



## **INTRODUCTION**

The Extractive Industries Transparency Initiative (EITI) is a global standard that promotes good governance in the management of oil, gas and mineral resources. In each of the 57 EITI implementing countries across the globe, EITI is implemented by three (03) stakeholders, namely government, private companies and civil society organizations.

Zambia has been implementing the EITI since 2009. The implementation of the EITI in Zambia seeks to strengthen transparency and accountability in the mining sector through regular publication of taxes paid by the mining companies and revenue collected by the government. The implementation of the EITI in Zambia started in 2009, with the country being declared fully compliant to the EITI in September 2012.

## **FUNCTIONS OF ZEITI SECRETARIAT**

The Zambia Extractive Industries Transparency Initiative (ZEITI) produces annual reports which disclose payments by extractive companies in the form of audited accounts on taxes and other payments made to the Government and Government Agencies as well as payments received by Government agencies from extractive companies. To date fifteen (15) annual EITI Reports have been produced covering the period from 1 January 2008 until 31 December 2022.

The ZEITI Secretariat aims at bridging the perceived information gap among the major stakeholders in Zambia's extractive sector, inform public debate on issues in the mining sector as well as provide technical support towards policy formulation.

## **PROGRAMME PERFORMANCE AGAINST SET TARGETS**

The work plan in 2023 was re-oriented to move towards the mainstreaming of EITI implementation. The re-orientation also included a deep soul searching in terms of how the EITI implementation could be sustained in view of the funding constraints towards the production of the EITI reports.

The following below provides a brief narrative of the activities undertaken in 2023.

### **1.0 2022 ZEITI REPORT**

During the year under review, the ZEC agreed to produce the 2022 ZEITI report under the flexible reporting mechanism as approved by the EITI International Board.

According to the data collected from Government Agencies, revenue generated from the extractive sector totalled ZMW 44.4 billion against ZMW 38.98 billion in 2021 after the reconciliation work. This revenue includes dividends and other investment income of ZMW 4 , 354 million (2021, ZMW 2,242 million) collected by ZCCM-IH and IDC from their

subsidiaries which operate in the mining sector, as well as social payments of ZMW 267 million (2021, ZMW 27 million) paid by companies, while payments to the Environmental Protection Fund (EPF) amounted to ZMW 18.8 million (2021, ZMW 0.3 million).

The extractive revenues collected by the government in 2022 amounted to ZMW 39,818 million. These revenues include the tax and non-tax payments received by the government agencies and the dividends received by the Ministry of Finance.

According to the data provided by the government agencies and ZCCM-IH, the dividends and interest received by the SOE amounted to ZMW 4,301 million while the transfers of tax and non-tax payments amounted to ZMW 107 million.

The contribution of the extractive sector to the Gross Domestic Product (GDP) reduced by 3% and its contribution to Exports reduced by 5%. The domestic revenue increased by 5% 2022.

### **Copper**

Production of copper decreased by 5.0 percent to 763,550 Mt in 2022 from 803,747 Metric tonnes in 2021 (see Figure 2-2). This was largely driven by low-ore grade and operational challenges at some major mining houses. Copper production by small scale miners, however, increased by 18.7 percent to 31,591 Metric tonnes in 2022 from 26,610 Metric tonnes in 2021.

This was underpinned by increased production activities at mine tailing dumps.

### **Gold**

Gold production in 2022 decreased by 18.0 percent to 2,945 kgs from 3,599 kgs in 2021 due to low-ore grade and suspension of operations at gold mines.

### **Cobalt**

In 2022, cobalt production increased by 4.7 percent to 251.8 Metric tonnes from 240.4 Metric tonnes in 2021 (see Figure 2-4). The increase in production was on account of a marginal increase in cobalt content in the copper ore.

### **Nickel**

Nickel production in 2022 increased by 5.9 percent to 4,059 Metric tonnes from 3,834 Metric tonnes in 2021 (see Figure 2-5). This was mainly attributed to increased production on account of higher prices.

### **Industrial metals**

#### **Coal**

Coal output in 2022 increased by 24.1 percent to 823,450 Metric tonnes compared to 663,345 Metric tonnes in 2021 (see Figure 2-6). The increase was mainly attributed to the coming on board of two companies which commenced production during the year under review.

#### **Emerald**

Total output of gemstones increased by 73.9 percent in 2022 to 22,381 kgs from 12,871 kgs produced in 2021 (see Figure 2-7). This was attributed to an increase in production as most mines recovered from the disruptions in operations caused by the COVID-19 pandemic and the coming on board of a new mine.

### **Manganese**

During the period under review, manganese production increased by 22.2 percent to 161,611 Metric tonnes from 132,241 Metric tonnes in 2021 (see Figure 2-9). The increase in production was mainly on account of new processing plants which opened in 2022.

### **Cement**

Cement production fell by 16.8 percent in 2022 to 2,271,770 Metric tonnes from 2,732,013 Metric tonnes (see Figure 2-8). The reduction was mainly attributed to the low demand as the construction contracted due to slow down in public infrastructure and mining projects.

### **Exports**

The Export data has been collected from the 2022 Bank of Zambia Annual Report and from the Ministry of Finance 2022 Economic Report. The table below shows the export quantities and values. Exports may include metals not produced in Zambia, for example, copper concentrates produced in Democratic Republic of Congo but smelted in Zambia and added to metal exported from Zambia.

## **2.0 Beneficial Ownership**

During the year under review, the ZEITI in collaboration with the Centre for Private International Enterprise (CIPE), Transparency International Zambia (TI-Z), Open Ownership (OO), and the Patents and Registration Agency (PACRA) convened a high level panel round table meeting to discuss opportunities and challenges of Beneficial Ownership Transparency reforms in Zambia.

The event also included panel discussion that focused on unpacking the challenges and opportunities of engaging the private sector in BO transparency.

The panel discussion built on an earlier engagement with the private sector through the Opening Extractives Programme which conducted a series of closed-door meetings with business representatives. The meeting was convened as part of meeting which preceded the Summit for Democracy.

Zambia co-hosted the Summit for Democracy, jointly with Costa Rica, the Republic of Korea, and the United States of America. In Lusaka, both government and civil society organized a range of conversations diving into important issues such as electoral integrity, the role of youth and women in politics, and freedom of the media in Zambia and across the continent."

## **3.0 Disclosure of data on the G-Factor of mining companies**

During the year, the ZEITI commenced collecting data for the calculating of the G-Factor of mining companies that are in the scope of the EITI reporting process. The G-Factor is a metric that is used to calculate the average contribution of Mining companies towards revenue based on selected revenue streams. In the case of Zambia, three revenue streams are used, i.e., Mineral Royalty, Company Income Tax, and Dividends.

The reporting of the G-Factor metric is part of the efforts that are being undertaken to analyze the data that is being disclosed through the EITI to contribute towards informed public debate. A sample template for calculating the G-Factor is attached for reference only.

#### **4.0 Transparency on Power Purchase Agreements**

During the year under review, the ZEITI Secretariat together with the Energy for Growth Hub, Transparency International Zambia Chapter (TIZ), and the Centre of Trade Policy and Development (CTPD) engaged the Energy Regulation Board to understand the current landscape regarding the Power Purchase Agreements that are being signed by the Government especially in the renewables sector.

This is in line with the new focus by the EITI which has commenced work in the renewables sector. A call to action policy document is currently being drafted under the auspices of the EITI International Secretariat together with other stakeholders on matters related to transparency in the renewables sector. The policy document will be launched at the COP 28 in Dubai in November, 2023.

#### **5.0 EITI GLOBAL CONFERENCE**

The Extractive Industries Transparency Initiative (EITI's) flagship Global Conference gathered more than 1,500 stakeholders to take stock of progress in publishing and using open data to inform decision-making, analysis and public debate on accountable natural resource management. Marking the EITI's 20th anniversary, the conference celebrated achievements in natural resource transparency and multi-stakeholder dialogue, while also looking to the future to consider how the EITI should adapt to a changing energy landscape and growing demand for an open and accountable resource sector.