that undermines trust in state institutions and discourages citizens and front-line workers from reporting suspected wrongdoing.

3.4. Challenges and Opportunities affecting FIC's effectiveness

Challenges	Opportunities
Political interference and public attacks on the FIC, including attempts to curtail or discredit its trends reports, undermine institutional independence and deter robust analysis of high-risk cases involving politically connected actors. ³	Ongoing public-finance and digital-governance reforms, including e-procurement, electronic payroll systems, and digital tax administration, provide opportunities for the FIC to access richer datasets and improve real-time detection of anomalies

Inadequate funding, skills shortages, and outdated ICT systems limit the FIC's ability to undertake proactive, data-driven analysis and to integrate data from multiple agencies, such as tax authorities, procurement systems, and company registries. ³	Growing civic engagement through CSOs, trade unions, faith-based organisations, professional associations, and community structures creates openings for collaborative monitoring of public resources and local projects, generating information that can complement formal FIC intelligence
Weak whistle-blower and witness protection frameworks, coupled with low public awareness, discourage public servants, private-sector employees, and community members from reporting suspicious patterns in contracts, revenues, or public-spending programmes	International cooperation frameworks and technical-assistance initiatives on AML/CTF and tax justice can support capacity-building, technology upgrades, and peer learning if Zambia commits to implementing recommendations and transparently reporting progress. ³

4. Recommendations on the way forward

Based on the analysis above, we have the following recommendations

1. Vetting applicant procedures, including preventing suspected criminals and their associates from holding an interest;
2. Increasing licensing and application fees and capital requirements so as to deter the proliferation of casinos;
3. Setting up a government agency mandated with the prudential and AML/CFT supervision of the casinos and gaming sector.
4. Fully align national laws with FATF standards, including strong provisions on beneficial-ownership registers, politically exposed persons, and risk-based regulation of non-financial businesses and professions, by revising the Prohibition and Prevention of Money Laundering Act No. 14 of 2001, the Anti-Terrorism
5. Establish formal coordination frameworks (MoUs, joint task forces, and standard operating procedures) between the FIC, law-enforcement agencies, regulators, revenue authorities, procurement entities, and key oversight institutions
6. Explicitly integrate anti-corruption and AML/CTF objectives into national development plans, sector strategies, budgeting, and monitoring, with indicators tracking how recovered assets and reduced leakages expand access to essential public services

7. Use national statistics and international human-rights and development reports to publicly demonstrate how improved financial integrity can translate into better infrastructure, expanded social protection, decent jobs, and reduced inequality, thereby building public support for a strong FIC

5. Conclusion

In conclusion, ActionAid Zambia emphasises that a strong, independent, and well-resourced Financial Intelligence Centre is not only a technical requirement for AML/CTF compliance but also a critical instrument for protecting social and economic rights and advancing inclusive development.¹ By closing legal gaps, deepening coordination, investing in capacity, and grounding FIC operations in a human-rights and development framework, Parliament can help ensure that Zambia's resources are used to fund public services, infrastructure, and social protection rather than being lost to corruption and illicit financial flows.⁵

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1. ⁱ Financial Intelligence Centre Act, No. 46 of 2010 (assented 24 November 2010).
 2. Financial Intelligence Centre (Amendment) Act, No. 16 of 2020.
 3. Prohibition and Prevention of Money Laundering Act, No. 14 of 2001 (as amended).
 4. Anti-Terrorism and Non-Proliferation Act, No. 6 of 2018.
 5. Banking and Financial Services Act, No. 7 of 2017.
 6. Companies (Amendment) Act, No. 11 of 2021.
 7. Financial Action Task Force (FATF) Recommendations (2012, updated 2024).
 8. Zambia Mutual Evaluation Report (MER), ESAAMLG/FATF (adopted June 2019).
 9. Anti-Corruption Act, No. 3 of 2012 (commenced 16 April 2012).
 10. Penal Code Act, Chapter 87 of the Laws of Zambia.
 11. Ministry of Finance and National Planning, Zambia Economic Report (latest available).
 12. United Nations Sustainable Development Goals (SDGs), particularly Goals 1, 10, 16.
 13. FIC Annual Trends Reports (e.g., 2024 edition on suspicious transactions).
 14. ActionAid Zambia community case studies on public fund misappropriation (2025).
 15. GRZ National Budget Trends, showing financing gaps for social services (2020-2025).