



**Zambia Extractive
Industries Transparency
Initiative (ZEITI)**

Final Report
December 2023

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LIST OF ABBREVIATIONS

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BLL	Blood Lead Level
BoZ	Bank of Zambia
CEP	Copperbelt Environmental Project
CIT	Corporate Income Tax
DA	Development Agreement
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EITI	Extractive Industries Transparency Initiative
EPF	Environmental Protection Fund
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GRZ	Government of the Republic of Zambia
GSD	Geological Survey Department
ICMM	International Council of Mining and Metals
IDC	Industrial Development Corporation
INTOSAI	International Organization of Supreme Audit Institutions
ISA	International Standards on Auditing
ITA	Income Tax Act
KCM	Konkola Copper Mines
LuSE	Lusaka Stock Exchange
MLC	Mining License Committee
MMMD	Ministry of Mines and Minerals Development
MoFNP	Ministry of Finance and National Planning
MoL	Ministry of Lands
MoLGH	Ministry of Local Government and Housing
MSD	Mine Safety Department
MSG	Multi-Stakeholder Group
Mt	Metric tons
MTEF	Medium Term Expenditure Framework
NAPSA	National Pension Scheme Authority
OAG	Office of the Auditor General
PAC	Public Accounts Committee
PACRA	Patents and Companies Registration Agency
PFM	Public Financial Management
SEC	Securities and Exchange Commission
SI	Statutory Instrument
SoE	State Owned Enterprise
SWF	Sovereign Wealth Fund
TPIN	Taxpayer Identification Number
US\$	United States dollar
VAT	Value Added Tax
WHT	Withholding Tax
ZCCM- IH	Zambia Consolidated Copper Mines - Investment Holdings Plc
ZCM	Zambia Chamber of Mines
ZEC	Zambia EITI Council
ZEITI	Zambia Extractive Industries Transparency Initiative
ZEMA	Zambia Environmental Management Agency
ZICA	Zambia Institute of Chartered Accountants
ZMERIP	Mining and Environmental Remediation and Improvement Project
ZMW	Zambian Kwacha
ZRA	Zambia Revenue Authority

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1 INTRODUCTION

1.1 *Background*

The Extractive Industries Transparency Initiative (EITI) is a global coalition of governments, companies and civil society groups working together to improve transparency and accountability in the management of revenues from natural resources. The mission of EITI is to promote understanding of natural resource management, strengthen public and corporate governance and accountability, and provide the data to inform policy making and multi-stakeholder dialogue in the extractive sector.

EITI issued a new global standard for transparency in the oil, gas, and mining sectors in June 2019 (the “EITI Standard”). EITI principles are based on the belief that prudent use of natural resources contributes to economic growth, sustainable development, and reduction of poverty in resource-rich countries. The EITI holds all implementing countries to the same global standard.

On 12 June 2023, The EITI launched an amended EITI Standard. The new standard includes several new and refined provisions to strengthen EITI disclosures and governance. The standards have evolved to respond to stakeholder needs and changing global context

The main changes are the following:

- Anti-corruption -reporting on these measures for companies and countries
- Energy transition- disclosures and public debate on energy transition (policies etc)
- Gender social and environmental issues
- Revenue collection (not entirely new) but refined provisions for comprehensive and detailed disclosures

Zambia will be assessed as a country against these standards with effect from 1 January 2025.

Zambia joined EITI as a candidate on 15 May 2009 and became fully compliant with the EITI 2011 Standard on 19 September 2012. Zambia EITI (ZEITI) has been using the EITI process and data disclosures to inform discussions on the mining fiscal regime and benefit sharing. ZEITI has also been working to inform regulatory reform and improving the underlying procedures for monitoring production and export data from extractive industries.

As required by the EITI Standard, a Multi-Stakeholder Group (MSG) oversees ZEITI implementation. It consists of 18 members from three sectors: government, industry and civil society. To date fourteen (14) annual EITI Reports have been produced covering the period from 1 January 2008 until 31 December 2021. The list of reports issued is under the Zambia EITI website. This report is the fifteenth EITI report, covering the period from 1 January to 31 December 2022.

1.2 *Objective*

The purpose of this report is to provide extractive sector information through the Zambia EITI Council (ZEC) covering the period 1 January to 31 December 2022, in accordance with the 2019 EITI Standard and the Terms of Reference. The aim of the report is to provide an overview of the extractive industries and provide findings and recommendations that can contribute to public debate on governance in Zambia’s mining sector.

The secondary objective of the report is to reconcile the data provided by extractive companies (hereafter referred to as “mining companies” or “companies”) with the data provided by relevant Government Agencies. The reconciliation exercise is to assist the Government of the Republic of Zambia (GRZ) in identifying the positive contribution that mineral resources make to the economic and social development of the country and to realise their potential through improved resource governance that encompasses and fully implements the requirements of the EITI Standard.

1.3 *Scope of the report*

This report covers payments made by companies and revenues received by Government Agencies and other material payments and benefits to Government Agencies for the period 1 January to 31 December 2022. The Report also covers mining production, exports, sales, social payments and loans provided to mining companies. The amounts in this report are stated in Zambian Kwacha (ZMW) unless otherwise stated.

The report includes information received up to 20 November 2023. Any information received after this date has not, therefore been included in this Report.

1.4 *Nature and extent of our work*

We have performed our work in accordance with ISRS 4400 (Engagements to perform agreed upon procedures regarding Financial Information). The procedures performed were those set out in the terms of reference as set out in the annex 5.

The reconciliation procedures carried out were not designed to constitute an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements and as a result we do not express any assurance on the transactions beyond the explicit statements set out in this report. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.



2 EXECUTIVE SUMMARY

This report summarises information about the reconciliation of fiscal and non-fiscal revenues from the extractive sector in Zambia as part of the implementation of the EITI. In this context, extractive companies and Government Agencies report payments and revenues, respectively. In addition, this report includes a reconciliation of revenues collected by the State-Owned Company “ZCCM-IH” from companies and the cash flows contributed by ZCCM-IH to the state budget.

During 2022, the mining sector remained the country’s major productive industry with remarkably high contribution in exports and investment, its contribution to the country’s employment remains low.

2.1 Revenue generated from the extractive industry

The receipts reported by the government agencies, the extractive companies and ZCCM-IH in 2022 after reconciliation, were as follows:

2.1.1 Payment made by the extractive companies and ZCCM-IH in 2022

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).

Table below sets out the variances in the sector revenues.

Table 1: Payments made by the extractive companies and ZCCM-IH in 2022 and 2021

Payments	ZMW Million		
	2022	2021	Variance
Total payments	44,361	38,992	5,369
Payments to Government Agencies	39,395	36,442	3,002
Tax paid to ZRA (including mineral royalties)	39,350	36,373	3,026
Royalties, fees and charges paid to MMMD	40	61	(21)
Payments to Petroleum Unit	-	4	(4)
Ground rents and other payments to MoL	5	4	1
Dividends paid to ZCCM-IH	4,301	942	3,359
Price participation fees paid	0	206	(206)
Dividends paid by Kansashi Mine Plc	4,301	736	3,565
Dividends paid by ZCCM-IH	53	1,300	(1,247)
Dividends paid to IDC	27	0.03	27
Dividends paid to MoFNP	26	1,300	(1,274)
Social payments	267	27	240
Fees and levies paid by Local Councils	326	281	45
Payments to EPF	19	0.3	19

2.1.2 Government revenues from extractive sector in 2022

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.

Table 2: Government revenues from extractive sectors in 2022 and 2021

Total Extractive Revenues	ZMW million		
	2022	2021	Variance
Total Tax Revenue	28,700	23,622	5,078
Import VAT(*)	1,568	2,282	(714)
VAT(**)	(383)	9,888	(10,271)
Pay as You Earn	2,438	2,920	(482)
Company Income Tax	11,220	12,700	(1,480)
Other taxes	13,857	(4,168)	(18,025)
Total Non-tax Revenue	15,394	15,337	57
Fees and charges collected by MMMD	59	61	(2)
Fees and charges collected by Petroleum Unit	-	4	(4)
Fees and charges collected by MoL	5	4	1
Dividends collected by MoFNP	26	1,300	(1,274)
Mineral Royalties collected by ZRA	10,650	12,749	(2,099)
Dividends collected by ZCCM-IH	4,301	942	3,359
Dividends and Other Revenues from IDC Shares	27	-	27
Fees collected by local council	326	281	45
Total Domestic Revenue	44,094	38,973	5,121

(*) Import VAT is paid to the customs at the point of entry of goods into Zambia. Import VAT and the VAT paid by the mining companies on their local supplies are claimable in accordance with the conditions of the VAT Act. According to section 19 (2) of the VAT Act, "where, in respect of a particular prescribed accounting period, a registered supplier's allowable credit exceeds what would have been his tax liabilities, if any, for the period, the Commissioner General shall, within twenty-one days after the end of the quarter that includes the last day of that period, or Receipt of the last outstanding tax return due for any prescribed accounting period falling within the quarter

Whichever is later, remit to him the amount to which he stands in credit by reason of

(**) VAT includes VAT paid by the companies at the moment of submitting the monthly VAT returns and the VAT withheld by the mining companies from the suppliers and reversed to ZRA in application of the VAT Act amendment of January 2017.

Table 3: VAT Refunds 2022 and 2021 for the In-scope companies

No.	Companies	VAT refunded in 2022 (Cash and /Offsets) ZMW million	VAT refunded in 2021 (Cash and /Offsets) ZMW million
1	Chambishi Copper Smelter Limited	6,916	1,084
2	Kansanshi Mining Plc	1,823	1,377
3	Konkola Copper Mines Plc	5,679	-
4	Mopani Copper Mines Plc	5,133	449
5	FQM Trident Limited	1,779	31
6	CNMC Luanshya Copper Mine Plc	1,063	242
7	First Quantum Mining & Operations Limited	1,022	3,119
8	Lumwana Mining Company Limited	1,080	-
9	NFC Africa Mining Plc	802	-
10	Lubambe Copper Mines Limited	180	-
11	Kagem Mining Limited	16	451
12	Chilanga Cement Plc.	-	1
13	ZCCM-IH	-	8
Total		25,493	6,762

2.1.3 Payment received and transfers made by ZCCM-IH in 2022

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.

Table 4: Receipts and Transfers made by ZCCM-IH in 2022 and 2021

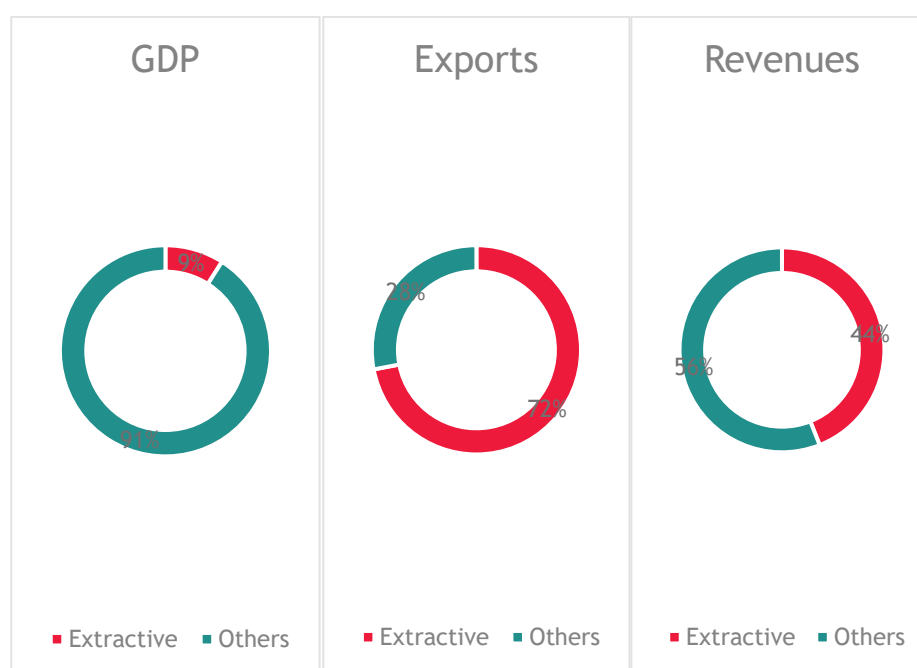
Detail	2022 ZMW Million	2021 ZMW Million
Payments received by ZCCM-IH	4,301	2,243
Dividends and interest received from extractive companies	-	942
Price participation fees received from Kansanshi Copper Mine	-	-
Price participation fees received from Konkola Copper Mine	-	206
Dividends by Kansanshi Mining Plc	4,301	736
Dividends received from non-extractive companies		-
Dividends paid by Copperbelt Energy Corporation	-	-
Transfers made by ZCCM-IH	53	1,359
Dividends Transferred	-	1,300
Dividends paid by IDC	27	0
Dividends paid by MoFNP	26	1,300
Tax and non-tax payments	54	59
Taxes paid to ZRA	49	51
Royalties, fees and charges paid to MMMD	5	8
Ground Rent and other payments to Local Councils	0	-
Payments to MoL	-	-
Payments to EPF	-	-

2.2 Contribution to the economy

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.

Table 5: Contribution of the extractive sector to the Zambian Economy

Item	2022	2021	Variance
GDP	9%	12%	(3%)
Exports	72%	77%	(5%)
Revenues	44%	39%	5%



2.3 Production and exports

2.3.1 Production

Base and precious metals

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

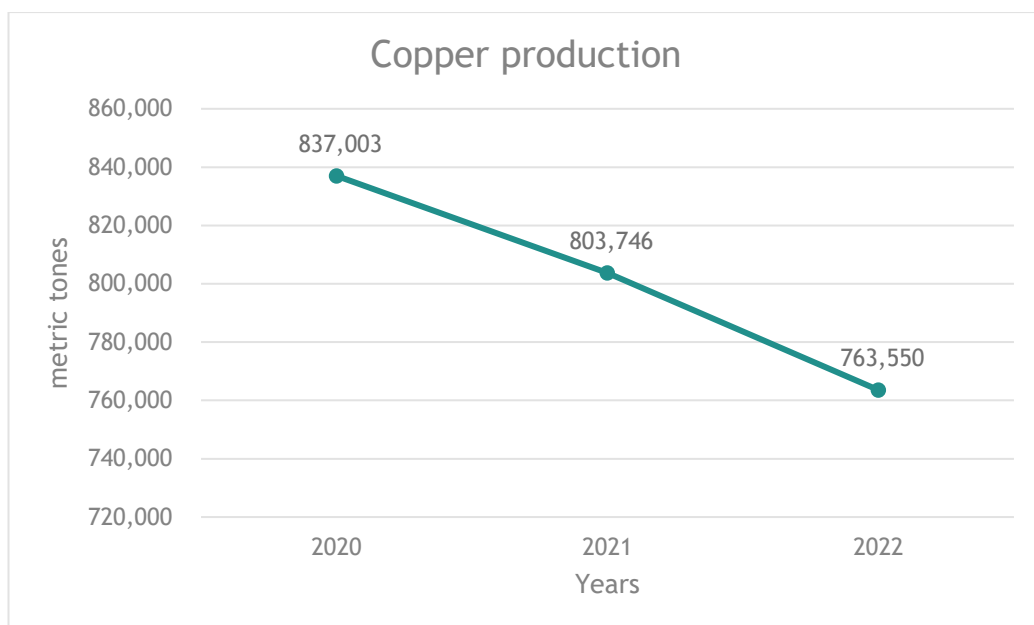
In 2022, cobalt production increased by 4.7 percent to 251.8 Metric tonnes from 240.4 Metric tonnes in 2021 (see Figure 2-4). The increase in production was on account of a marginal increase in cobalt content in the copper ore.

Nikel

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.

Table 6: Production of base and precious metals in 2022

Period	Commodity	Unit	Production Quantity	Unit Value US\$	Production value (US\$ Million)
2022	Copper	Metric Tonnes (Mt)	763,550	8,822	6,736
	Gold	Ounces	103,884	1,802	187
2021	Copper	Metric Tonnes (Mt)	803,746	9,253	7,437
	Gold	Ounces	127,656	1,738	222



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.

Table 7: Production of Industrial metals and precious stones in 2022

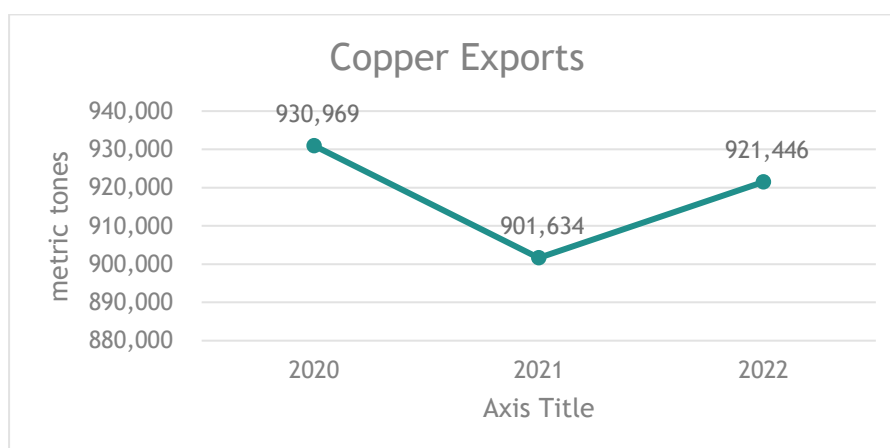
Commodity	Unit	Production quantity	Unit Value US\$	Production Value US\$ million
Coal	Metric tonne (Mt)	823,450	344.9	284
Emerald	Kg	22,381	10,087.53	226
Manganese	Metric tonne (Mt)	161,611	1,680	271
Cement	Kg	2,271,770	0.13	0.3

2.3.2 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.

Table 8: Exports of base, precious and industrial metals in 2022

Commodity	Year	Unit	Volume	Export Value US\$ Million
Copper	2022	Mt	921,446	8,129
	2021	Mt	901,634	8,929
Cobalt	2022	Mt	-	-
	2021	Mt	161.2	5
Gold	2022	Ounces	103,781	187
	2021	Ounces	120,144	209.2



The table below summarises the evolution of the average realised price per commodity between 2022 and 2021.

Table 9: Evolution of the average realised price per commodity between 2022 and 2021

Commodity	Unit	2022	2021	Variance
Copper	US\$/Mt	8,822	9,253	(431)
Gold	US\$/Ounce	1,802	1,738	64



2.4 Reporting and reconciliation results

2.4.1 In-scope reporting entities and payment flows

The ZEITI Council agreed to select companies making payments above ZMW 100 million to Government Agencies in 2022. These companies report over 95% of the total revenue collected by the Government Agencies operating in the mining sector. Accordingly, 14 companies were selected for the reconciliation scope. The list of these companies is presented in section 3.1.2.2.

ZEC decided to adopt a mixed approach where only the risky revenue streams required reconciliation. These revenue streams were selected using the risk-based approach. This means that only revenue streams that have previously provided huge discrepancies were reconciled to ascertain whether the recommendations in the 2021 ZEITI report have been addressed by the respective reporting agency. Accordingly, only VAT, Withholding VAT, Import VAT, Mineral royalty, and CIT were included in the reconciliation scope. The remaining payment streams are unilaterally reported by the Government Agencies. The list of these payment streams is presented in Section 3.1.2.2.

2.4.2 Data Collection

All companies and Government Agencies included in the reconciliation scope submitted their reporting templates. Details of submission of the reporting templates by reporting entity are set out in Annex 4 of this report.

2.4.3 Data Assurance

In order to ensure the credibility of data submitted, we adopted the following approach in the preparation of the 2022 EITI Report:

- each company “Reporting Template” was signed by a Board level or senior level manager;
- each Government Agency “Reporting Template” was signed by a senior official;
- all figures reported in the “Payment/Receipt Flow Template” were detailed payment by payment and date by date in the supporting schedule.

2.4.4 Data Reconciliation

The coverage of the reconciliation can be presented as follows:

Table 10: Coverage of the 2022 reconciliation exercise

	Total Payments ZMW Million	%
Payments in reconciliation scope	39,680	89
Payments unilaterally disclosed	4,681	11
Total revenues collected by government agencies and local councils	44,361	100%

Table 11: 2022 Reconciliation results

Aggregated payments	Initial reporting ZMW Million	Resolved discrepancies ZMW Million	Adjusted reporting ZMW Million
Companies	38,290	1,438	39,728
Governments	39,534	146	39,680
Discrepancy	1,244		48
%	3.5%		0.13%

The detailed results of the reconciliation exercise per company are presented in the following table with post reconciliation differences noted between amounts reported as paid by the in-scope extractive companies and amounts reported as received by government agencies.

Table 12: 2022 Reconciliation results by Company

No	Company	Extractive Company ZMW Million	Government ZMW Million	Difference ZMW Million
1	Kansanshi Mining Plc	15,133.57	15,133.57	-
2	Konkola Copper Mines	1,331.64	1,331.64	-
3	Lumwana Mining Company Ltd	4,235.27	4,216.69	18.57
4	Mopani Copper Mines	1,365.74	1,365.71	-
5	FQM Trident Ltd	8,659.17	8,659.48	-
6	FQM Operations	1,255.38	1,231.35	24.03
7	Chambishi Copper Smelters	2,826.01	2,825.33	0.68
8	ZCCM Investments Holdings	47.13	47.40	-
9	Maamba Collieries	690.71	683.33	7.37
10	NFC Africa Mining	1,859.96	1,860.51	(0.55)
11	Kagem Mining	637.71	638.33	(0.62)
12	CNMC Luanshya	1,686.58	1,686.65	-
	Total	39,728.87	39,679.99	48.87

The detailed results of the reconciliation exercise per revenue stream are presented in the following table with post-reconciliation differences noted between amounts reported as paid by in-scope extractive companies and amounts reported as received by government agencies.

Table 13: Reconciliation results by income stream

No.	Revenue stream	Extractive Company ZMW million	Government ZMW million	Difference ZMW million
1	Pay-As-You-Earn	2,461.59	2,438.03	23.56
2	Company Income Tax (CIT)	11,220.43	11,220.42	(0.01)
3	Withholding Taxes	621.99	624.08	(2.08)
4	Property Transfer Tax	23.65	23.67	(0.02)
5	Mineral Royalty	10,650.77	10,650.08	0.68
6	Import VAT	1,552.26	1,568.35	(16.09)
7	Import/Customs Duty	875.46	838.23	37.23
8	Excise Duty	128.55	123.95	4.6
9	VAT	(382.68)	(383.47)	0.78
10	Withholding VAT (WHVAT)	8,350.84	8,350.63	0.21
	Total payments	35,502.86	35,453.98	48.87

Full reporting and reconciliation results for 2022 can be found in section 3.3 and Annex 12.

The remaining discrepancies amounting to ZMW 48 million represent 0.13% of the revenues reported by government and selected for reconciliation. The reconciled amounts reported by the Government was lower by ZMW 48 million than the reconciled amount reported by companies. This is within the acceptable final reconciliation difference set by ZEC at 1%.

Based on the reconciled results as described above and the matter described in Section 2.3.4 “Data Assurance”, it was concluded that the overall comprehensiveness and reliability of the payments reported by government agencies is nearly satisfactory.

2.5 *Recommendations*

We have outlined the recommendations in section 6 of this report.



3 RECONCILIATION SCOPE AND RESULTS

3.1 Scope of ZEITI report 2022

3.1.1 Sectors covered by the reconciliation exercise

The ZEC set out the reconciliation scope for the EITI reporting of 2022 for the mining sector (including cement) in Zambia. Furthermore, the payments relating to the Oil and Gas were also included in the ZEITI scope through the unilateral disclosure from the Government Agencies.

3.1.2 Scope of reconciliation

3.1.2.1 Scope of payment streams

The EITI Standard defines materiality as follows: “Payments and revenue are considered material if their omission or misstatement could significantly affect the comprehensiveness of the disclosures”.

Overview of payments

According to the above, the agreed perimeter includes 34 revenue streams, 14 extractive companies and 24 Government Agencies.

These revenue streams are listed in the table below:

Table 14: Reconciliation scope for ZEITI Report 2022

Ref	Type of Tax	Description
	<i>MMMD</i>	
1	Application Fees	Fees paid when applying for a prospecting license or mining license.
2	Licence Fees	Fees payable by an applicant of mining rights is granted a mining license or permit.
3	Area Charges	Fees payable by all Extractive Companies to MMMD in order to obtain the appropriate permit to undertake the mining and exploration operations.
4	Valuation Fees	Fees paid for laboratory analysis of mineralogical samples.
5	Commodity royalty	An amount paid by a person resident in the Republic to a non-resident that is computed by reference to the production, profit, or to the value of production from a mineral deposit or other natural resource in the Republic payable under royalty financing but excludes the repayment of the purchase price for the commodity royalty. Any payment of a commodity royalty made by a person resident in Zambia will be subject to withholding tax at the rate of 15%.
6	Environmental Protection Fund	Fee charged to Extractive Companies for environmental rehabilitation purposes.
7	Other fees & charges	To be used by Government Agencies and mining companies in case there were any material receipts or payments not listed elsewhere on the ZEITI template (> ZMW 20 million).
	<i>ZRA</i>	
8	Pay- As-You-Earn	Tax paid by employees on all their emoluments. The employer acts as an agent for the Government and deducts the tax from the employee emoluments which it remits to ZRA.
9	Import VAT	Value Added Tax paid by Extractive Companies on the import of goods into Zambia including imports of minerals and concentrate from other jurisdictions.
10	Mineral Royalty	Mineral Royalty is a payment received as consideration for the extraction of minerals. Holders of the mining rights are liable to mineral royalty on minerals produced under their respective licenses. Calculation of Mineral Royalty is based

Ref	Type of Tax	Description
		on either the norm or gross value of the minerals. For purposes of computing Mineral Royalty, 'gross value' is defined as "the realised price for sale Free on Board at the point of export in Zambia or point of delivery within Zambia." Mineral Royalty payable or paid is a deductible levy for computing company income tax when arriving at the gains and profits of a person carrying on mining operations.
11	Company Income Tax (including Provisional Tax)	All Extractive Companies are taxed on their taxable income which is determined in line with the Zambian Income Tax Act. Income in this case relates to revenue less all tax allowable expenditure. The company tax rates are 30% for mining incomes and 35% for hedging incomes. This also includes the compulsory instalments paid during the year as a provisional tax.
12	VAT	This payment type refers to the net Output VAT payable by the Extractive Companies, after taking into account Input VAT incurred on business purchases and/or business expenditure.
13	Import/Customs Duty	Customs/Import duty is a tax levied on ZRA specified goods imported into Zambia.
14	Withholding Taxes	This is a tax where any person or company making certain payments is required to deduct from such payments and remit to ZRA. The payments that attract WHT include management and consultant fees, commissions, rent dividends and payments to non-resident contractors.
15	Excise Duty	Excise duty is a tax levied on ZRA specified goods imported into Zambia.
16	Property Transfer Tax	This is a tax paid upon the sale or transfer of property by the person selling or transferring the property based on the value of the property. Property in our case refers to land, buildings, shares and mining rights (effective 1 January 2013).
17	Advance Income Tax	A 6% advance income tax is levied on commercial imports, subject ministerial remission. Where paid, this tax may be deducted from the taxpayer's final income tax for the fiscal year.
18	Export Levy	This tax is levied at 15% on precious metals. On 27 April 2020, the government announced suspending the export duty applied to precious metals. The decision was taken through Statutory Instrument No. 40 of 2020. The decision was announced as part of the measures taken against the Coronavirus pandemic. The decision entered into force retrospectively on 30 March 2020 and was to be effective until 31 December 2020. However, this has been extended until further notice
19	Other taxes (ZRA)	To be used by Government Agencies and mining companies in case there are any material receipts or payments not listed elsewhere on the ZEITI template (> ZMW 20 million).
20	Withholding VAT	VAT Withheld on the payment for taxable supplies and paid to ZRA by withholding tax agents.
	<i>Local Councils</i>	
21	Annual Business Fees	Operating fees paid to the local councils in which the Extractive Companies operate.
22	Property Rates	Property taxes payable to the local authority by all Extractive Companies who own properties.
	<i>MoL</i>	
23	Ground Rent	Annual lease payments made to the Ministry of Lands in respect of leasehold properties owned by the Extractive Companies.
24	Registration Fees	These are service charges that go towards the process of registration and formulation of the certificate of title at the Lands Deeds Department.
	<i>MoFNP</i>	
25	Dividends from Government Shares	This is the distribution of profits in proportion to the shares held directly in the Extractive Company and ZCCM-IH by GRZ.
26	Revenues from GRZ shareholding sale	This relates to revenues received by GRZ from the transfer of the shares held in State owned companies operating in the mining sector.
	<i>ZCCM-IH</i>	
27	Dividends from ZCCM-IH Shares	This is the distribution of profits in proportion to the shares directly held in the Extractive Company by ZCCM-IH.

Ref	Type of Tax	Description
28	Price participation fees	Price participation fees received from the companies in which it has shareholding.
29	Revenues from ZCCM-IH shareholding sale	This relates to revenues received by ZCCM-IH from the transfer of the shares held in Extractive Companies operating in Zambia including in their parent companies.
30	Revenues from ZCCM-IH mining rights transfer	This relates to revenue received by ZCCM-IH from the transfer of the mining rights held.
	<i>IDC</i>	
31	Dividends and other revenues from IDC-Shares	Dividends and other significant payments made to IDC.
	<i>Social Payments</i>	
32	Corporate Social Responsibility In kind payments	These flows affect all contributions made by extractive companies in the local development area including expenditure incurred by extractive companies to finance infrastructure projects, health, education, roads, and market gardening for individuals.
33	Corporate Social Responsibility cash payments	These flows relate to contributions made by extractive companies in the local development. Flows covered in this section include: cash payments made by extractive companies to support actions of local communities.
	<i>Other Significant Payments</i>	
34	Other Significant Payments	To be used by Government Agencies and mining companies in case there were any material receipts or payments not listed elsewhere on the ZEITI template (> ZMW 20 million).

3.1.2.2 Scope of mining companies

Selection of Oil and Gas Companies

According to the information made available by MMMD, there were no reported activities carried out by extractive companies during 2022 in the Oil and Gas sector.

Selection of mining companies

The ZEC resolved to use the 2022 scope for the production of the 2022 ZEITI report. The scope included 14 companies including ZCCM-IH.

These companies are listed in the table below:

Table 15: Extractive companies included in the scope reconciliation

N°	Company
Mining companies	
1	KANSANSHI MINING PLC
2	KONKOLA COPPER MINES
3	LUMWANA MINING COMPANY LTD
4	MOPANI COPPER MINES
5	FQM TRIDENT LTD
6	FQM OPERATIONS
7	CHAMBISHI COPPER SMELTERS
8	ZCCM INVESTMENTS HOLDINGS
9	MAAMBA COLLIERIES
10	NFC AFRICA MINING
11	LUBAMBE COPPER MINES

N°	Company
12	KAGEM MINING
13	CHILANGA CEMENT
14	CNMC LUANSHYA

3.1.2.3 Scope of Government Agencies

Based on the list of payment streams included in the scope, the following government agencies and state-owned enterprises were involved in the 2022 ZEITI report:

Table 16: Government Agencies included in the scope

MINISTRIES			
1	ZAMBIAN REVENUE AUTHORITY (ZRA)	3	MINISTRY OF LANDS
2	MINISTRY OF MINES AND MINERALS DEVELOPMENT	4	MINISTRY OF FINANCE
STATED OWNED ENTERPRISES			
5	ZCCM-IH	6	INDUSTRIAL DEVELOPMENT CORPORATION (IDC)
DISTRICT COUNCILS			
7	MUFULIRA MUNICIPAL COUNCIL	16	NDOLA CITY COUNCIL
8	KALULUSHI MUNICIPAL COUNCIL	17	LUFWANYAMA DISTRICT COUNCIL
9	ZIMBA DISTRICT COUNCIL	18	LUSAKA CITY COUNCIL
10	KITWE CITY COUNCIL	19	MUMBWA DISTRICT COUNCIL
11	CHILILABOMBWE DISTRICT COUNCIL	20	SINAZONGWE DISTRICT COUNCIL
12	LUANSHYA DISTRICT COUNCIL	21	SOLWEZI MUNICIPAL COUNCIL
13	CHINGOLA MUNICIPAL COUNCIL	22	KAFUE DISTRICT COUNCIL
14	KABWE DISTRICT COUNCIL	23	CHOMA MUNICIPAL COUNCIL
15	MAZABUKA DISTRICT COUNCIL	24	CHILANGA DISTRICT COUNCIL

Additionally, the State-Owned Enterprise ZCCM-IH, will also report on payments made to other Government Agencies.

3.1.3 Level of disaggregation of payments

3.1.3.1 Level of disaggregation agreed by ZEC

The reporting entities included in the reporting scope were asked to report their data:

- by administration or public entity for each company retained in the reconciliation perimeter;
- by company (or taxpayer) for public entities included in the scope
- by type of flow for all reporting entities
- by project for all reporting companies

Reporting entities were also asked to report data on production and export by project.

3.1.3.2 Definition of the term 'Project'

According to Guidance Note 29 on project level reporting, the global practice in defining project shows that one of the key take-aways is that what constitutes a project is linked to the forms of legal agreement(s) governing extractive activities between the government and companies. In other words, in a production-sharing regime, a project is typically the contract

that gives rise to payment liabilities. In a tax/royalty regime, a project is typically the license that gives rise to payments.

In Zambia, a project is defined by ZEC as “the operational activities that are governed by a single licence and forms the basis for payment liabilities with a government”. Where payments are attributed to a specific project, then the total amounts per type of payments shall be disaggregated by project. Where payments are levied at an entity level rather than at a project level, the payments will be disclosed at an entity level rather than at a project level.

The table below summarizes which payment flows are levied at project level and therefore can be disclosed at this level:

Table 17: payment flows to be disclosed at project level

Ref	Type of Tax	Disclosed by Company	Disclosed by Project
	<i>MMMD</i>		
1	Application Fees		√
2	Licence Fees		√
3	Area Charges		√
4	Valuation Fees		√
5	Environmental Protection Fund		√
6	Other fees & charges		
	<i>ZRA</i>		
7	Pay- As-You-Earn	√	
8	Import VAT	√	
9	Mineral Royalty		√
10	Commodity Royalty		√
11	Company Income Tax (including Provisional Tax)	√	
12	VAT	√	
13	Import/Customs Duty	√	
14	Withholding Taxes	√	
15	Excise Duty	√	
16	Property Transfer Tax		√
17	Advance Income Tax	√	
18	Export Levy	√	
19	Other taxes (ZRA)		
20	Withholding VAT	√	
	<i>Local Councils</i>		
21	Annual Business Fees		√
22	Property Rates		√
	<i>MoL</i>		
23	Ground Rent		√
24	Consideration Fees		√
25	Registration Fees		√
26	Preparation fees		√
	<i>MoFNP</i>		
27	Dividends from Government Shares	√	
28	Revenues from GRZ shareholding sale	√	
	<i>ZCCM-IH</i>		
29	Dividends from ZCCM-IH Shares	√	
30	Price participation fees	√	
31	Revenues from ZCCM-IH shareholding sale	√	

Ref	Type of Tax	Disclosed by Company	Disclosed by Project
32	Revenues from ZCCM-IH mining rights transfer	√	
	<i>IDC</i>		
33	Dividends and other revenues from IDC-Shares	√	
	<i>Social Payments</i>		
34	Corporate Social Responsibility In kind payments		√
35	Corporate Social Responsibility cash payments		√
	<i>Other Significant Payments</i>		
36	Other Significant Payments		

3.2 Approach and Methodology

The reconciliation of revenues from the mining sector consisted of the following steps:

- conduct a scoping study to determine the scope of the reconciliation exercise;
- prepare of a reporting template (RT) and reporting instructions (See Annex 4 to this Report);
- collect payments and other data from Government Agencies and companies which provide the basis for reconciliation;
- compare payments and other data reported by Government Agencies and companies to determine if there are discrepancies between the amounts reported as being received by the authorities and the amounts reported as being paid by taxpayers; and
- contact Government Agencies and companies to investigate and resolve identified discrepancies.

3.2.1 EITI Reporting

The ZEITI result have utilised the EITI reporting guidelines. The country is required to disclose the following information as part of the reporting:

- Unilateral disclosures by government and /or companies in accordance with EITI requirements 2,3,4,5 and 6, with the exception of provisions relating to data quality and assurance (4.9 b);
- Disclosures of production, export and revenue data covering the fiscal year;
- A complete overview of the disclosed data; and
- An assessment by the MSG of the comprehensive and reliability of the disclosed data, identifying any gaps or weaknesses in reporting.
- In view of the above, ZEC has decided to adopt a more mixed approached where only risky revenue streams are reconciled. These revenue streams are selected using a risk-based approach, and only revenues which present huge discrepancies are reconciled to ascertain whether recommendations of previous reports are implemented, or other corrective actions taken.

3.2.2 Data collection, timeliness, and quality

3.2.2.1 Data Collection

A standard reporting template and instruction were provided to reporting entities in scope to complete and declare to the reviewer electronically. A copy of the disclosure is required to be signed off and lodged for disclosure as part of the ZEITI report.

3.2.2.2 Data timeliness

The 2022 ZEITI Report was based on data for the fiscal year 2022, which is from 1 January to 31 December 2022. The revenue streams included in the reconciliation scope relate only to payments made by companies and revenue received by Government Agencies in 2022. The period in which taxes are incurred by companies is not relevant; only the period in which the taxes were paid, and report is relevant for the revenue streams reported.

3.2.2.3 Audit and Assurance Practices

Extractive Companies

The Companies Act 2017 prescribes the financial reporting requirements for private and public limited companies. All companies are required to prepare annual financial statements in compliance with the standards prescribed by ZICA. Zambia uses a three-tier Financial Reporting Framework. Entities are required to use one of the three frameworks depending on the type of entity. Under the three-tier financial reporting framework, entities are categorised as follows:

No.	Type of entity	Financial Reporting Framework
1	Listed Companies, Public Interest Entities and Government Owned Enterprises	Full IFRS
2	Economically significant companies-companies that are not public companies or quoted on the stock exchange with turnover of K20 Million and above	IFRS for SMEs or Full IFRS if the company opts to use it
3	Micro and small entities- entities with Turnover of less than K20 Million	Zambia Financial Reporting Standard for Micro and Small Entities

The Annual financial statements of extractive companies are not systematically available to the public except for listed companies.

The Zambia Institute of Chartered Accountants (ZICA) is legally mandated to set auditing standards for application in Zambia. Since 2005, ZICA has adopted ISA as issued by the IAASB without modification and including effective date.

The Securities Act and the Lusaka Stock Exchange listing requirements demands that auditors of listed companies to be practicing members of ZICA and to apply standards set by ZICA. These requirements ensure that only auditors who are ISA compliant can audit these public interest entities.

State-owned enterprises (SOEs)

The Public Finance Act (2004) gives the Auditor General the responsibility of auditing state-owned enterprises. Section 44 (1) states, "It shall be the duty of the Auditor General to audit, in accordance with the provisions of the Public Audit Act the accounts of any statutory corporation." The Auditor General follows the standards issued by the International Organisation of Supreme Audit Institutions (INTOSAI).

Depending on the nature of companies, respective regulatory bodies require audited financial statements. For example

- Insurance body requires all insurance companies to submit audited accounts;
- Bank of Zambia requires all banking institutions to provide audited accounts;
- Lusaka Stock Exchange and the Securities and Exchange Commission requires all listed companies to provide audited financial statements.

The Zambia Revenue Authority does not require companies to have audited accounts for tax purposes. However, it is widely acknowledged that an environment of high-quality financial reporting would also improve efficiency in tax assessment.

Government Agencies

The annual Financial Statements of Government are prepared by the respective Ministries, Provinces and Spending Agencies (MPSAs). Within three months after the end of each financial year, the Ministry of Finance should consolidate the Financial Statements and prepare the annual Financial Report of the Republic. The information that should be included in the Financial Report are as follows:

- Revenue received by the Republic during that financial year;
- The expenditure of the Republic during that financial year;
- Gifts, donations and aid-in-kind received on behalf of the Republic in that financial year, their value and how they were disposed of;
- Debt repayments;
- Payments made in that financial year for purposes other than expenditure;
- The financial position of the Republic at the end of that financial year; and
- Other information as prescribed.

The Auditor-General of Zambia has a constitutional mandate to audit all public resources in the republic. The Office of the Auditor General (OAG) is the only Supreme Audit institution in Zambia mandated to audit all Government institutions, parastatal organizations, statutory boards, donor funded agencies and any other organisation in which public resources have been invested.

The OAG produce an annual audit report called the “Report of the auditor general on the audit of the accounts of the republic” not later than nine months after the end of the next financial year. The annually reports produced since 2003 are publicly available through are available on the OAG website (https://www.ago.gov.zm/?page_id=5440).

The audit cover revenue and expenditure on the accounts for the Financial Year well as physical inspections of projects. The Report contains:

- Audit scope;
- Limitation of Scope;
- Audit Methodology;
- Audit Opinion;
- Key Audit Matters; and
- findings and recommendations identified during the audit process.

3.2.3 Reconciliation and investigation of discrepancies

The reconciliation process was undertaken between 1 September and 20 November 2023. In conducting the reconciliation, the following procedures were performed:

- Initial reconciliation procedures: figures reported by extractive companies were compiled and compared with figures reported by Government Agencies.
- Reconciliation of variances: A threshold was set of ZMW 100,000,000 to guide the level of effort to put in attempting to investigate the variance.

3.2.4 Basis and period of reporting

The revenue streams included in the reconciliation scope relate only to the payments made by companies and revenues received by Government Agencies during the year 2022. The period in which companies incur the taxes is not relevant; only the period in which the taxes were paid and reported.

The reporting currency is Zambian Kwacha (ZMW). For payments made in foreign currency, the reporting entities were required to report in the currency of payment. Payments made in foreign (US\$) have been converted to ZMW at the actual rate used to record the transaction. Where actual rates were not available, the average rate was applied for the period as published by the Bank of Zambia. The average exchange rate used during the reporting period (1 US\$ = ZMW 16.90).

3.2.5 Procedures for the management and protection of the collected data

The following measures have been undertaken to protect the confidentiality and integrity of the data collected:

- Only necessary data required in the EITI standards, Terms of reference and reconciliation exercise was requested. Any information inadvertently communicated has been deleted and /or destroyed;
- Data collected is processed on password protected laptops and email communication are performed on secured messaging servers;
- Reporting entities were requested to address the completed reporting templates and any other information considered to be sensitive or confidential directly to the ZEITI secretariat generic email address infor@zambiaeiti.org ;
- All requests for additional information from Government Agencies or Extractive Companies for the reconciliation purposes were processed in accordance with the above protocol.

3.3 Result of the reconciliation

3.3.1 Payments reconciliation between Extractive Companies and Government Agencies

Out of the 14 scoped companies, two companies did not submit their reporting templates. The two companies are Chilanga Cement PLC and Lubambe Copper mine. The payments from these two companies have been included on the unilateral disclosure from ZRA together with other non-scoped companies.

The companies initially self-disclosed payments of ZMW 38,290 million to the Government, while the Government Agencies have reported revenues of ZMW 39,534 million. After reconciliation , the difference was ZMW 48 million.

The table below shows the aggregated cashflows as reported:

Table 18: Aggregated cashflow

Aggregated payments	Initial reporting ZMW Million	Resolved discrepancies ZMW Million	Adjusted reporting ZMW Million
Companies	38,290	1,438	39,728
Governments	39,534	146	39,680
Discrepancy	1,244		48
%	3.5%		0.13%

3.3.2 Cash flows per Company

The detailed results of the reconciliation exercise per company are presented in the following table with post reconciliation differences noted between amounts reported as paid by in scope extractive companies and amounts reported as received by Government Agencies:

Table 19: Results of the Reconciliation per Company

No.	Company	Unilaterally declared Payments (ZMW Million) not to be reconciled	Templates Originally Lodged			Adjustments				Variance
			Extractive Companies data (ZMW Million) A	Government data (ZMW Million) B	Variance (A-B)	Extractive Companies data (ZMW Million)	Government data (ZMW Million)	Extractive Companies data (ZMW Million)	Government data (ZMW Million)	
1	Kansanshi Mining Plc	4,255.97	14,858.93	15,110.40	(251.47)	274.64	23.17	15,133.57	15,133.57	0.00
2	Konkola Copper Mines	(122.26)	3,205.09	1,301.89	1,903.20	(1,873.45)	29.75	1,331.64	1,331.64	0.00
3	Lumwana Mining Company Ltd	168.11	4,165.54	4,216.69	(51.16)	69.73	-	4,235.27	4,216.69	18.57
4	Mopani Copper Mines	(855.60)	1,441.28	1,365.71	75.56	(75.54)	-	1,365.74	1,365.71	0.03
5	FQM Trident Ltd	3,279.26	7,546.38	8,659.48	(1,113.10)	1,112.78	-	8,659.17	8,659.48	(0.31)
6	FQM Operations	120.16	1,271.16	1,229.98	41.18	(15.78)	1.37	1,255.38	1,231.35	24.03
7	Chambishi Copper Smelters	(3,373.56)	817.70	2,820.89	(2,003.19)	2,008.31	4.44	2,826.01	2,825.33	0.68
8	ZCCM Investments Holdings	-	46.63	42.44	4.20	0.49	4.96	47.13	47.40	(0.27)
9	Maamba Collieries	32.50	797.93	678.75	119.18	(107.22)	4.58	690.71	683.33	7.38
10	NFC Africa Mining	-	1,789.77	1,860.51	(70.74)	70.19	-	1,859.96	1,860.51	(0.55)
11	Kagem Mining	114.15	626.66	559.57	67.09	11.05	78.76	637.71	638.33	(0.62)
12	CNMC Luanshya	(121.11)	1,723.50	1,686.65	36.85	(36.92)	-	1,686.58	1,686.65	(0.07)
	Total Scoped		38,290.57	39,532.96	(1,242.40)	1,438.30	147.02	39,728.86	39,679.99	48.88
13	Lubambe Copper Mines	711.81	-	-	-	-	-	-	711.81	Unilateral disclosure
14	Chilanga Cement	208.26	-	-	-	-	-	-	208.26	Unilateral disclosure
15	MMMD Fees	40.32	-	-	-	-	-	-	40.32	Unilateral disclosure
16	Local Councils	326							326	Unilateral disclosure
17	Social payments	267							267	Unilateral disclosure
18	Non-Scoped Companies	3,177.27	-	-	-	-	-	-	3,177.27	Unilateral disclosure
	Total	8,228.28	38,290.57	39,532.96	(1,242.40)	1,438.30	147.02	39,728.86	44,410.65	48.88

3.3.3 Cash flows per Revenue Stream

Table 20: Results of the reconciliation per revenue stream

No.	Description of Payment	Originally lodged templates		Adjustments		Final Amount		Difference
		Company ZMW	Government ZMW	Company ZMW	Government ZMW	Company ZMW	Government ZMW	
MMMD			59,135,284				59,135,284	Unilaterally disclosed
1	Application fees		395,100				395,100	Unilaterally disclosed
2	Licence fees		-				-	Unilaterally disclosed
3	Area charges		39,434,422				39,434,422	Unilaterally disclosed
4	Valuations fees		95,852				95,852	Unilaterally disclosed
5	Chemical analysis		-				-	Unilaterally disclosed
6	Environment Protection Fund		18,816,855				18,816,855	Unilaterally disclosed
7	Other fees and charges		393,055				393,055	Unilaterally disclosed
ZRA		34,064,563,978	39,203,305,437	1,438,297,495	147,021,685	35,502,861,473	39,350,327,122	48,876,622
8	Pay-As-You-Earn	2,412,848,138	2,418,998,552	48,740,416	19,029,552	2,461,588,554	2,438,028,104	23,560,451
9	Company Income Tax (CIT)	10,242,033,286	11,220,428,477	978,395,292	-	11,220,428,578	11,220,428,477	100
10	Withholding Taxes	536,806,322	624,171,737	85,191,386	(89,162)	621,997,708	624,082,575	(2,084,867)
11	Property Transfer Tax	6,630,650	23,676,370	17,022,000	-	23,652,650	23,676,370	(23,720)
12	Mineral Royalty Tax	9,699,875,865	10,523,371,100	950,893,680	126,713,893	10,650,769,545	10,650,084,993	684,553
13	Export Levy	212	3,626	-	-	212	3,626	(3,414)
14	Import VAT	2,203,176,765	1,566,978,598	(650,920,401)	1,367,402	1,552,256,364	1,568,346,000	(16,089,636)
15	Import/Customs Duty	905,412,889	838,229,989	(29,957,556)	-	875,455,333	838,229,989	37,225,344
16	Excise Duty	125,392,996	123,947,912	3,161,344	-	128,554,340	123,947,912	4,606,427
17	VAT	(2,261,965,273)	(383,472,183)	1,879,279,674	-	(382,685,599)	(383,472,183)	786,584
18	Withholding VAT (WHVAT)	10,194,352,128	8,350,628,988	(1,843,508,340)	-	8,350,843,788	8,350,628,988	214,800
19	Non scoped companies		3,896,342,271				3,896,342,271	Unilaterally disclosed
Local Councils		325,970,630	325,970,630			325,970,630	325,970,630	
20	Annual business Fees	319,337	319,337			319,337	319,337	
21	Property Rates	325,651,293	325,651,293			325,651,293	325,651,293	
MoL		5,391,727	5,391,727			5,391,727	5,391,727	
22	Ground Rent	5,391,727	5,391,727			5,391,727	5,391,727	
23	Consideration Fees		-					
24	Registration Fees		-					
25	Preparation Fees		-					
26	Other - Invitation to Treat / Title Deeds		-					
MoFNP		25,884,151	25,884,151			25,884,151	25,884,151	
27	Dividends from Government Shares	25,884,151	25,884,151			25,884,151	25,884,151	
28	Revenues from GRZ Shareholding Sale		-					
ZCCM-IH		4,302,740,000	4,302,740,000			4,302,740,000	4,302,740,000	
29	Dividends from ZCCM-IH Shares	4,302,740,000	4,302,740,000			4,302,740,000	4,302,740,000	
30	Price participation Fees		-					
31	Revenues from ZCCM-IH Shareholding Sales		-					
32	Revenues from ZCCM-IH Mining Rights Transfer		-					
IDC		26,733,300	26,733,300			26,733,300	26,733,300	
33	Dividends and Other Revenues from IDC Shares	26,733,300	26,733,300			26,733,300	26,733,300	
Social Payments		267,032,468				267,032,468		
34	Corporate Social Responsibility In-Kind payments	140,475,166				140,475,166		Unilateral disclosure
35	Corporate Social Responsibility Cash payments	126,557,302				126,557,302		Unilateral disclosure
Other Significant Payments								
36	Other Significant Payments							
Total		39,018,316,254	43,949,160,529	1,438,297,495	147,021,685	40,456,613,749	44,096,182,214	48,876,622*

* The difference is computed only on the scoped payments exclusive of the unilaterally disclosed payment streams

3.4 Unilateral disclosure of revenues by Government Agencies

Government Agencies were requested to disclose unilaterally revenue streams collected from companies but not included within the reconciliation scope in accordance with EITI Requirement 4.1.d. Details of revenue by payment flow are set out in the table below:

No.	Collecting Agency / Entity	Total Payment to Government ZMW Million
1	ZRA	7,393
2	MMMD	59
3	Local Councils	326
4	MoL	5
5	MoFNP	26
6	ZCCM-IH	4,301
7	IDC	27
8	Social Payments	267
Total		12,404

3.4.1 Revenues by Local Councils

The table below shows revenue received by local councils from the companies in the extractive industry.

Table 21: Collection by local council

Local council	Property rates	Annual business fees	Rates collected
	ZMW	ZMW	ZMW
Chililabombwe	20,760,250	169,766	20,930,016
Chingola	43,797,005		43,797,005
Kabwe	115,077	22,975	138,052
Kalulushi	41,790,684		41,790,684
Kalumbila	63,016,860		63,016,860
Kitwe	25,659,982		25,659,982
Luanshya	25,981,113		25,981,113
Lufwanyama	7,277,185		7,277,185
Mansa	1,409,907		1,409,907
Mazabuka	396,000	25,096	421,096
Mufulira	19,008,249	10,000	19,018,249
Mumbwa	171,602	2,000	173,602
Ndola	7,599,401		7,599,401
Sinazongwe	4,557,213	79,500	4,636,713
Solwezi	63,984,488		63,984,488
Siavonga	60,277		60,277
Zimba	66,000	10,000	76,000
	325,651,293	319,337	325,970,630

3.5 Unilateral disclosure of VAT claims and VAT refunds by in scope companies

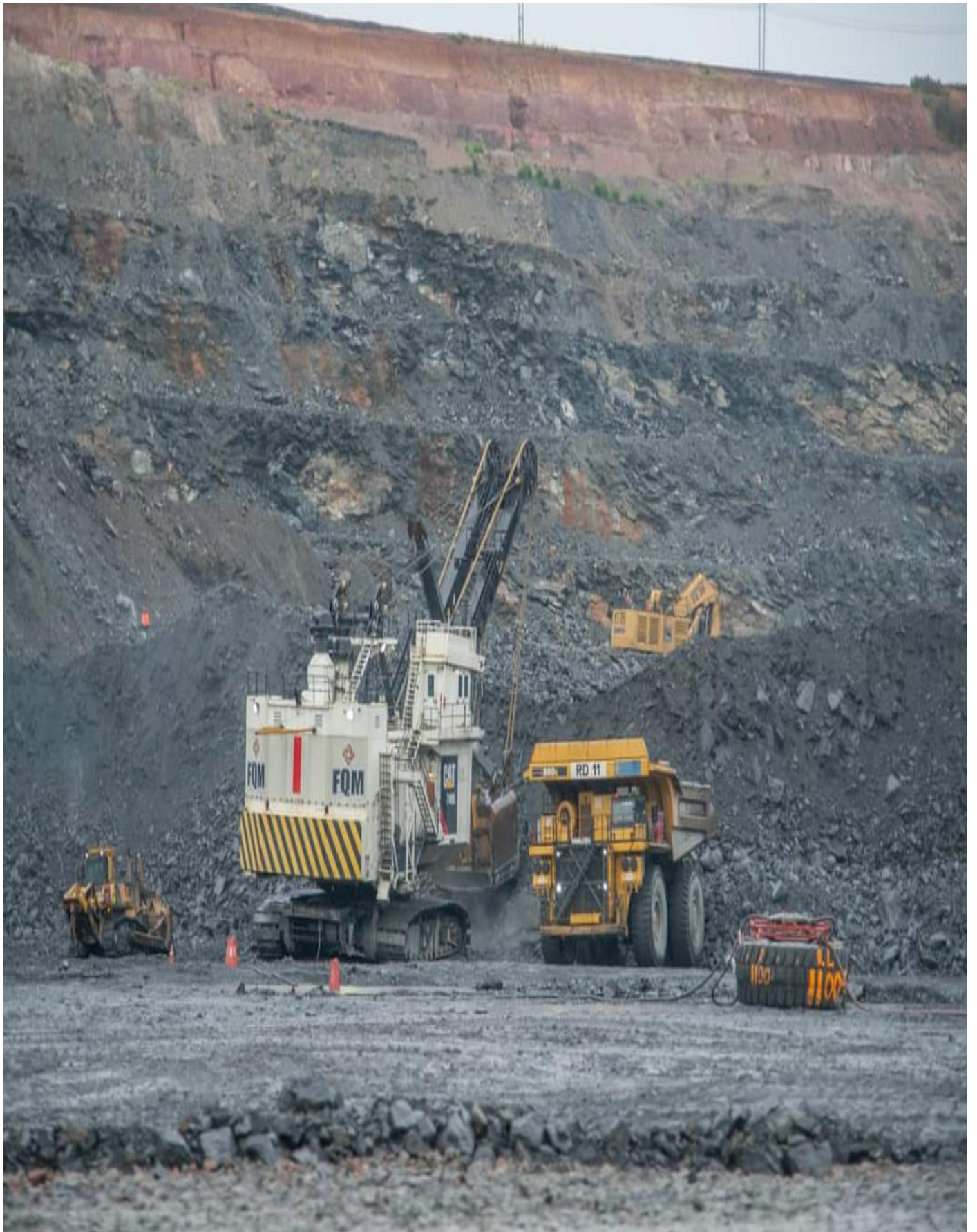
In-scope extractive companies have been requested to report the amount of VAT claimed in 2022 and the VAT refunds received from ZRA in the same period. VAT refunds are the refunds actually repaid by ZRA in 2022 whether in cash or offsets against other taxes.

In-scope companies have been requested to disclose the amount of the VAT refundable balance as of 1 January 2022 and 31 December 2022.

The table below illustrates the amount of VAT paid in cash/offset, and the balance outstanding as at 31 December 2022.

Table 22: Value Added Tax Refundable

No.	Collecting Entity	Opening balance of VAT refundable as at 1 Jan 2022 ZMW Million	VAT refundable in the calendar year ZMW Million	VAT refunds paid (cash/offset) ZMW Million	Closing balance of VAT refundable 31 Dec 2022 ZMW Million
1	FQM Trident Ltd	6,198	1,926	(1,779)	6,345
2	Kagem Mining Limited	56	16	(6)	66
3	Lumwana Mining Company Limited	1,155	1,080	(242)	1,993
4	CNMC Luanshya Copper Mine Plc	571	1,063	(397)	1,237
5	Konkola Copper Mines Plc	2,232	5,679	(1,516)	6,395
6	First Quantum Mining & Operations Limited	751	1,022	(162)	1,611
7	Maamba Collieries Limited	-	4	(4)	0
8	Kansanshi Mining Plc	5,657	1,857	(1,823)	5,691
9	Mopani Copper Mines Plc	3,929	5,133	(1,376)	7,686
10	NFC Africa Mining Plc	-	802	(649)	153
11	Lubambe Copper Mines Limited	265	180	(124)	321
12	Chambishi Copper Smelter Limited	4,670	6,916	(2,534)	9,052
13	Chilanga Cement Plc	26	-	-	26
	Total	25,510	25,678	(10,612)	40,576



4 EXTRACTIVE SECTOR IN ZAMBIA

4.1 Overview of the extractive sector

4.1.1 Mining

The mining industry has been the main economic backbone of the country for many years. Zambia is as a major producer of copper in the world. The country's copper reserves are estimated at 21 million metric tons, 6% of the world copper reserve (<https://theconversation.com/climate-change-action>).

In 2022, Zambia was the ninth largest copper producing country in the world and second in Africa. In addition to copper, Zambia produces other minerals such as gold, cobalt, manganese, iron, emerald and other gemstones, industrial as well as energy minerals. Many of the country's large copper mining and processing operations are located on the Copperbelt and North-Western provinces. The other eight provinces of the country also house mining companies for copper, cobalt, gemstones, and other minerals.

On 5th September 2023, at State House, the Cabinet of the Zambian government made the decision to declare the Critical Minerals as Strategic Minerals for Zambia's Development. Cabinet approved the declaration of critical minerals such as copper, cobalt, lithium, tin, graphite, coltan, manganese, nickel, Rare Earth Elements (REEs), Gold, Sugilite, Emeralds, Diamonds, and other minerals which Government may deem as strategic minerals essential in accelerating Zambia's development. The declaration of critical minerals, as strategic, will result in the formulation of the strategy on critical minerals which will stimulate Government and private sector participation in unlocking investments in the mineral value chain, thereby translating in the creation of more jobs as well as enhanced exploitation of the critical minerals to contribute significantly to the national treasury and to the country's development.

The Government of Zambia retains minority interests in most of the large copper projects through its holding company known as Zambia Consolidated Copper Mines Investments Holdings Plc (ZCCM-IH), with the exception of Mopani Mines. The government's shares in Mopani mines increased to 100% after Glencore agreed to the request from ZCCM-IH to transfer all the shares held by Carlisa Investments, which is 90 per cent shares, to ZCCM-IH Plc on 18th January 2021. This made ZCCM-IH hold 100% shares in Mopani.

The mining sector is administered by the Geological Survey Department, the Mines Development Department, and the Mines Safety Department of the Ministry of Mines and Minerals Development.

4.1.1.1 Artisanal and Small-Scale Mining in Zambia

Artisanal and small-scale mining (ASM) is an important livelihood activity for millions of people in the developing world representing as many as 90% of the global mining workforce, however, environmental, social, business and labour challenges have hindered the potential of ASM to contribute to sustainable development. All mining businesses with an annual turnover below ZMW 50 million are administratively managed under the Artisanal and Small-Scale Mining Unit at the Zambia Revenue Authority.

The artisanal and small-scale mining sector are facing many challenges. A recent census of development minerals in Zambia, conducted by the ministry of mines and ACP_EU development minerals programme, revealed that of the 109 mining plots visited in 10

provinces of the country, approximately 75% held legal licenses. A vast majority of the ASM were unaware that their activities required a licence.

Large mines have been consistently reporting production on MOSES, unlike Artisanal and Small Mining License holders.

Table 23: Production Reporting Compliance

Category of mine		2022	2021
Large scale	No. consistently reporting	11	11
	Total population	12	12
	% Compliance	92%	92%
Artisanal, Small and Medium Scale Mines	No. consistently reporting	104	85
	Total population	4000+	4000+
	% Compliance	0.021%	0.021%

4.1.2 Oil and Exploration

Oil and gas exploration in Zambia dates from 1971 when Romanian geologists assessed the petroleum potential in Zambia and indicated that the Barotse Basin had potential for petroleum. In the same year, the geological survey department under the ministry of mines undertook a survey over Barotse area resulting in drilling of some shallow drill holes to gather information on the underlying geology.

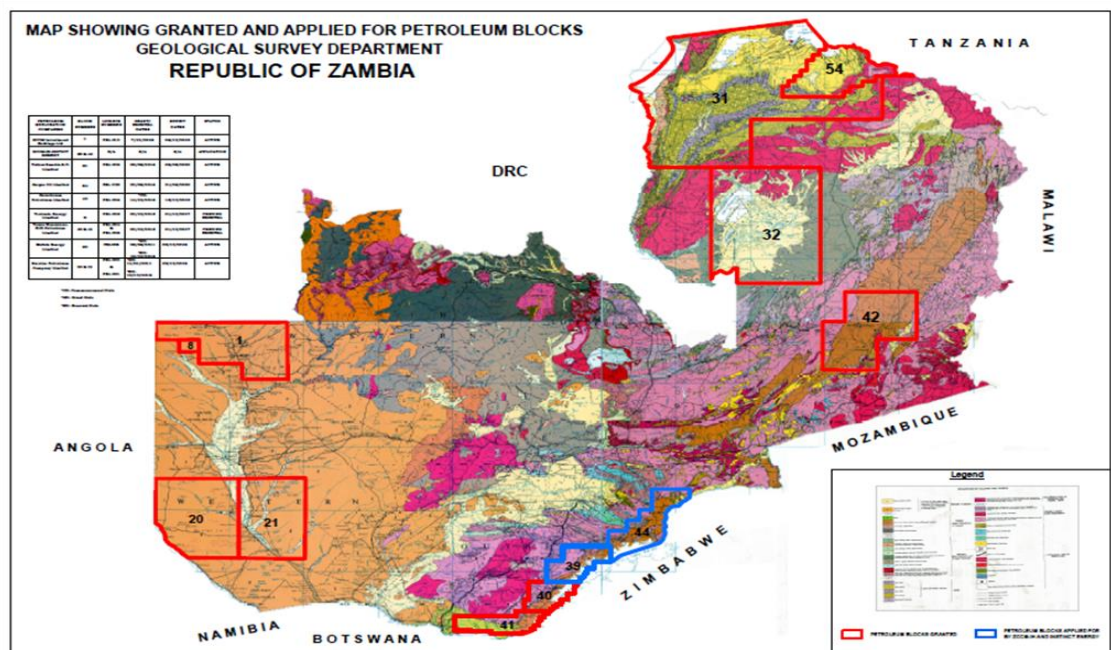
In the mid-1980s, the country was demarcated into five oil-gas blocks that is, A, B, C and D, following the geo-physical survey conducted across the sedimentary basins in the country between 1982 and 1984. Oil and gas exploration was conducted in Blocks A and B, located in Luangwa and Zambezi basins, which were granted to Placid Oil and Mobil. The two companies conducted geological, geochemical and geophysical exploration and acquired two-dimensional seismic data in the two blocks. The explorations conducted resulted in the drilling of two wildcat holes in the area. However, both holes were dry possibly due to the fact that the deepest parts of the Karoo which could have had potential were not reached by the drilled holes. Consequently, oil and gas exploration within the Luangwa Basin was abandoned in 1988.

Oil and gas exploration resumed in the 2000s, following the discovery of oil and gas in Uganda and Kenya in the Great East African Rift Valley, which is believed to have extended to Zambia. The discovery of oil and gas in East Africa rekindled the interest by the exploration companies to explore in the basins of Zambia. The interest shown by the exploration companies, coupled with the reports of oil seepages in North-Western Province, prompted the Government to resume oil and gas exploration. The Ministry of Mines and Minerals Development, embarked on preliminary exploration, from 2005 to 2008. These activities started in North-Western Province and involved collection of soil samples and testing using a technique called Microbial Prospecting for Oil and Gas (MPOG). This technique was based on the understanding that oil and gas fields emit hydrocarbon gases at the surface of the earth which micro-organisms known as hydrocarbon Oxidizing Bacteria (HOB) depend on as their sources of energy. Therefore, the presence of the bacteria is an indication of the presence of hydrocarbons in the ground. Laboratory results from the

collected samples tested positive for these bacteria. The positive result encouraged the Government to extend prospecting activities to other provinces and to revise the legal framework.

Prospecting activities were extended to Western, Eastern, Southern, Northern and Luapula provinces. The Petroleum Exploration and Production Act 1985 was repealed and replaced with Petroleum Exploration and Production Act 2008. The information generated using the MPOG was used to demarcate prospective areas into blocks in preparation for the participation of the private sector. The blocks are licenced through a competitive bidding. Three licencing rounds have so far been held in 2011, 2013 and 2016. Seventeen licences were issued in 2011, nine in 2013 and two in 2016. Currently, twelve out of fifty-six blocks are under licence. This is because twelve out of seventeen issued in 2011 were cancelled in 2015 due to non-compliance with the conditions of grant and four were merged into one block. Of the twelve blocks under licence, six are currently active. (Source: ministerial statement on the update on status of oil and gas exploration in Zambia by the Hon. Minister of mines and minerals development, Mr Yaluma 22 July 2017)

A total of 12 blocks were licensed to six Companies namely Geo Petroleum Limited (Block 31), Mafula Energy Limited (Block 32), Sargas Oil Limited (Block 54), Tiiseza Zambia Limited (Block 18), Barotse Petroleum Limited (Blocks 20 and 21) and ZCCM-IH (Blocks 1, 17, 27, 39, 44 and 52).



4.2 Legal Framework and fiscal regime

4.2.1 Mining sector

4.2.1.1 Legal framework

The Ministry of Mines and Minerals Development is responsible for enacting legislations for the mining sector in Zambia. The Mines and Minerals Act (1995) enacted by the Zambian government simplified licensing procedures significantly, placed minimum reasonable constraints on prospecting and mining activities and created a favourable investment environment. At the same time, the act allowed international arbitration to be written into development agreements, if deemed necessary.

In 2008, this act was replaced by the Mines and Minerals Development Act 2008, which ruled that no special agreements should be entered into by the government for the development of large-scale mining licenses and annulled the development agreements concluded under the previous Act.

On 22 December 2014, the Mines and Minerals Development Act [No.11 of 2015] was amended and became effective on 1 July 2015 although the date of assent is 14 August 2015.

During 2016, a new amendment, Mines and Minerals Development (Amendment) Act [No. 14 of 2016], was further adopted and became effective on 1st June 2016.

On 23 December 2018, an Act to amend the Mines and Minerals Development Act, [No.11 of 2015] was assented to. This Act came into operation on 1st January 2019.

Therefore, the primary law governing the mining sector is the Mines and Minerals Development Act (No.11 of 2015) as read together with the Mines and Mineral Development (Amendment Act [No. 14 of 2016] and Mines and Mineral Development (Amendment) Act [No.18 of 2018]. (<https://www.parliament.gov.zm/node/5212>)

The Ministry of Mines and Mineral Development (MMMD) deals with mining rights, licences, large scale mining in Zambia, gemstones mining, health and safety, environmental protection, and geologic services on analyses, royalties and charges. The sector is administered by the Geological Survey Department, the Mines Development Department, the Mining Cadastre Department and the Mines safety Department of the MMMD.

During the 20th Cabinet Meeting held on 18 December 2023, the Zambian Cabinet approved the publication and introduction in Parliament of the Bill entitled “***The Minerals Regulation Commission Bill, 2023.***” The objectives of this Bill include, among others, to establish the Minerals Regulation Commission and provide for its functions; regulate and monitor the development and management of mineral resources in the Republic; and the establishment of the Mining Appeals Tribunal. Currently, the Mines and Minerals Development Act, 2015, does not adequately provide for, among others, the establishment of the Minerals Regulation Commission; the effective and efficient regulation, monitoring of compliance and carrying out of enforcement activities in the mining sector, resulting in challenges such as increase in illegal mining activities, environmental degradation, poor occupational health and safety standards, unsustainable exploration and mining methods, as well as loss of Government revenue.

The key responsibilities of each agency in managing the mining sector can be summarised as follows:

Table 24: Roles and responsibilities of the relevant mining government agencies

Entity/Department	Role
Ministry of Mines and Minerals Development	The MMMD is responsible for the development and management of mineral resources in a sustainable manner for the benefit of the people of Zambia. The MMMD is responsible for enacting legislations for the mining sector in Zambia and its mission. Its other tasks include supervision of mining activities, negotiation with mining companies with respects to environmental and social provisions contained in subsidiary agreements to the development agreements and prescribing royalty rates. Policy decisions within the ministry are made by the Minister, assisted by the Deputy Minister. Operational matters are overseen by the Permanent Secretary who oversee the departments within the ministry.
Mining Licensing Committee	The committee: <ul style="list-style-type: none"> • Considers applications for mining rights and non-mining rights and grant, renew, or refuse to grant or renew mining rights and non-mining rights. • Terminate, suspends, or cancel mining rights and non-mining rights; amend the terms and conditions of mining rights and non-mining rights; and • Advise the minister on matters relating to its functions under the Mining Mineral Development Act.
Geological Survey Department	The role of the Geological Survey is to provide geological, geochemical and geophysical data and information aimed at encouraging primarily the mineral sector and non -mining sector investment and undertake regional geoscience and geological resource mapping, and compile resulting quality products ready for publication in form of maps. The department also archives statutory reports submitted by mineral tenement holders and is the State repository of all geoscience data and further provide sound professional technical advice and services to the State and all other stakeholders.
Mines Development Department	The department is responsible for the issuance and administration of all prospecting, retention and mining licences, together with the monitoring of mining operations to ensure that mine development is in line with approved programs of operations and in accordance with the Mines and Minerals Development Act. The Department is also responsible for collection, compilation and dissemination of mineral production statistics, undertaking reconnaissance surveys and demarcation of mining rights/plots
Mining Cadastre Department	The department is responsible for mining cadastre surveys or maps and holds a comprehensive register of the mining rights in the country. The department has the sole responsibility of overseeing the process of granting and managing mineral licenses throughout the country.
Mines Safety Department	The Department is responsible for all matters pertaining to safety and health of persons employed in the Exploration, Mining and Mineral processing operations in the country. The MSD is divided into four technical sections - Mining, Explosives, Machinery and Environment - which enforce the relevant legislative and statutory instruments, in all aspects of safety in mining operations.

4.2.1.2 Fiscal regime

The Zambian mining sector is structured as a licence system rather than as a contract regime and production sharing system. The rights and obligations of licensees are governed principally by the terms and conditions of the licence and general law.

The fiscal regime of the mining sector in Zambia is guided by:

- The MMD Act, 2015
- The MMD Regulations, 2016
- The general law (Income Tax Act, Customs and Excise Act, the Property Transfer Tax Act and the Value Added Tax Act and other related legislation).

Between 2021 and 2022, the main change in fiscal regime was the introduction of deductibility of mineral royalty tax in the income tax computation from extractive companies. All other taxes remained the same.

The Zambia's mineral fiscal regime in 2022 is summarised below:

Table 25: Zambia's current mineral fiscal regime- effective 1 January 2022

Royalty rate	
Base Metals	5% of norm value
Copper	5.5% - 10% of norm value
Cobalt and Vanadium	8% of norm value
Precious Metals	6% of gross value
Gemstones	6% of gross value
Energy and Industrial Minerals	5% of gross value
Tax deductible	Yes
Corporate Income Tax	
Tax on income from mineral processing	35%
Company tax rate on income from Mining operations	30%
Withholding tax	
Services rendered by affiliated entities	20%
Services rendered by other entities	20%
Interest on loan for mining operations	20%
Hedging activity as part of mining	No
Tax on hedges (treated as separate source)	35%
Capital expenditure allowance	20%
Loss carry forward-years	10 years
Loss deduction cap-percentage of income	50%
Transfer pricing rules on interest payments	Yes
Value Added Tax	Exports are zero rated
VAT rebate on fuel	70%
VAT rebate on electricity	80%
VAT on imported capital equipment and machinery	Zero rated
Customs duties	
Export duty (concs & other semi processed material)	10%-15%
Customs duties on capital equipment & machinery	Exempt
Import duty on copper and cobalt concentrates	0%-5%
Export duty precious metals including gold, precious stones and gemstones	15%, however Suspended for gold and diamonds effective 30 March 2020 under SI 40 of 2020
Customs duties on specified capital equipment & machinery	10%

The following table shows the tax incentives available for mining operations in the year 2022:

Table 26 Tax Incentives for mining companies 2022

No.	Tax Incentive description
1	Guaranteed input tax claim for ten years on pre-production expenditure for exploration companies in the mining sector
2	Interest on which a deduction is not allowed (in excess of threshold) may be treated as incurred during the next charge year and carried forward for a period of ten years compared to 5 years for other sectors
3	Tax losses shall be deducted from 50% of the income of the person from the mining operation provided that the losses shall not be carried forward beyond 10 subsequent charge years after the charge year in which the loss is incurred
4	Any mining company holding a mining license carrying on the mining of base metals is taxed at 30%
5	Dividends paid by a mining company holding a mining license and carrying on mining operations is taxed at 0%
6	20% mining deduction on capital expenditure on buildings, railway lines, equipment, shaft sinking or any similar works
7	Allowable deduction of actual costs incurred by way of restoration and rehabilitation works or amounts paid into the Environmental Protection Fund pursuant to Section 86 of the Mines and Minerals Development Act 2015
8	Capital allowances at 50% of the cost of implements, plant or machinery used exclusively for mineral processing
9	Zero rating of capital equipment and machinery listed in the Second Schedule of the Zero-rating Order when supplied to a holder of a large-scale mining licence
10	Mineral Royalty is a deductible expenditure in computing taxable income effective 2022

4.2.1.3 Types of mining rights

The Zambian government policy is not to participate in exploration or other mining activities, or in any shareholding activity other than in a regulatory and promotional role. The right to explore or produce minerals is authorised by a licence granted under the Mines and Minerals Development Act No. 11 of 2015.

The following are the types of licences that are available for large scale and small-scale mining operators:

Table 27: Types of mining rights

Mining right	Area in cadastre units	Area in hectares	Duration	Rights conferred
Large Exploration Licence	Min 301 Max 59,880	200,000 ha (2,000 km ²)	4 years renewable for two periods of 3 years*	The exclusive rights to carry on exploration in the exploration area for the minerals specified in the licence and to do all such other acts and things as are necessary for, or incidental to, the carrying on of those operations.
Small Exploration Licence	Min 3 Max 300	10,000ha	4 years renewable for two periods of 3 years**	
Artisanal Mining Right	Min 1 Max 2	6.68ha	2 years renewable	The exclusive rights to carry on mining, processing and exploration in the mining area and do all such other acts and things as are necessary for, or incidental to, the carrying on of those operations.
Small Scale Mining Licence	Min 3 Max 120	400ha (4km ²)	10 years renewable	
Large Scale Mining Licence	Min 121 Max 7,485	25,000ha (250km ²)	25 years renewable	

* A holder of an exploration licence shall relinquish fifty percent of the exploration area at each renewal

*** Exploration licence for small scale exploration and gemstones, other than diamonds, is not renewable.*

In addition, the following non-mining rights can be granted under the MMD Act in Zambia:

Table 28: Types of non-mining rights

Non-Mining right	Area in cadastre units	Area in ha	Duration in years	Rights conferred
Mineral Processing Licence	Max 7 485	25,000ha (250km ²)	25 years renewable	The exclusive rights to carry out mineral processing in the minerals specified in the licence and to do all such other acts and things as are necessary for, or reasonably incidental to, the carrying on of those operations.
Mineral Trading Permit	N/A	N/A	3 years renewable	The exclusive rights to trade in minerals
Mineral Import & Mineral Export Permit	N/A	N/A	1 year limited to the quantities specified on the permit	The exclusive rights to import or export any mineral, ore or mineral product
Gold Panning Certificate	N/A	N/A	2 years renewable for 1 further period	The exclusive rights to pan for gold and shall be issued only over areas specified by geographical coordinates along water courses and bodies

4.2.2 Petroleum sector

4.2.2.1 Legal framework

The legal framework governing the upstream petroleum industry is the Petroleum (Exploration and Production) Act of 2008 and the Petroleum and Production (General) Regulation 2011 and the Petroleum (Exploration and Production) (National Petroleum Company) Regulations, 2011.

An Act to amend the Petroleum (Exploration and Production) Act, 2008 was assented to parliament on 23rd March 2021. The amended Act is cited as the Petroleum (Exploration and Production) (Amendment) Act, 2021, and is read as one with the Petroleum (Exploration and Production) Act, 2008, which is the principal Act.

The key regulators include the Minister for Mines and Mineral Development, the Petroleum Committee, the Petroleum Technical Committee, and the Hydrocarbon Unit. The main regulator is the Ministry of Mines and Mineral Development, who is also the issuing authority of all petroleum rights under the Act. Despite having considerable power, MMD cannot act without coordinated input from other regulators. For instance, the Minister may not approve the grant or renewal of petroleum rights without first referring the matter to the Petroleum Technical Committee for scrutiny. Similarly, the Petroleum Technical Committee is tasked with making recommendations to the Petroleum Committee. Without the approval of the Petroleum Committee, the Minister may not act. The key responsibilities of each agency in managing the petroleum sector can be summarised as follows:

Table 29: Roles and responsibilities of the relevant petroleum government agencies

Entity/department	Role
MMMD	The Ministry divides the territory into blocks with the approval of the Petroleum Committee and issue invitations for bids for the grant of the petroleum exploration licences.
The Hydrocarbon Unit	The Hydrocarbon Unit is an establishment within the Geological Survey Department of the Ministry of Mines and Minerals Development, with the core responsibility of effectively co-ordinating petroleum exploration activities in the country. It is also instrumental in building institutional capacity in the management of petroleum and other exploration activities in the event that a commercial discovery is made.
The Petroleum Technical Committee (PTC)	The Committee ensures evaluation of the bids and applications and makes recommendation to the PC.
The Petroleum Committee (PC)	The Committee grants the licences based on the recommendation made by the PTC.

4.2.2.2 Fiscal regime

The Zambian Petroleum sector is structured as a licence system rather than as a contract regime and production sharing system. The rights and obligations of licences are governed principally by the terms and conditions of the licence, and the legislation listed below. All companies are using conditions attached to exploration licenses since the Petroleum (Exploration and Production) legislation of 2008 was enacted.

The Zambian government generates revenues from exploration companies operating in the gas and oil industry through taxation. Taxation in Zambia is governed by the Income Tax Act, Customs and Excise Duty Act, the Property Transfer Tax Act and the Value Added Tax Act and other related legislations. Under the Income Tax Act, corporate tax applicable on taxable income of companies holding petroleum development and production licences is 35%. In addition, 10% withholding tax is charged on rentals, and 15% on bank interest, dividends, and 20% management and consultancy fees for non-resident and 15% for local consultants.

Table 30: Zambia's petroleum fiscal regime

Royalty rate	
Crude oil	12.5% of the wellhead value
Natural gas	5% of the wellhead value
Fees for Inspection of the Register	
For general search and examination of the register	3,000 Fee/unit
For the supply of a copy of and entry on the register	5,278 Fee/Unit
Application Fee	
For petroleum exploration licence and its renewal	26,389 Fee/Unit
For a development and production licence	52,778 Fee/Unit
Annual Licence Fee	
Exploration	300,000 Fee/Unit
Production	1,019,444 Fee/Unit
Surface Rentals	
Initial exploration period per square kilometre or kwacha equivalent	53
First renewal period per square kilometre or kwacha equivalent	106

Royalty rate	
Second renewal period per square kilometre or kwacha equivalent	158
Annual surface rentals for a licence area during the production period (per square kilometre or part thereof)	26,389
Corporate Income Tax	
Corporate tax applicable on taxable income of companies holding petroleum development and production licences.	35%
Withholding Tax	
Rentals	10%
Bank interest	15%
Dividends	15%
Management and consultancy (local/foreign)	15%- 20%

4.2.2.3 Types of petroleum rights

The Petroleum (Exploration and Production) Act, 2008 (the “Petroleum Act”) provides that all property and control over petroleum and accompanying substances, in whatever physical state, located in Zambia is vested in the President on behalf of the State.

In order to acquire exploration rights, a person qualified to hold exploration rights prescribed by the Petroleum Act is required to respond to a Gazette notice issued by the Minister of Mines and Mineral development (the “Minister”) in two newspapers of the general circulation in Zambia inviting bids for the grant of petroleum exploration licences in respect of any blocks or blocks specified in such a notice.

The following are the types of licences that are available for petroleum operators:

Table 31: Types of petroleum rights

Petroleum right	Duration	Rights conferred
Petroleum exploration licence	4 years renewable for two periods of 3 years	The exclusive rights to explore for petroleum in the exploration area and to carry on such operations and execute such works as are necessary for that purpose
Petroleum development and production licence	Period not exceeding twenty-five years	The exclusive rights: <ul style="list-style-type: none"> To carry on exploration, development and production operations in the development and production area To carry on such operations and execute such works in the development and production area as may be considered necessary

4.3 Contract and licence allocation

4.3.1 Mining sector

4.3.1.1 Mining rights allocation process

All mining rights are acquired in accordance with the provisions of the Mines Act. Mining rights under the Mines Act consist of a mining licence or an exploration licence. There is a strict requirement that a person shall not prospect for minerals or carry on mining operations or mineral processing operations without the authority of a mining right or mineral processing licence granted under the Mines and Minerals Development Act (2015).

The act sets up two cadastre offices - one at the central level (to process applications for mining rights) and one at the provincial level (to forward applications to the central office).

The Mining Cadastre Office receives, processes, and administers applications for mining rights and mineral processing licenses; and maintains public cadastral maps and cadastre registers.

a). First-come, first served basis

The following procedure is followed for each application:

Application

- client submits application forms, duly filled in with coordinates in prescribed format with application fee.
- client countersigns against an assigned number in the appropriate Register
- An officer opens a physical file.
- the application is recorded electronically.

Evaluation and validation

The application should go through a validation process which checks whether:

- the shape complies with the grid prescribed.
- the area falls within the prescribed limit.
- the area applied for is free.
- the applicant has priority over the area applied for

Once the application has been validated, it is submitted to the Mining License Committee (MLC), which is responsible for grant, renewal, termination, suspension, cancellation, and amendment of mining and non-mining rights. MLC comprises the following persons:

- (1) the Director of Mines
- (2) the Director of Geological Survey
- (3) the Director of Mines Safety
- (4) the Director of Mining Cadastre who shall be secretary.
- (5) one representative each of the Ministries responsible for:
 - the environment
 - land
 - finance
 - labour
- (6) a representative from:
 - the Attorney-General Office
 - the Zambia Development Agency
 - the Engineering Institution of Zambia

The criteria considered when assessing the application for a mining exploration and exploitation permit are described respectively in Sections 22 and 31 of the MMMD and are presented in Annex 7 of this report.

a). Awarding process

The MLC shall, within 90 days of the receipt of an application, grant the applicant a mining licence if the applicant meets the requirements.

The allocation of mining titles is governed by the principle of "first in time, first in right". In the case where more than one person applies for a mining right over the same area of land, the Committee shall dispose of the applications in the order in which they are received.¹

The Director of Mining Cadastre shall, where an application is rejected, inform the applicant of the rejection, and give reasons for the rejection in writing.

In 2022, 174 licences were granted to 160 holders. The types of rights granted are set out as follows:

Table 32: mining rights granted in the year 2022:

Type	Description	Granted licences	Number of Holders (*)
AMR	Artisanal Mining Right	31	30
LEL	Large Scale Exploration Licence	73	66
LML	Large Scale Mining Licence	1	1
SEL	Small Scale Exploration Licence	64	58
MPL	Mineral Processing Licence	1	1
SML	Small Scale Mining Licence	4	4
Total		174	160

Source: MMMD

(*) the same entity may hold more than one right.

These licences are detailed in Annex 3 to this report.

b). Competitive bidding process

In accordance with the new MMDA, auctioning shall be undertaken in areas where known mineral resources exist. The Minister shall issue invitations for bids for mining rights over identified areas or mineral resources which are not subject to mining rights or non-mining rights². In the latter case the following procedure is followed:

¹ MMDA 2015 – Article 15

² MMDA 2015 – Article 19

Stages	Procedure
1. Notice publication	The notice is published in a newspaper of general circulation in Zambia
2. Bids Invitation Notice	The notice is issued by the Minister of Mines and shall include:
	- a description of the areas with map and geographical coordinates for which the bids are to be solicited;
	- the procedures and rules relating to the submission of the bids;
3. Bids submission for evaluation	- the period within which the bids shall be submitted.
	The Minister shall set up a technical committee to evaluate bids
4. Bids Evaluation	The Minister shall, within fourteen days from the date of the expiry period, refer the bids for evaluation by the technical committee set up.
	The technical committee shall consider the following in evaluating the bids:
	- the bidder's investment and financial plans;
	- in the case of a holder of a mining right, whether the holder has been compliant with the provisions of this Act and the terms and conditions of the mining right;
	- the bid price; and
- any other relevant matters for purposes of this Act.	
5. Granting of Licences	The technical committee shall provide a detailed analysis of all the bids, ranked in accordance with pre-determined parameters, and recommend to the Committee the bidder with the highest score to be granted the relevant mining right in accordance with the provisions of this Act.
	The MLC shall, upon receipt of the recommendation by the technical committee, grant a mining right to the recommended bidder in accordance with the provisions of this Act.

According to the Cadastre Department no bidding has taken place to date since the enactment of the MMDA 2015.

4.3.1.2 Mining rights transfer

The process for transferring or assigning a mining right or mineral processing licence is provided for under the Mines Act and the Mine Regulations. The statute considers three means of transfer or assignment:

- the transfer of a mining right or mineral processing licence, or
- the transfer or assignment of a share or shares in a company that holds a mining right or mineral processing licence, or
- the transfer of control of a company that holds a mining right or mineral processing licence.

Transfer of a mining right or mineral processing licence

The transfer, assignment, encumberment or otherwise deal with a mining right or a mineral processing licence, or an interest in a mining right or a mineral processing licence, is subject to the prior approval of the Minister and the presentation of a tax clearance certificate.

A holder of a mining right or mineral processing licence or a person with an interest in a mining right or mineral processing licence who intends such operations shall apply for approval by the Minister and give such details of the transferee as would be required in an

application for a mining right or mineral processing licence upon payment of the prescribed fee.³

Transfer of a mining right without first obtaining the consent of the Minister as required by the Mines Act renders such a transfer void.

An assignment or transfer can be made at any time during the tenure of the right, but not less than 120 days before the expiry of the licence and must be accompanied by an application for a mining right (or mineral processing licence) for the prospective assignee or transferee.

Section 66 of the Mines Act states that A holder of a mining right or mineral processing licence or interest in the mining right or mineral processing licence shall give to the Minister such details of the transferee as would be required in an application for a mining right or mineral processing licence. This implies that the same criteria considered when assessing the application for a mineral exploration and exploration permit are applicable for transfers.

The criteria are detailed in **Annex 7**.

During 2022, 25 licenses were transferred. The types of rights transferred are set out as follows:

Table 33: Mining licences transferred in 2022.

Type	Description	2022	
		Transferred Licences	Number of Holders*
LEL	Large Scale Exploration Licence	6	6
LML	Large Scale Mining Licence	3	3
SEL	Small Scale Exploration Licence	4	4
MPL	Mineral Processing Licence	2	2
SML	Small Scale Mining Licence	10	10
Total		25	25

* The same entity may hold two types of rights.

These licenses are detailed in Annex 3 to this Report.

According to the letter issued by the Mining Cadastre Department dated 16 January 2023, the decision to award and transfer of mining licences in the year 2022 was done on a first-come, first-served basis. The letter further stated that the transfer of mining licences was done according to the provisions of section 66 of the Mines Act. The letter confirmed that the decision to award and transfer licences was made in accordance with the criteria set out in section 22 and 31 of the Mines Act, and that there were no deviations from the applicable legal and regulatory framework governing mining licence transfers for the period concerned. The letter is attached in Annex 6 of the report.

Transfer of control of company

Furthermore, a holder of a mining right or mineral processing licence shall not, after the date of the grant of the right or licence, without the prior written approval of the Minister:

- register the transfer of any share or shares in the company to any person or that person's nominee if the effect of doing so would give that person control of the company; or

³ MMDA 2015 – Article 66

- enter into an agreement with any person if the effect of doing so would be to give that person control of the company.

Section 67 of the Mines Act 2015 stipulates that a person is deemed to have control of a company:

- if the person or that person’s nominee holds, or the person and that person’s nominee together hold, a total of 50% or more of the equity shares of the company; or
- if the person is entitled to appoint, or to prevent the appointment of, half or more than half of the number of Directors of the company.

According to the cadastre department, there is no record on transfers of control of companies during 2022.

4.3.1.3 Technical and financial criteria used to grant and transfer mining licences in 2022

The criteria considered when assessing the application for a mining exploration and exploitation permit and the request for transfer of a mining licence are described respectively in Section 21 and 31 of the MMD Act 2015 and are presented in Annex 7. Those criteria have the same weight in the assessment process.

A summary table of the technical and financial criteria used during 2022 is presented in the table below:

Table 34: Summary of the technical and financial criteria used for awarding and transferring mining licences

Application for exploration licence	Award and Transfer
	Technical criteria
	<ul style="list-style-type: none"> • The applicant has the technical ability to conduct the proposed exploration optimally in accordance with the exploration work programme. • If the land is within a National Park, Community Partnership Park, Game Management Area, bird or wildlife sanctuary, National Forest, Local Forest, Botanical Reserve or private forest or is land to which subsection (1) of section <i>fifty-two of the MMD Act</i> applies, the applicant has obtained the necessary written consent of the appropriate authority. • The proposed programme of exploration operations is adequate and makes proper provision for environmental protection. • the proposed exploration area is not the same as, and does not overlap in any manner with, an existing mining right or mineral processing licence area. • If the applicant is a holder, that the applicant has not contravened any condition of the licence or permit or any provision of this Act. <p>Do these criteria have the same weight? YES Do all these criteria apply to obtain a licence? YES</p>
	Financial criteria
<ul style="list-style-type: none"> • The applicant has the financial resources to conduct the proposed exploration optimally in accordance with the exploration work programme. • The estimated expenditure is compatible with the proposed exploration work programme, area size and duration of the exploration work programme. <p>Do these criteria have the same weight? YES Do all these criteria apply to obtain a licence? YES</p>	
Application for mining licence	Award and Transfer
	Technical criteria
	<ul style="list-style-type: none"> • Whether there are sufficient deposits or resources of minerals to justify their commercial exploitation

	<ul style="list-style-type: none"> • The area of land over which the licence is sought is not in excess of the area required to carry out the applicant’s proposed programme for mining operations. • The proposed programme of mining operations is adequate and compliant with the decision letter in respect of the environmental project brief or environmental impact assessment approved by the Zambia Environmental Management Agency • Where consent is required for the area under any written law, that the applicant has submitted evidence of that consent. • The standards of good mining practice and the applicant’s proposed programme for development, construction and mining operations in order to ensure the efficient and beneficial use of the mineral resources for the area over which the licence is sought. • The applicant is not in breach of any condition of the exploration licence or any provision of this Act • In respect of large-scale mining– <ul style="list-style-type: none"> ○ whether the applicant has the financial resources and technical competence, and the financing plan is compatible with the programme of mining operations ○ the applicant’s undertaking for the employment and training of citizens and promotion of local business development <p>Do these criteria have the same weight? YES Do all these criteria apply to obtain a licence? YES</p> <p>Financial criteria</p> <ul style="list-style-type: none"> • whether the applicant’s feasibility study report is bankable • The applicant’s capital investment forecast <p>Do these criteria have the same weight? YES Do all these criteria apply to obtain a licence? YES</p>
Laws where the financial and technical criteria for the award and transfer of mining licences are defined.	Section 21 and 31 of the Mines and Mineral development Act 2015
Please summarise the licences that have been granted in the current year under this regime (first-come, first-served basis)	Refer to table 29
Could you confirm that these licences have been granted or transferred according to the technical and financial criteria described above?	Yes, Confirmation obtained from the Mining Cadastre Department. Refer to Annex 7 to this report.
Were there any significant deviations from applicable legal and regulatory framework governing the granting and transfer of licences?	Yes, Confirmation obtained from the Mining Cadastre Department. Refer to Annex 7 to this report. The OAG report for the period under review lists some deviations.

4.3.1.4 Self-Service Online Mining Cadastre System

On 15 December 2023, the Ministry of Mines and Development announced that the Mining Cadastre in conjunction with Smart Zambia and the Spatial Dimension team, has developed a Self-Service Online Mining Cadastre System (SSOMCS). The system will enable applicants of various mining licences to perform application process using the online platform. The system is a web based and self-service platform. The key features of this system include the following:

- Online portal to provide an online platform with a range of e-government services
- Online submission of application, while payment is to be made through banks, and uploading of documents such as bank deposit slip as proof of payment
- Online submission of support documentation such as company certificates, proposed programme for operations among others
- Online submission of geographic coordinates or maps
- Online validation of the application by the applicant or the client

The implementation of the SSOMCS will be in two phases

Phase one- online validation of both the application and spatial information by the applicants. This phase was completed on 15 December 2023

Phase two- integrating the SSOMCS with the Government Service Bus (GSB) so that clients will be able to pay for applications using various payment options offered by GBS. This phase is expected to be completed by 31 March 2024.

4.3.2 *Petroleum sector*

4.3.2.1 *Petroleum rights allocation process*

In accordance with the Petroleum Act 2008, the blocks are licenced in Zambia through a competitive bidding. The main stages of granting a petroleum exploration licence involve the constitution of blocks, advertising and application, evaluation and recommendation, licence offer and licence grant.

Constitution of blocks

The Minister, with the approval of the Petroleum Committee, divides the territory of the Republic of Zambia into blocks according to the grid system.

In line with Section 88, Part XIII of the Petroleum (Exploration and Production) Act, 2008, the granting authority of the petroleum exploration licence is the Petroleum Committee which is composed of the following:

- The Minister of Mines and Mineral Development (The Chairperson)
- Four (4) ministers appointed by the President; and
- The Governor of the Bank of Zambia

Advertisement and application

The Minister may, by notice in the Gazette and in two newspapers of general circulation in the Republic, issue invitations for bids for the grant of a petroleum exploration licence in respect of any block or blocks specified in the notice in accordance with Section 9 (1), Part II of the Petroleum (Exploration and Production) Act, 2008.

The notice includes:

- a description of the blocks for which the bids are to be solicited;
- the procedures and conditions relating to the submission of the bids; and
- the period within which the bids shall be submitted.

Evaluation and recommendation

Within 5 days after the opening of the tender box, the application should be forwarded to the Petroleum Technical Committee (PTC) for consideration. The Technical Committee shall within thirty days of receiving an application forwarded, consider such application and may, within that period, cause such investigations to be made or such consultations to be carried out as the Technical Committee may consider necessary to assess whether or not the criteria have been met.

The Petroleum Technical Committee evaluates the submitted bids based on technical and financial information requested from bidders as described below. The Petroleum Technical Committee evaluates the bids and recommends the highest scoring bidder to the Petroleum Committee (PC) for an offer. The Minister, within five days then notifies the successful and unsuccessful bidders of the outcome of the evaluation process.

Licence offer and licence grant

The highest scoring bidder is invited to apply for the block(s). When the application is received, it is forwarded to the Petroleum Technical Committee for an evaluation and thereafter a recommendation is made to the Petroleum Committee for the award of a petroleum exploration licence or the rejection of the application. The Petroleum Committee finally grants the licence based on the recommendation.

Thereafter, the letter of award of a petroleum exploration licence is written by the Ministry to the successful applicant and signed by the Minister indicating the final decision made by the Petroleum Committee at its sitting to consider the recommendation of grant. This applies to both cases of the open bidding process as well as the award of the reserved blocks.

4.3.2.2 Government Reserved Petroleum Blocks

The Government of Zambia may participate in petroleum exploration by acquiring reserved block. Specifically, the Minister of Mines and Minerals Development may reserve blocks to be exploited by the Government in accordance with section 8 (2), Part II of the Petroleum (Exploration and Production) Act, 2008.

Currently, ZCCM-IH is a government investment vehicle in the upstream petroleum sector over the Government petroleum blocks. ZCCM-IH partners with investors for the purpose of spearheading petroleum exploration and development in Government blocks.

The procedure for awarding Government reserved blocks also requires that ZCCM-IH applies for the reserved blocks without being subject to competitive bidding. When the application is received by the Minister of Mines and Mineral development, it is referred to the Petroleum Committee for the award or non-award of the petroleum exploration licence. The application submitted by the applicant (ZCCM-IH) will be scrutinised on the basis of financial and technical ability to carry out the proposed programme of exploration. The technical and financial criteria are presented in the section below.

The petroleum committee finally grants licence based on the recommendation. The petroleum exploration licence is valid for four (4) years and is renewable twice for three-year term.

There is always need for the two companies, ZCCM-IH and its identified partner to form a Joint Venture (JV) or Special Purpose Vehicle (SPV). At the time the shareholding structure is agreed upon by partnering companies, ZCCM-IH is then required to make an application to the Minister of Mines and Mineral development for consent to assign/transfer the petroleum exploration licence to the partner or the SPV in accordance with Section 51, Part VIII of the Petroleum (Exploration and Production) Act, 2008.

The identified partner is approved by the Petroleum Committee (as per recommendation of the Petroleum Technical Committee) at two stages: application for the award of the licence and at the application for transfer of interest of licence.

4.3.2.3 Petroleum right transfer

Application for transfer of petroleum exploration licences are made in accordance with Section 51, Part VIII of the Petroleum (Exploration and Production) Act, 2008. With the approval of the Minister of Mines and Mineral Development, any holder of a petroleum licence can at any time transfer the licence.

4.3.2.4 The technical and financial criteria used to grant and transfer petroleum licences.

According to Section 12(2) of the Petroleum (Exploration and Production) Act, 2008, the Technical Committee shall award the licence after the applicant has satisfied all the requirements presented in the table below.

Table 35: Summary of the technical and financial criteria used for awarding and transferring petroleum licences.

Application for petroleum licence	Award and Transfer
	Technical criteria
	<ul style="list-style-type: none"> the technical competence and experience to carry on effective exploration operations; that the proposed programme of exploration operations is adequate and makes proper provision for environmental protection; that the proposed exploration area is not the same as, nor does it overlap an existing exploration area; and if the applicant is a holder of another petroleum exploration licence, the applicant has not contravened any condition of the licence or any provision of the Act. <p>Do these criteria have the same weight? YES Do all these criteria apply to obtain a licence? YES</p>
	Financial criteria
	<ul style="list-style-type: none"> the applicant has, or has secured access to, adequate financial resources. <p>Do these criteria have the same weight? YES Do all these criteria apply to obtain a licence? YES</p>
Laws where the financial and technical criteria for the award and transfer of petroleum licences are defined.	Section 12 (2) of the Petroleum (Exploration and Production) Act, 2008
Please summarise the licences that have been granted in the current year under this regime (first-come, first-served basis)	Refer to table 29
Could you confirm that these licences have been granted or transferred according to the technical and financial criteria described above?	Yes, Confirmation obtained from the Ministry of Mines and Mineral development. Refer to Annex 8 to this report.
Were there any significant deviations from applicable legal and regulatory framework governing the granting and transfer of licences?	N/A

The standard evaluation criteria for bids for Petroleum Exploration Licence are detailed in Annex 8

The information required from bidders subject to evaluation are detailed below as follows:

- full information regarding the bidder's financial status, technical competence and experience;
- a description of the area constituted by the blocks in respect of which the bid is being made;
- the proposed programme and the estimated cost of exploration operations including:
 - Desktop study;
 - Aerial/ground survey;

- Exploratory drilling;
- Evaluation and appraisal; and
- Feasibility study.
- the bidder's proposals with respect to the employment and training of citizens of Zambia;
- the bidder's proposals for the promotion of local business development;
- an environmental commitment plan including:
 - Identification of anticipated impacts
 - Proposed mitigation measures; and
- Timeline for submission of the Strategic Environmental Assessment report to the ZEMA (Within twelve months from date of grant of license).
- a tax clearance certificate issued under the Income Tax Act.

The Technical Committee shall, after considering an application, recommends to the Petroleum Committee:

- the grant of a petroleum exploration licence where the application meets the requirements above; or
- the refusal to grant a petroleum exploration licence where the application does not meet the requirements.

Three licencing rounds have so far been held in 2011, 2013 and 2016. Accordingly, seventeen licences were issued in 2011, nine in 2013 and two in 2016. No bidding round was held in 2022.

4.3.2.5 Assessment of deviations from the applicable legal and regulatory framework governing petroleum licence transfers and awards.

According to the letter issued by the Geological Survey Department 19 January 2023, the Petroleum Committee did not grant any petroleum exploration licence in the year 2022.

The letter confirms that there were no licence transfers made in 2022. Further, the letter confirms that there were no deviations from the applicable legal and regulatory framework governing the grant/transfer of petroleum exploration licences for the period under review. The letter is attached in Annex 9 to this report.

4.4 Register of licence

According to Section 79 of the Mines and Minerals development Act, 2015, the Director of Mining Cadastre shall maintain a mining cadastre register, showing:

- All mining rights and mineral processing licences granted;
- The geographical coordinates of the area of land over which mining rights and mineral processing licences have been granted, the areas that are vacant and can be applied for and the areas that, for environmental and other reasons, are closed to exploration, mining, or mineral processing;
- The date of issue and duration of mining rights and mineral processing licences and the corresponding title, and copies of all decisions rendered in connection with all the rights and mineral processing licences; and
- The minerals for which the mining and mineral processing licences are granted.
- According to the Mining Cadastre data, there were 4246 active mining rights in 2022 compared to 4,303 in 2021. The types of rights are set out in the table below:

Table 36: Active licences 2022

Type	Description	2022	2021
AMR	Artisanal Mining Right	602	604
LEL	Large Scale Exploration Licence	1,429	1,319
LML	Large Scale Mining Licence	118	108
SEL	Small Scale Exploration Licence	1,565	1,780
MPL	Mineral Processing Licence	85	71
SML	Small Scale Mining Licence	447	421
Total		4,246	4,303

These licences are detailed in Annex 3 of this report.

Section 49 of the Petroleum (Exploration and Production) Act, 2008 stipulates that the Minister shall cause to be kept a register, in which shall be recorded:

- The details of the holders of petroleum exploration licence and petroleum development and production licence granted;
- The date of issue and duration of the licences
- Every programme of exploration and development operations and every amendment thereto;
- Every renewal of a licence and the conditions of renewal;
- Every employment and training plan

The table below shows the various companies granted petroleum exploration licences in Zambia:

Table 37: List of Petroleum companies 2022

Companies	Block numbers	License number	Grant/ Renewal date	Awarded by	Expiry date	Status
Geo Petroleum Limited	31	PEL 028	09/05/2020	Competitive bid	08/05/24	Active
Sargas Oil Limited	54	PEL 029	22/06/2020	Competitive bid	21/06/2023	Active
Mafula Energy Ltd	32	PEL 008	14/01/2019	Competitive bid	13/01/2022	Pending Renewal
Barotse Petroleum Company Ltd	20 & 21	PEL 001 & PEL 002	11/01/2011	Competitive bid	09/12/2018	Under Litigation
Tiseeza Zambia Limited	18	PEL 035	30/12/2019	Competitive bid	29/12/2023	Active
ZCCM IH	17 & 27	PEL 032 & PEL 033	27/07/2018	Competitive bid	26/07/2022	Pending Renewal
ZCCM IH	39 & 44	PEL 030 & PEL 031	04/06/2018	Competitive bid	13/06/2022	Pending Renewal
ZCCM-IH	52	PEL 034	14/01/2019	Competitive bid	13/01/2023	Active
ZCCM-IH	1	PEL 012	23/06/2011	Competitive bid	06/12/2019	Pending Renewal

The register of mining and oil & gas licences are publicly available on <http://portals.flexicadastre.com.zambia>. The portal allows to search by licence code or by holder name and view for each title:

- The identity of the licence holder
- The date of application
- The date of award
- The expiry dates
- The commodity produced
- The coordinates of the licence area; and
- The area of the licence

4.4.1 Disclosure of contracts and licences

4.4.1.1 Government policy and legal framework

The Zambian legal framework provides for access to open contracting information e.g., tender notices, bidding documents, and award notices including winners. Information relating to these procurement stages are published by the procuring entities through websites, notice boards, and the Zambia Gazette and Newspapers.

Article 255 of the Constitution of Zambia 2016 states that the management and development of Zambia's environment and natural resources shall be governed by the following principles .access to environmental information to enable people preserve, protect and conserve the environment

Moreover, Article 173 of the Constitution of Zambia states that the guiding values and principles of the public service include the following; proactively providing the public with timely, accessible and accurate information. However, both the Mines Act 2015 and the Petroleum Act 2008 include confidentiality provision as follows:

Section 117 of the MMMD Act 2015 states "any information furnished or information in a report submitted to the Minister, Committee, Director of Mines, Director of Mines Safety, Director of Mining Cadastre or Director of Geological Survey or any authorised officer under or for the purposes of this Act by a holder of a mining or non-mining right shall not, for so long as the mining or non-mining right has effect over the land to which the information relates, be disclosed, except with the consent of the holder of the mining or non-mining right."

- According to the above, the disclosure of information is possible only:
- For or in connection with the administration of the Mine Act 2015
- For the purpose of any legal proceeding
- For the purpose of any investigation or enquiry
- To government authorised consultants and officers
- For or in connection with the preparation of the government statistics

In accordance with section 44 of the Petroleum (Explorations and Production) Act 2008, " a person shall not disclose any information:

- Obtained by that person in connection with the administration of the Petroleum (Explorations and Production) Act 2008
- Furnished by a holder of a licence under this Act without consent of the licensee"

Furthermore, we note that section 86 of the Environmental management Act 12 of 2011 states that the Director General may publish any information on the protection, conservation, management and utilisation of the environment and natural resources as the Director-General considers necessary for public education and awareness.

4.4.1.2 Contract disclosure in the mining and petroleum sector

The Zambian Mining sector as well as the Petroleum sector are structured as a licence system rather than as a contract regime and production sharing system. The rights and obligations of licensees are governed principally by the terms and conditions of the licence, and the legislation (Mine Act 2015 for mining; and Petroleum Act for petroleum sector).

Section 79 of the Mines Act 2015 stipulates that any person may, upon payment of the prescribed fee, inspect any of the registers maintained or kept by the Director of the Mining Cadastre and may obtain certified copies of any document contained in the register.

The MMMD is both the repository and depository of information and data for the mining sector. All mining and exploration activities are required to be collected and lodged by mining right holders with the ministry. All companies are using conditions attached to exploration licenses since the Petroleum legislation 2010 is drafted. The petroleum licenses are listed in the online cadastre.

The Zambian Ministry of Mines and Mineral Development and Trimble Land Administration have developed an online Mining Cadastre Portal to improve transparency and promote investment in the Zambia mining sector (<http://portals.flexicadastre.com/zambia/>). Information on this map is typically updated each business day. It allows users to see the licensed areas, all assigned mining titles, beneficiaries, the type of product, the date of the license application, the date of attribution and the validity of the license.

4.5 Beneficial ownership

4.5.1 Legal framework

Beneficial Ownership

The Companies Act No. 10 of 2017 requires companies to maintain, update and share a beneficial ownership register of all shares of a company (both domestic and foreign) and their associated voting rights, and to provide a statement with information on each beneficial owner during the application for incorporation. The regulations provide for unrestricted access to the beneficial ownership register by law enforcement officers and allows requests for access by persons “showing sufficient interest to the Registrar.”

The Companies Amendment Act of 2020 broadened the definition of beneficial owner [to bring it in line with the Financial Action Task Force (FATF) standard]. Beneficial Ownership is defined under section 3 of Companies Act No. 10 of 2017 as read together with the Companies Amendment Act No. 4 of 2020 which means a natural p[erson who (a) directly or indirectly, through any contract, arrangement, understanding, relationship or any other means ultimately owns, controls, exercises substantial interest in, or receives substantial economic benefit from corporate; (b) exercises ultimate and effective controls over a legal person or legal arrangement; or (c) effectively controls a legal person or legal arrangement on whose behalf a transaction is conducted; and the terms “beneficial own”, beneficial ownership” and cognate expressions shall be construed accordingly.

For clarity, the Companies (Amendment) Act No 4 of 2020 further defines “substantial economic benefit realised by a natural person from a body corporate legally or equitably, of at least five percent of (a) distribution of dividends; or (b) proceeds of a transaction. The word “Substantial interest” in the said Act means at least five percent ownership of shares of a body corporate by a natural person, legally or equitably.

On the other hand, and under the same definition, “Control” means the control of a company by a person who:

- a) beneficially owns more than 25% of the issued share capital of a company;

- b) is entitled to vote a majority of the votes that may be cast at a general meeting of the company, or has the ability to control the voting of a majority of those votes, either directly or through a controlled entity of that person;
- c) is able to appoint or to veto the appointment of a majority of the directors of the company; (d) is a holding company and the company is a subsidiary of that company as provided for in this Act;
- d) In case of a company that is a trust, has the ability to control the majority of the votes of the trustees, to appoint the majority of the trustees or to appoint or change the majority of the beneficiaries of the trust; or
- e) has the ability to materially influence the management policy or affairs of the company in a manner comparable to a person who, in ordinary commercial practice, can exercise an element of control referred to in paragraph (a) I(e).

The ZEC adopted the BO definition as provided in the Companies Act 2017 for EITI reporting purposes.

Politically Exposed Person (PEP)

The Companies Act No.10 of 2017 must be read together with implementing regulations namely Statutory Instrument No.14 and 21 of 2019. The two statutory instruments require applicants to indicate whether a beneficial owner is Politically Exposed or not at the point of incorporating a company or when they are making changes to shareholders in the company.

In Zambia, a PEP is defined in the Financial Intelligence Centre Act No 46 of 2010 (as amended by Act No.4 of 2016). According to this Act, a Politically Exposed Person is:

- a) An individual who holds or has held public office, and includes;
 - a Head of State or Government
 - a Minister
 - a Deputy Minister
 - a Politician
 - a political party official
 - a judicial official or other senior official of a quasi-judicial body
 - a military officer
 - a member of an administrative management or supervisory body or state-owned enterprise
- b) an individual who is, or who has been, entrusted with a public function by a State, public body or local or international organisations;
- c) an immediate family member of a person referred to in paragraph (a)
- d) a close associate of a person referred to in paragraph (a)

The revised guidance note issued by the Financial Intelligence Centre in December 2017, provides the reporting entities with an overview of individuals that are considered PEPs in Zambia and the Anti-Money-Laundering and Combating the Financing of Terrorism measures that apply to them.

Furthermore, for EITI reporting purposes, ZEC agreed to adopt the following definitions of PEPS:

Foreign PEPs are individuals who are or have been entrusted with prominent public functions by a foreign country, for example Head of State-owned or of a government senior politician, senior government, judicial or military offices, senior executives of State-owned enterprises, important political party officials.

Domestic PEPs are individuals who are or have been entrusted domestically with prominent public function, for example, Head of State or of government, senior politicians, senior

government, judicial or military official, senior executives of State-owned enterprises, important political party officials.

Persons who are or have been entrusted with a prominent function by an international organisation refers to members of senior management i.e., directors, deputy directors and, members of the board or equivalent functions.

4.5.2 Beneficial ownership data

4.5.2.1 Register of Beneficial Owners

According to Section 12 of the Companies Act 2017, an application for incorporation of a company shall be accompanied by a statement of beneficial ownership which shall state, in respect of each beneficial owner:

- The full names
- The date of birth
- The nationality (nationalities)
- The country of residence
- The residential address; and
- Any other particulars as may be prescribed

Furthermore, section 21 (2) of the Companies Act, 2017 stipulates that PACRA shall establish and maintain a Register of beneficial owners in manual or electronic form. The Register includes the above information about the Beneficial Owners and information about the legal owners. A company shall, where a change occurs with respect to the particulars of shareholding or beneficial ownership stated in a register, notify PACRA, within fourteen days of such change. BO Register is accessible to the public upon request, physically and electronically through PACRA website and after the payment of a fee. <https://www.pacra.org.zm/forms>

4.5.2.2 Coverage of the BO Register

According to Requirement 2.5 of the 2019 EITI Standard, it is required that implementing countries request, and companies publicly disclose, beneficial ownership information. This applies to corporate entities that apply for or hold a participating interest in an exploration or production of oil, gas or mining licence contract.

It is worth noting that according to Section 13 of the Mines and Minerals Development Act 2015, the exploration licences and mining licences should be granted only to companies incorporated under the Companies Act 2017. Therefore, all the companies applying for mining licences must be incorporated in Zambia and disclose beneficial ownership according to the Companies Act 2017.

However, there is no such prohibition in the Petroleum (Exploration and Production) Act of 2008 and the Petroleum Exploration Licences can be granted to individuals or companies without established offices in Zambia. Therefore, it is not possible to collect beneficial ownership information about applicants for the petroleum licences through the actual legislation of the Companies Act.

Section 299 of the Companies Act 2017 stipulates that a body corporate formed outside Zambia may register as a foreign company by lodging with the Registrar an application for registration accompanied by information about the beneficial ownership of the shareholding in the country of incorporation.

4.5.2.3 *Beneficial Ownership landscape internationally and in Zambia*

On 22 November 2022 the Court of Justice of the European Union (CJEU) invalidated a provision of the 5th EU Anti-Money Laundering Directive that guaranteed public access to information on companies' real owners. The case was sent to the CJEU from a Luxembourg court after challenges to the Luxembourg Business Registers, which disputed the compatibility of this provision with the right to privacy.

However, the court did recognise that civil society and the media have a legitimate interest in accessing such information, given their role in the fight against money laundering. With this development, there are now calls to have the European Parliament and Council to codify this by guaranteeing access in the current 6th EU Anti-Money Laundering Directive. The new directive should include precise provisions that reconcile public access with privacy and security concerns.

(source: <https://www.transparency.org/en/press/eu-court-of-justice-delivers-blow-to-beneficial-ownership-transparency>)

The diagnostic report on governance and corruption, July 2022, issued by the IMF noted that Zambia has a sound anti-corruption framework in place, but the implementation should be strengthened to address the weaknesses in the asset and financial disclosure and corruption reporting. The report also recommended operationalising PACRA's beneficial ownership register, including ensuring the availability of accurate, complete, and up to date beneficial ownership information and imposing effective sanctions on entities for non-compliance.

On 15 November 2021 the government of Zambia represented by the Ministry of Mines and Minerals Development signed a Memorandum of Understanding with the Open Extractives Programme with the aim of establishing a framework for cooperation between the parties (MMMD, PACRA, ZEITI and Open Ownership).

The objectives of the framework were the following:

- enable the Zambian government and industry to disclose high quality and open Beneficial Ownership information.
- create a community for implementers of BO through regional and global peer exchange to promote best practice internationally.
- build data-usage capacity of government and other local stakeholders, including industry, media and academia Communicate best practices and learnings from the programme nationally, regionally, and globally.

In line with the MoU, on 10 December 2021, Zambia officially launched its participation in the Open Extractives programme, the programme that combines political and technical engagement with participating countries to implement reforms on beneficial ownership disclosure in the extractive sector. The event affirmed the country's commitment to beneficial ownership transparency. Government ministries, civil society and company representatives emphasised the contribution of the programme in enhancing beneficial ownership reforms and strengthening natural resource governance

Open Ownership in collaboration with EITI arranged a workshop in January 2023 in Lusaka where Beneficial Ownership was discussed. The following were recommendations that came out from the workshop to support the strengthening of Beneficial Ownership transparency in Zambia in line with the Open Ownership Principles, Recommendations 24 and 25 of the FATF Standard, and the EITI Requirement 2.5 on Beneficial Ownership:

Recommendation on beneficial ownership related to PACRA:

- I. The Companies Regulations should be amended to make provision for capturing beneficial ownership (BO) information such as extending the criteria by which one can conduct a search on the public registry including name of beneficial owner, identity number of beneficial owner (national identity number or passport number) and taxpayer identification number of beneficial owner.
- II. In order to have beneficial ownership (BO) information searchable by non- Patents and Companies Registration Agency (PACRA) account holders, remove the requirement to register an account with Patents and Companies Registration Agency (PACRA).
- III. Amend the Companies Act to include a non-exhaustive list of means/ways in which beneficial ownership (BO) can be held as the case, for example, in Slovakia's Act on the Register of Public Sector Partners and on Amendments to Certain Laws (Act No. 315/2015).
- IV. Amend the definition of substantial economic benefit as far as it relates to transactions by defining the term "transaction". The definition must clarify the parameters to consider when considering economic benefits
- V. Include the nature of beneficial ownership (BO) on the Patents and Companies Registration Agency (PACRA) printout.
- VI. Amend the definition of "control" in the Companies Act to make it consistent with the threshold of 5% set out in the definition of "substantial economic benefit" and "substantial interest".
- VII. Interlink PACRA system with public registries and other data platforms hosted by government agencies to enhance verification processes.
- VIII. The PACRA system should not allow filing of annual returns where a company's (beneficial ownership) BO information is not up to date.
- IX. All (private or public) companies are required to disclose (beneficial ownership) BO information. However, PACRA's forms and regulations do not consider the peculiarities of listed companies and State-Owned Entities (SOEs). To address this gap, PACRA should create specific requirements in regs and forms for listed companies and SOEs.
- X. Revise the Companies Act and Companies Regulations to reserve criminal sanctions for serious beneficial ownership violations such as knowingly making false BO declarations, concealing the true beneficial owners of the company, etc. In this regard, section 359 of the Companies Act should be amended to include "beneficial ownership".
- XI. Revise the Companies Regulations to provide for penalisation of compliance violations through the imposition of administrative fines and other non-financial sanctions, including restrictions on voting rights, board appointments, processing of annual returns and deactivation of a company where non-compliance has persisted for a specified period.
- XII. Revise the BO Declaration Forms to allow data on the first layer of the ownership chain of a company to be collected for ease and consistency in data collection. The data should be collected in a structured format for interoperability.
- XIII. Amend the Companies Act to include a broad legal basis for the publication of BO information, such as transparency and accountability in order to meet requirements of the Data Protection Act No. 3 of 2021 and to mitigate against challenges for submission of BO information.
- XIV. Amend the Companies Regulations to clearly define and justify the grounds upon which publication of BO information may be exempted.
- XV. Amend the Companies Act to implement measures to ensure the adequacy and accuracy of BO information, including an express provision that information declared to the Registrar shall be legally binding.
- XVI. Adopt verification measures such as requiring BO disclosures to be notarised before submission.
- XVII. Strengthen verification by having recourse to the Integrated National Registration Information System (INRIS) hosted by the Ministry of Home Affairs.
- XVIII. Amend section 270(3) of the Act to make it clear that all companies must confirm, update or provide BO information when filing annual returns.

- XIX. The annual returns indicating change in BO information should also include the nature of the BO and the dates on which BO commenced or ended. This should be accompanied by the Notice of Change of BO form.
- XX. Amend section 272 of the Companies Act to provide that companies should expressly declare that BO information is the same and has not changed when filing a no change annual return. The section should also clearly state that a declaration of BO should be made where there has been a change.
- XXI. Amend the Registration of Business Names Act by including an obligation for disclosure of BO information of businesses by incorporating requirements of the Companies Act.
- XXII. Amend BN Form BIII (Application for Registration of Business Name) to include requirement for disclosure of BO.

Recommendation to Beneficial ownership related to the Ministry of Mines and Minerals Development

- XXIII. Amend the Mines Act to include an obligation for mining and exploration licence holders to declare BO information to PACRA. It should also include a requirement for licence holders to provide evidence of compliance with BO declaration from PACRA.
- XXIV. Amend the Mines Act to define BO by cross-referencing to the Companies Act.
- XXV. Amend the Mines Act to require BO declaration at licence application stage, renewal stage, transfer stage and at any point where BO changes.
- XXVI. Amend the Mines Act to reduce the threshold for what amounts to “control” from 50% of the equity to align with the threshold of control in the Companies Act.
- XXVII. Amend the Mines Regulations to include provision for submission of BO in the Forms for which Mining Cadastre can verify against the BO register maintained by PACRA.
- XXVIII. The Mining Cadastre system should be linked to the PACRA system in a way that allows Mining Cadastre staff to extract BO information and verify against what has been provided by licence holders and applicants.
- XXIX. The Ministry of Mines can strengthen verification by having recourse to the Integrated National Registration Information System (INRIS) hosted by the Ministry of Home Affairs as a reference point.

4.5.2.4 Disclosure of legal ownership

According to section 21 (2) of the Companies Act 2017, the following information relating to a legal person is collected by PACRA for all the companies incorporated in Zambia, including the extractive companies, and included in the Register of Beneficial Owners:

- The body corporate name
- Head office address
- Identities of directors, shareholders, and beneficial owners
- Proof of incorporation or evidence of legal status and legal form
- Provisions governing the authority to bind the legal person

Such information as is necessary to understand the ownership and control of the legal person.

4.6 State Participation

4.6.1 Legal framework

The state participation in the mining sector is governed by the provisions of the Mines and Minerals Development Act of 2015. Section 3 of the Act stipulates that all rights of ownership in, searching for mining and disposing of minerals wheresoever located in the Republic of Zambia vest in the President on behalf of the Republic.

The Mines and Minerals Development Act 2015 offers possibility to the Government to acquire mining rights for Government investment over identified areas as prescribed by the Section 17 of the Act. The identified area referred to shall be reserved for Government investment

and shall not be subject to an application for the acquisition of a mining right by any person. The identified areas will not be subject to an application for a mining right by any person and furthermore the mining rights subject to identified areas shall be granted to a government investment company in accordance with the provisions of the Mines Act.

4.6.2 ZCCM-IH

The ownership of mines has undergone a sequence of radical changes. Initially a private industry under the colonial administration, the mining industry was nationalised in the early 1970s, with the creation of the state-owned Zambia Consolidated Copper Mines (ZCCM). A combination of low prices and lack of capital to invest resulted in production of copper falling, and ZCCM's operations became increasingly unprofitable, and the industry was reprivatized in the late 1990s.

Although the mines are now operated by private companies, the Government retains minority interests in most of the large copper projects through its holding company Zambia Consolidated Copper Mines Investments Holdings Plc (ZCCM-IH). GRZ is the majority shareholder of ZCCM-IH and therefore the Company has strong links with the government. ZCCM-IH is quoted on the Lusaka, London, and Euronext Stock Exchanges.

ZCCM-IH's annual audited financial reports are publicly available and include information on reserves, the names of operating companies, royalties, and dividends. ZCCM-IH also publishes information on its board of directors and decision-making rules.⁴

The Company has close links with two Government ministries namely, the Ministry of Mines and Mineral Development and the Ministry of Finance. Both ministries have representation on the Board of ZCCM-IH. The Company also maintains a close relationship with Government through representatives of some autonomous Entities on the Board of ZCCM-IH namely the Zambia Revenue Authority and the Bank of Zambia (Central Bank).

ZCCM Investments Holdings Plc (ZCCM-IH) is a diversified mining investment and operations Company, with significant and focused interests in Zambia's mining and energy sectors. The Group's portfolio commodity mix includes copper, gold, amethyst, manganese, limestone, coal and electric power energy. The shareholding structure is as follows: the Industrial Development Corporation Ltd (IDC) holds 60.3%, Government of the Republic of Zambia (GRZ) holds 17.3%, National Pension Scheme Authority (NAPSA) holds 15% and the remaining 7.4% is held by private investors. The geographical spread of the minority shareholders, who number over 4,000, cover countries in Europe, Africa, the Caribbean, Australia, Asia and the USA.

On 2 October 2023, ZCCM-IH shareholders during the Company's nineteenth Annual General Meeting (AGM) held on Friday, 29th September 2023, approved combined dividends totalling K724 Million for the financial years ended 31 December 2022 and 31 December 2021. Government will get over half a billion Kwacha (K562 Million) from this amount through the Industrial Development Corporation (K437 Million) and the Ministry of Finance and National Planning (K125 Million).

⁴ www.zccm-ih.com.zm/

The Company had the following interests in the following companies as at 31 December 2022:

Table 38: ZCCM-IH Shareholding

No.	Investee	% of shareholding	Status
1	Mopani Copper Mine PLC	100%	Operational
2	Ndola Lime Company Limited	100%	Winding up
3	Kariba Minerals Limited	100%	Operational
4	Misenge Environmental and Technical Services Limited	100%	Operational
5	Mushe Milling Limited (in liquidation)	100%	Operational
6	Kabundi Resources Limited	100%	Operational
7	Limestone Resources Limited	100%	Operational
8	Investrust Bank PLC	71.4%	Operational
9	Zambia Gold Company Limited	51%	Development/Exploration
10	Rembrandt Properties	49%	Development
11	Central African Cement Limited	49%	Development
12	Maamba Collieries Limited	35%	Operational
13	Konkola Copper Mines PLC	20.6%	Operational
14	Kansanshi Mining PLC	20%	Operational
15	Copperbelt Energy Corporation PLC	24.1%	Operational
16	CNMC Luanshya Copper Mines PLC	20%	Operational
17	Lubambe Copper Mines PLC	20%	Operational
18	NFCA Africa Mining Plc	15%	Operational
19	Chibuluma Mines PLC	15%	Operational
20	Chambishi Metals PLC	10%	Care and maintenance
21	Copper Tree Mineral Limited	15.6%	Development
22	Oranto Oil Block	10%	Explorational
23	Consolidated Gold Company Ltd	45%	Operational
24	Nkandabwe Coal Mining	100	Winding up

4.6.2.1 ZCCM-IH Security and guarantee of US\$100 million KCM Trafigura Transaction

In October 2021, ZCCM-IH announced the pledge of US\$200 Million worth of ZCCM-IH's shareholding in Kansanshi Mining PLC and execution of a corporate guarantee in favour of Trafigura as security for a US\$100 million prepayment transaction to KCM by Trafigura. The prepayment carries an interest rate of Libor plus 7% and is repayable by KCM through copper deliveries to Trafigura monthly for a period of 18 months with a 6- month moratorium.

In June 2022, Trafigura signed a Deed of Release in which the parties agreed to discharge the ZCCM-IH pledged of US\$200 Million worth of its shareholding in Kansanshi Mining PLC under this transaction. Therefore, only the ZCCM-IH corporate guarantee remains as the security under this facility.

4.6.2.2 ZCCM-IH Agreement with Kansanshi Mining PLC

On 1 December 2022 ZCCM-IH entered in an agreement with Kansanshi Mining Plc to convert its dividend rights into a life of mine royalty, while retaining its 20% shareholding and 20% voting rights in Kansanshi Mining Plc.

The granting of the life of mine royalty to ZCCM-IH is pursuant to a Royalty Agreement to be executed on the transaction closing date, which is expected to be in early 2023.

The Royalty Agreement, which will document the terms of the Royalty and the rights granted, will include the following:

- ZCCM-IH will be entitled to a 3.1% royalty calculated on the gross value of all sales of recoverable metal products extracted by Kansanshi Mining Plc.
- ZCCM-IH's rights under the Royalty will be transferable, in whole or in part.
- Royalty payments will be calculated using the calendar monthly average price quoted for the relevant metal product on the London Metal Exchange or London Bullion Markets Association as applicable.
- There will be no deductions for processing, transport, insurance or other costs.
- The Royalty is binding on KMP's successors and assignees (and to the benefit of ZCCM-IH and its successors and assignees) and is intended to attach to KMP's Mining Licence and the Royalty Area to the extent permitted by law.
- Payments under the Royalty Agreement are to be calculated from the agreed effective date of 30 June 2022, with amounts becoming payable on execution of the agreement and due quarterly for the life of the mine.

On 3 April 2023 ZCCM Investments Holdings Plc (ZCCM-IH) shareholders approved the Kansanshi royalty conversion where the Company will now receive 3.1% of Kansanshi Mining Plc's (Kansanshi) total revenue. The royalty revenue will be paid on a quarterly basis over the entire life of the mine of Kansanshi that currently extends to the year 2045.

The approval was given at the Shareholder's Extraordinary General Meeting (EGM) held in Kitwe on 31 March 2023.

At the EGM, it was indicated that the royalty income stream replaced the former model of dividend pay-outs which was unpredictable. Dividends were made at the discretion of the Board and were dependent on company profitability. Instead, a royalty is predictable and guaranteed as it will be charged at 3.1% of the company's total revenue (from sales of Copper, Gold, and all other metal products) as per the Royalty Agreement. This therefore will guarantee a steady income stream for ZCCM-IH, as long as there is production at Kansanshi.

ZCCM-IH will continue to hold 20% of the shares in Kansanshi Mining Plc, retain 2 out of 10 board seats, and thus continue to participate in the governance of Kansanshi and having full visibility of Kansanshi operations.

4.6.2.3 KCM Ownership

On 5 September 2023 the Minister of Mines and Minerals Development, announced the reinstatement of Vedanta resources to run Konkola Copper Mines (KCM) as the major shareholders resuming their previous role and shareholding.

Vedanta through their Executive Director, on 4 September 2023 committed and agreed to do the following:

- \$1 billion investment in KCM development
- \$250 million payment to local creditors
- \$20 million investment into local community every year through a special purpose vehicle Community Trust
- 20% increase in salaries for employees
- One-off K2,500 payment to all staff

ZCCM-IH will continue to hold 20.6% of the shares in KCM. ZCCM-IH will play a proactive role in ensuring the development and sustainability of KCM as a national strategic asset that will

contribute towards the 3 million metric tonnes of annual national copper production target set by Government.

4.6.2.4 Mopani Copper Mine Ownership

On 10 November 2023 and 30 November 2023, the Board of Directors of ZCCM-IH announced that they have selected International Resources Holding RSC Limited (IRH), as the preferred Strategic Equity Partner (SEP) for Mopani Copper Mines Plc (MCM). On 22 December 2023, ZCCM-IH entered into an agreement with IRH pursuant to which IRH has committed to invest a total of US\$1.1 billion into MCM as a Strategic Equity Partner, subject to the fulfilment of Conditions Precedent. Consequently, upon the satisfaction of those Conditions Precedent, the relationship between Glencore International AG (Glencore) and MCM will be restructured.

The key features of the Transaction are set out below.

- A. Brief Particulars of the Transaction
 - i. IRH to invest a total of US\$1.1 billion into MCM to fund MCM's Project Development Plan ("PDP"), provide working capital and restructure certain existing Glencore liabilities
 - ii. ZCCM-IH will retain a 49% equity stake in MCM at Closing;
 - iii. The executive management of MCM will be retained and will be supplemented by industry experts from IRH with the relevant skills and expertise to complete MCM's capital projects and turnaround its operational performance;
 - iv. A new Board of Directors, reflective of the revised shareholding structure, will be constituted; and
 - v. IRH will, subject to certain conditions precedent being met, provide up to US\$220 million in interim funding. This funding will be available to MCM prior to the Closing, to ensure that the business has sufficient liquidity until Closing. The interim funding will form part of the US\$620 million new equity investment.
- B. Consideration The total consideration is US\$1.1 billion which will be split between equity and debt in the following proportion:
 - i. US\$620 million in new equity;
 - ii. US\$300 million as a shareholder loan by way of novation of part of the Glencore Transaction Debt;
 - iii. Up to US\$100 million for settlement of the Glencore procured letters of credit;
 - iv. Up to US\$80 million in shareholder loans, if required.
- C. Transaction Rationale
 - i. Strong track record across the mining value chain-IRH has a technical team of over 120 professionals working with major global mining companies and possessing a variety of experience, including in geology, engineering, metallurgy, and project management.
 - ii. Environmental, social and governance (ESG)-IRH's investment into MCM embraces a strict focus on multiple ESG principles. In collaboration with GRZ, IRH will not undertake staff redundancies at MCM as part of the Transaction. Any staff separations to occur will be strictly performance-related and carried out purely in the ordinary course of business.
- D. Key Financial Terms
 - i. US\$620 million Equity Investment into MCM- IRH, through its wholly owned subsidiary, Delta Mining Limited, will, subject to certain conditions precedent, provide an equity investment of US\$620 million through the subscription of new shares in MCM. The Investor Shares, when issued, shall constitute 51% of the entire issued share capital of MCM, with the balance of 49% being held by ZCCM-IH.
 - ii. US\$400 million of loans to MCM - IRH will provide US\$400 million in loans by way of novation of the Glencore debt
 - iii. Glencore and MCM Capital Restructuring-As part of the overall restructuring of MCM's balance sheet, agreement has been reached between IRH, ZCCM-

IH and Glencore to restructure US\$1.5 billion of Glencore Transaction Debt that resulted when ZCCM-IH acquired 100% of MCM in 2021, as well as up to US\$100 million of the letter of credit support that has been provided to MCM by Glencore since ZCCM-IH's acquisition.

- E. Conditions Precedent
- i. Approval of the Transaction by the shareholders of ZCCM-IH at a general meeting;
 - ii. Receipt of the renewal of MCM's Mining Licences pursuant to section 76 of the Mines and Minerals Development Act, 2015 (No. 11 of 2015) from the Minister of Mines and Minerals Development for a period of 25 years, on the basis of the revised mine plan;
 - iii. Receipt of approval and/or consent of the Transaction pursuant to section 67 of the Mines and Minerals Development Act, 2015 (No. 11 of 2015) from the Minister of Mines and Minerals Development;
 - iv. Delivery by Delta to ZCCM-IH of the final PDP;
 - v. Execution and delivery by Delta of commitment letters undertaking to pay the Subscription Price and US\$400 million of loans to MCM in order to settle the Glencore debt;
 - vi. Receipt of a duly signed tax covenant in respect of MCM's tax position at Closing;
 - vii. Agreement by Delta and ZCCM-IH of the list of unanimous shareholder consent matters to be scheduled to the shareholders' agreement in respect of MCM to be entered into a Completion;
 - viii. The Security Exchange Commission approving the change of control of MCM in connection with the Transaction; and
 - ix. Reaching agreement with Glencore on the documents governing the restructure mentioned above.
- F. Effective Date

The Transaction will close and become effective once all of the Conditions Precedent listed have been completed. It is estimated that Closing will occur during the first quarter of 2024.

4.6.2.5 Inter-governmental Agreements

United States of America Memorandum of Understanding with the Democratic Republic of Congo and Zambia

The US department of state released a signed Memorandum of Understanding with the Democratic Republic of Congo and Zambia on electric vehicle battery value chains. The document was signed on December 13, 2022, during the Africa Leaders' Summit and states DRC and Zambia's involvement in the production of Electric Vehicle batteries.

The MOU is stated to be entrusting the 2 African countries to work on a value chain that covers mining all the way to assembly. These projects will be operational within Africa and there is mention of enabling the private sector to also be invited to participate in each step of this venture.

Democratic Republic of Congo and Zambia Agreement on Cobalt Production

On 29th April 2022 Zambia and the Democratic Republic of Congo (DRC) signed a cooperation agreement to facilitate the development of value chain in electric battery and clean energy sector. The Cooperation Agreement is expected to provide a framework for bilateral cooperation on the initiative to develop the battery value chain as well as strengthen collaboration between Zambia and DRC. The agreement was aimed at strengthening the value chain for production of batteries for electric cars which will be key to economies of Zambia and the DRC.

4.6.3 Industrial Development Cooperation

The Industrial Development Corporation (IDC) of Zambia is an investment company wholly owned by the Zambian government, incorporated in early 2014 whose mandate objective is a catalytic role in deepening and supporting Zambia's industrialisation capacity to promote job creation and domestic wealth formation across key economic sectors. After the establishment of IDC, it was agreed that all SOEs incorporated under the Companies Act and the Banking and Financial Services Act from the ministry of Finance to the IDC. The corporation was going to hold shares on behalf of Government, supervise and manage all GRZ's shares in the SOEs.

In February 2014, IDC was incorporated as a company limited by shares under the Companies Act. It is 100% owned by the Minister of Finance pursuant to the Minister of Finance (Incorporation) Act Cap 349 of the Laws of Zambia, for the President on behalf of the Government of the Republic of Zambia (GRZ). IDC commenced operations in March 2014

Among the objectives of the IDC, through its Basic Metals and Mining Strategic Business Unit is to ensure a globally and domestically competitive downstream manufacturing in the metals value chains. The aim is to ultimately contribute towards the creation of a globally competitive and diversified local basic metal and mineral resource industry that produces a significant amount of the metals products and minerals for the local market and the rest of Africa. This should ultimately lead to increased exports of value-added minerals. Accordingly, the Basic Metals and Mining SBU, offers financial assistance, to a range of entities in the basic metals and mining space.

IDC is funding development of basic metals manufacturing capacity, mining of minerals that supports the inputs to metals value chain and strategic minerals such as energy and food security minerals. IDC is also funding projects, that beneficiate and add value to locally mined minerals in support of downstream manufacturing. IDC operates under the provisions of the Companies Act and it is neither a Government Agency nor a statutory body. Like any other company, IDC pays taxes to tax authorities, distributes dividends to its shareholders and has its own board of directors and a professional management team. Its sole shareholder is Zambia's Minister of Finance.

More information about the Governance of IDC can be consulted on its website: <https://www.idc.co.zm>.

4.7 Production and Export

4.7.1 Production

Base and precious metals

The production volume and value for the base metals are set out in the following table:

Table 39: Production of base and precious metal 2022

Commodity	Unit	Production Quantity	Unit Value US\$	Production value (US\$ Million)
Copper	Metric Tonnes (Mt)	763,550	8,822.37	6,736.32
Gold	Ounces	103,884	1,801.87	187.19

The breakdown by company of the production presented in the above table is as follows:

Commodity	Company	Unit	Production Qty	Production Value US\$ Million
Copper	Konkola Copper Mines	Mt	55,810	492
	Mopani Copper Mines	Mt	41,685	368
	CNMC Luanshya Mine	Mt	53,952	476
	FQM Trident Mine	Mt	242,451	2,139
	Chibuluma Mine	Mt	2,982	26
	Lumwana Mine	Mt	121,113	1,069
	NFC Africa Mining	Mt	67,559	596
	SINO Metals	Mt	13,538	119
	Lubambe Copper Mine	Mt	17,917	158
	Kansanshi Copper Mine	Mt	146,279	1,290
Gold	Kansanshi	Ounce	102,014	184
	NFC Africa Mining Plc		1,870	3

Industrial metals

The production volume for the industrial metals are set out in the following table:

Commodity	Unit	Production quantity
Coal	Metric tonne (Mt)	823,450
Emerald	Kg	22,381
Manganese	Metric tonne (Mt)	161,611
Cement	Metric tonne (Mt)	2,271,770

Table 40: Breakdown by Company of the production of industrial metals in 2022

Commodity	Company	Unit	Production Quantity
Coal	Collum Coal Mining Industries	Metric Tonnes	293,260
	Sezic Resources		41,459
	African Power Coal		146,541
	Maamba Collieries		342,189
Emerald	Grizzly Mining	Kg	11,509
	Kagem Mining		8,937
Manganese	Champion Minerals	Metric Tonnes	161,611
	SAN HE (Z) Ltd		
	Dantong Industries		
Cobalt	Konkola Copper Mines	Metric Tonnes	252
	Others		
Cement	Chilanga	Metric Tonnes	778,903
	Dangote		662,309
	Zambezi Portland		246,759
	Oriental		321,982
	Mphande Limestone		621,846
	Bandot		30,153

The data indicates dampened growth in the mining sector in 2022 mainly on account of a decline in copper production. Production of gold also decreased while cobalt, nickel, cement, coal, emeralds and manganese production increased.

4.7.2 Export

Export data for 2022 has been collected from the MMMD Chemistry Department annual report.

The table below summarises the exports made in the year 2022

Table 41a: Exports of Industrial metals in 2022

No.	Commodity	QTY (KG)	VALUE (\$)	% VALUE
1	Ferro-Manganese	28,600,000.00	25,344,600.00	7.411
2	Silico-Manganese	226,348,000.00	202,477,798.49	59.208
3	Ferro-Silicon	11,197,000.00	1,249,779.35	0.365
4	Lime	694,345,000.0	103,837,404.00	30.364
5	Gypsum	150,000.00	19,500.00	0.0057
6	Talc	2,840,000.00	78,000.00	0.023
7	Marble Blocks	2,525,000.00	193,750.00	0.057
8	Coal	103,531,000.00	4,954,394.00	1.449
9	Calcium carbonate	13,048,000.0	833,820.00	0.244
10	Crushed stones	37,000,000.00	551,000.00	0.161
11	Dolomite	12,590,000.00	58,960.00	0.017
12	Silica	15,403,600.00	210,911.00	0.062
14	Granite	8,000,000.00	500,000.00	0.146
15	Mica	1,000.00	300.00	0.000088
16	Cullet	30,000.00	1,722.60	0.0005
17	Cement and aggr	6,950.00	8,930.00	0.003
18	Fluorite	25,500.00	1,660,000.00	0.485
19	Feldspar	20.0	40.00	0.000012
	Total	1,155,870,570.00	341,979,186.84	100

Table 41b: Exports of Base and Precious metals in 2022

No.	Description	Ore (kg)	Concentrates (Kg)	Anodes/Alloys (kg)	Cathodes (Kg)	Quantity (Kg)	Export Value (\$)	% Value
1	Copper	56,557,133.59	28,994,976.25	862,226,100.00	294,970,011.50	1,242,748,220.34	10,994,145,484.48	95.4%
2	Zinc	192,013,573.63	22,576,200.00			214,589,773.63	161,691,219.62	14%
3	Cobalt	21,202,603.27	298,198.48			21,500,801.75	11,127,070.68	0.1%
4	Manganese	248,253,036.20				248,253,036.20	14,161,826.94	0.1%
5	Lead	23,000,461.50	300,050.00	11,038,003.46		34,338,514.96	43,924,137.41	0.4%
6	Tin	119,531.50				119,531.50	324,098.88	0.002%
7	Aluminium			3,000,000.00		3,000,000.00	6,408,089.74	0.056%
8	Nickel	31,150,070.47				31,150,070.47	156,329,230.52	1.36%
9	Gold			1,270.10		1,270.10	43,322,786.27	0.38%
10	Anode Slimes		610,000.00			610,000.00	29,091,293.38	0.25%
11	Silver	20.00	3,040,265.60	0.10		3,040,285.70	1,218,073.83	0.01%
	Total	572,296,429.16	55,819,690.33	876,265,373.66	294,970,011.50	1,799,351,504.65	11,461,743,311.75	100

Copper export earnings fell by 3.2 percent, reflecting lower copper prices and export volume. The reduction in export volume was underpinned by a decline in copper output amid low ore grade, operational challenges, and routine closures for maintenance at some mines. Gold and cobalt earning also reduced due to lower prices and export volume (gold) while the major cobalt producer remained on care and maintenance.

EXPORTS 2022 COMPARED TO 2021

US\$ million	2022	2021
Copper (Mt)	8,128.6	8,396.5
Cobalt	0	5
Gold (ounces)	187.3	209.2
Gemstones	78.8	126.3
Cement and Lime	186.7	185.4

4.8 Revenue collection

4.8.1 Sectors covered by the report

The 2022 ZEITI Report covers revenues from mining and quarrying sector. Zambia has also few operators in hydrocarbon sector who are in the exploration phase. The report also covers the revenue from the petroleum exploration activities.

4.8.2 Cash revenue

4.8.2.1 Payment streams included in the scope of the report

All the flows provided for by the MMMD Act, 2015 and the Petroleum (Exploration and Production) Act 2008 have been included in the scope of the report. Furthermore, the report covers all flows resulting from the Income Tax Act, Customs and Excise Act, the Property Transfer Tax Act and the Value Added Tax Act and other related legislations.

In addition, the scope includes social payments, as well as environmental payments and payments relating to possible barter transactions without application of a materiality threshold.

The reporting entities listed in the following section were requested to report all payments for the payment streams included in the scope as well as any other significant payment exceeding ZMW20 million.

The list of flows retained in the scope of the report is as follows:

Ref	Description of payment	Unilateral disclosure from Govt Agencies	Unilateral disclosure from companies	Reconciliation
	<i>MMMD</i>			
1	Application Fees	√		
2	Licence Fees	√		
3	Area Charges	√		
4	Valuation Fees	√		
5	Environmental Protection Fund	√		
6	Other fees & charges	√		
	<i>ZRA</i>			
7	Pay- As-You-Earn	√		
8	Import VAT	√		√
9	Mineral Royalty	√		√
11	Company Income Tax (including Provisional Tax)	√		√
12	VAT	√		
13	Import/Customs Duty	√		
14	Withholding Taxes			√
15	Excise Duty	√		
16	Property Transfer Tax	√		
17	Advance Income Tax	√		
18	Export Levy	√		
19	Other taxes (ZRA)	√		
20	Withholding VAT	√		√
21	VAT Refundable		√	
22	VAT Refunds		√	

Ref	Description of payment	Unilateral disclosure from Govt Agencies	Unilateral disclosure from companies	Reconciliation
23	Balance VAT refundable		√	
	<i>Local Councils</i>			
24	Annual Business Fees	√		
25	Property Rates	√		
	<i>MoL</i>			
26	Ground Rent	√		
27	Consideration Fees	√		
28	Registration Fees	√		
30	Preparation fees	√		
	<i>MoFNP</i>			
31	Dividends from Government Shares	√		
32	Revenues from GRZ shareholding sale	√		
	<i>ZCCM-IH</i>			
33	Dividends from ZCCM-IH Shares	√		
34	Revenues from ZCCM-IH shareholding sale	√		
35	Revenues from ZCCM-IH mining rights transfer	√		
	<i>IDC</i>			
36	Dividends and other revenues from IDC-Shares	√		
	<i>Social Payments</i>			
37	Corporate Social Responsibility In kind payments		√	
38	Corporate Social Responsibility cash payments		√	
	<i>Other Significant Payments</i>			
39	Other Significant Payments		√	

4.8.2.2 In-Kind Revenues

According to the provisions of the MMMD Act 2015 as well as the general taxation laws, all tax and non-tax revenues from the mining sector are received in cash. Furthermore, all petroleum licences are still in the exploration phase and do not provide in-kind payments. Therefore, the in-kind revenues stated in the 2019 EITI Standard under Requirement 4.2 are not applicable in the context of Zambia.

4.8.2.3 Infrastructure Provisions and Barter Arrangements

In accordance with requirement 6.3 of 2019 EITI Standard, the reporting entities were requested to disclose infrastructure provisions and barter arrangements in mining and petroleum sectors in Zambia. Kansanshi Mining Plc. signed a Memorandum of Understanding with the Solwezi Municipal Council to construct the township roads in Solwezi. The estimated cost of these construction works is ZMW 10 million.

4.8.2.4 Transportation Revenue

The transportation of minerals is subject to an administrative authorisation which does not subsequently give any right to a mining title. In practice, copper, the main ore produced in Zambia, is transported by the own means of mining companies. Therefore, transportation costs are included in the operating expenses. Apart from taxes on vehicles which are not significant in the context of

Zambia, the fiscal regime does not provide for specific payment streams generated by the transportation of minerals. In view of this, there is no significant revenues from the transport of minerals according to requirement 4.4 of the EITI Standard (2019).

4.8.2.5 *Transactions related to State-owned enterprises (SOEs)*

The role of the soes operating in the mining sector as well as transfers from soes to the government agencies and the transfers from government agencies to ZCCM-IH are detailed in section 4.6.3 of this report

4.8.3 DISTRIBUTION OF EXTRACTIVE INDUSTRY REVENUES

4.8.3.1 *Revenues recorded in the national budget*

The effective Public Financial Management and expenditure management are critical to transforming revenue from natural resources into broad-based sustainable economic and social development. The areas of spending that have broader external benefits for the country as a whole include, infrastructure and education.

However, as stated under Part III (21) of the public Finance Management Act No.1 of 2018 of the Republic of Zambia, “There shall be established a consolidated Fund into which all general revenues and other public funds accruing to the treasury shall be credited. The amounts payable to the Consolidated Funds under sub-section (1) shall be deposited into the Treasury Account which shall be maintained at the Bank of Zambia.”

The contributions by the mining companies therefore lose their identities once they are deposited into the consolidated fund. Their use cannot therefore be tracked to public investment /expenditure or to expenditure unit/cost centres or projects.

Revenues allocated to specific funds.

Environmental Protection Fund

The EPF has been set up with the appointment of the EPF committee members by the Minister of Mines. It aims to:

- a) Provide assurance to the director of Mines Safety Department that the developer shall execute environmental and social impact statements in accordance with the Mines and Minerals Regulations of 1997; and
- b) Provide protection to Government against risk of having the obligation to undertake the rehabilitation of mining areas where the mining licence holder fails to do so.

The contributions to the Fund are dependent on the environmental audits on the mining firms that are enforced by the Director of Mine Safety. The audits are conducted to ascertain the extent of the environmental liability caused by the mining activity of each mine.

The EPF is supervised by the MMMD through Statutory Instruments (ISs), in particular S.I No. 102 of 1998. EPF operates under the following fundamental guidelines:

- cash payments into the EPF made in hard currency;
- the developer’s contribution to the EPF shall be made in hard currency (CAP.213, S.76 (2) (b) and SI No. 102 of 1998 (regulation 8 (2)));
- the balance on deposits lodged under SI No.29 of 1997, Regulation 66 (1), (2) and (3) shall be secured with the Fund by the developer by way of lodgement of a Bond or Bank Guarantee to be determined by the Minister (Cap. 213, S.76 (1) (b));

- funds to be index-linked, no interest earned;
- the developer's contribution shall retain its time-value with respect to inflation as calculated relative to hard currency (SI 102 of 1998 Regulation (8) (3)). At the expiry of a licence or permit, the developer shall be refunded the amount deposited to the extent that such amounts were not appropriated by government for payment of any progressive rehabilitation costs (Cap. 213, S. 82 (3) (a) and (b)). The refund shall not accumulate interest; and
- only the Fund Committee can approve withdraws from the EPF.

Administrative costs of operating the Fund shall not exceed 1% of the total income of the Fund, except during the commissioning of the officer of the EPF Manager (S.I 29, 1997 Regulation (5)).

Below is an estimation of Funds as of 31 December 2022 as presented at the 34th Meeting of the Environmental Protection Fund (EPF) Committee held from 26th to 27th January 2023 in Lusaka:

Table 42: EPF statement as at 31 December 2022

Institution	Investment Amount (USD)	Annual Investment rate	% Ratio to Total Fund	Extrapolated Income from Placement (USD)	WHT(15%)	Net Interest Less WHT
Atlas Mara Zambia Limited	7,000,000.00	4.00%	19%	140,000.00	21,000.00	119,000.00
Zambia National Commercial Bank	7,070,000.00	3.50%	20%	123,725.00	18,558.75	105,166.25
Ecobank Zambia Limited	6,500,000.00	4.00%	18%	130,000.00	19,500.00	110,500.00
Zambia Industrial Commercial Bank	7,000,000.00	4.75%	19%	166,250.00	24,937.50	141,312.50
Zambia Industrial Commercial Bank	1,369,714.00	4.00%	4%	27,394.28	4,109.14	23,285.14
First Capita Bank	7,250,000.00	3.90%	20%	141,375.00	21,206.25	120,168.75
Ecobank Zambia Limited						
TOTAL	36,189,714.00		100%	728,744.28	109,311.64	619,432.64

EPF Receipts for 2022

S/N	COMPANY NAME	RECEIPT #	DATE PAID	AMOUNT PAID US\$
1	COPA Investment (Z) Limited	199	04/01/2022	5,452.25
2	Joint Mining	200	17/01/2022	500.00
3	Mabiza Resources Limited	001	13/04/2022	22,378.09
4	COPA Investment (Z) Limited	002	07/06/2022	5,452.25
5	Joint Mining	003	07/06/2022	500.00
6	Lubambe Copper Mine Limited	004	07/06/2022	72,833.35
7	Grizzly Mining Limited	005	07/06/2022	88,432.00
8	Joint Mining	006	07/06/2022	500.00
9	Joint Mining	007	07/06/2022	500.00
10	ZHONGBAO Copper	008	28/06/2022	9,750.00
11	Collum Coal Mining Industries Limited	009	28/06/2022	111,793.00
12	NFC Africa - SEOB	010	28/06/2022	82,664.16
13	Dangote Cement Zambia Limited	011	20/07/2022	226,794.80
14	Dangote Cement Zambia Limited	012	21/10/2022	226,794.80
15	Sable Zinc	013	10/11/2022	19,437.21
16	Mabiza Resources Limited	014	18/11/2022	34,365.75
17	Sunrain Purified Construction Limited	015	18/11/2022	1,000.00
18	Chambishi Copper Smelter Limited	016	21/11/2022	3,235.72
19	Changzhou (Z) Resources Limited	017	14/12/2022	15,674.73
20	Changzhou (Z) Resources Limited	018	14/12/2022	15,674.73
21	Handyman's Lime Limited	019	14/12/2022	17,599.45
22	Ndola Quarries Limited - Ndola Plant	020	14/12/2022	4,820.63
23	Ndola Quarries Limited - Ndola Plant	021	14/12/2022	577.20
24	Ndola Quarries Limited - Ndola Plant	022	14/12/2022	8,866.91
25	Tongxin Metal Co. Limited	023	20/12/2022	3,000.00
26	Chilanga Cement Plc	024	27/12/2022	134,826.06
TOTAL RECEIPTS FOR THE YEAR 2022				1,113,423.39

ZCCM-IH / IDC

ZCCM-IH and IDC are part of the revenue collection framework through investments held by both SOEs in mining companies (detailed in section 4.6.1 of this report).

Both ZCCM-IH and IDC pay taxes to several Government Agencies in accordance with the prevalent laws and pays dividends to the government (as shareholder). In addition, both companies are entitled to dividends from the mining companies in which they hold shares. Under arrangements dating back to the privatization of the industry around 1996, ZCCM-IH also collects price participation fees.

4.8.4 SUB-NATIONAL PAYMENTS TO LOCAL COUNCILS

These payments include fees paid by Extractive Companies to the Ministry of Local Government previously called the Ministry of Local Government and Housing (MOLGH). These payments reconcile in section 3.3 of this report.

4.8.4.1 Subnational transfers

The Government's 2002 National Decentralization Policy (Officially launched in 2004) sets out greater responsibilities for local government in the delivery of public goods and services. However, in practice, the delivery of public goods and services in Zambia remains highly centralised. The budget does not show expenditure by urban or rural areas, but rather by line ministries, which means it is difficult to track where the money is actually spent.

During 2010, the Zambian Government introduced a formula-based grant system, with dual aim of making local government funding more predictable and transparent, and allowing government to better track the use of grants by councils.

In accordance with the Section 136 of the Mines and Minerals Development Act of 2008, the Minister of Finance shall in consultation with the Minister responsible for Mines, establish a Mineral Royalty sharing mechanism for distributing royalty revenues. This provision was repealed after the promulgation of the new Mines and Mineral Development Act of 2015. The new code does not provide provision for the sharing of Royalties. Therefore, subnational transfers are not applicable in Zambia.

4.8.5 FLOW CHART OF EXTRACTIVE REVENUE COLLECTION

Once minerals are monetised, the revenues due to the State have to be collected through the revenue collection framework. Under the current regime, all the payments are made in cash.

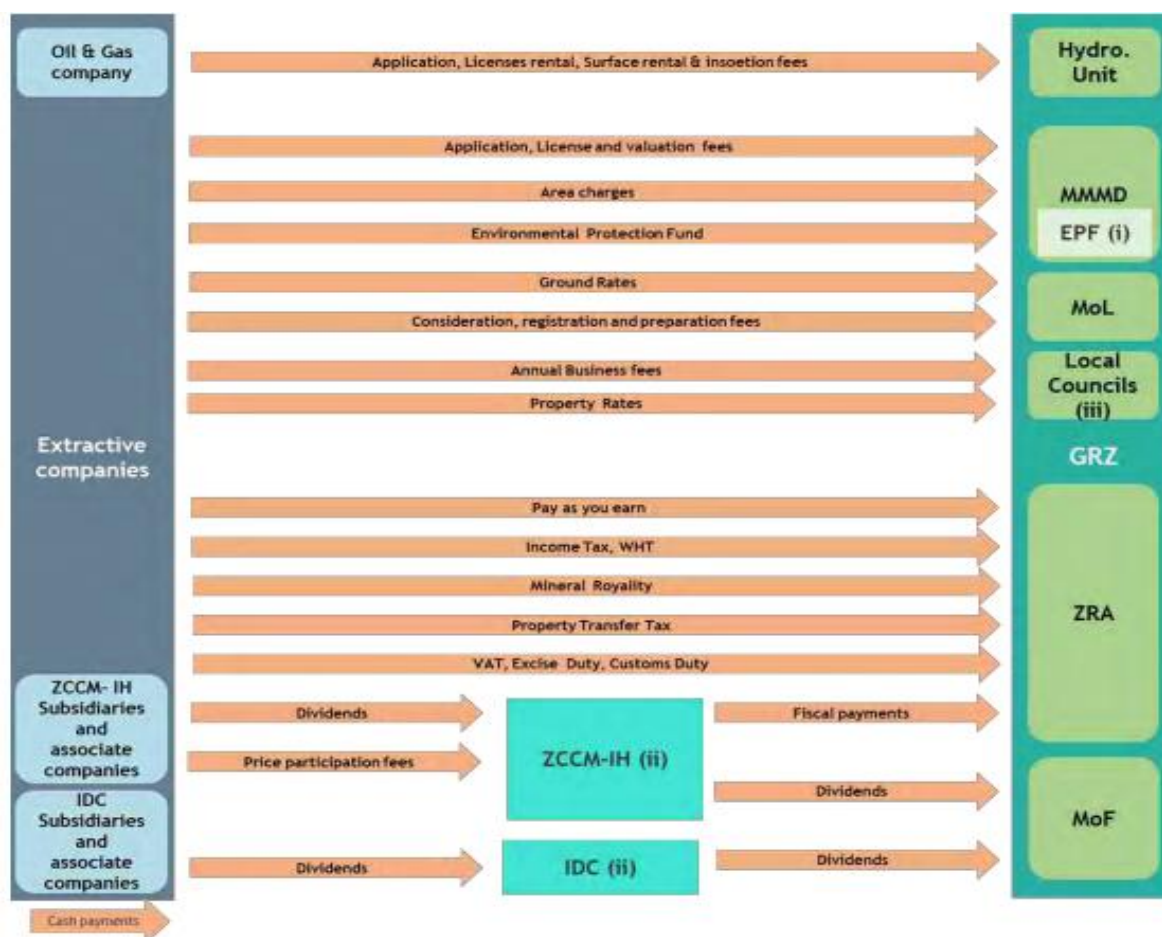
Payments are made by the companies to various Government Agencies. ZRA receives most the revenue from the mining companies. ZRA has two operating divisions which are Customs Services Division and Domestic Taxes Division with both collecting taxes from the mining sector.

Other taxes from the mining sector are made to local councils, where the mining companies are based, to the Ministry of Lands and to the Ministry of Mines and Mineral Development. The Ministry of Finance also collects revenues through the investments held in some mining companies by the Zambian Government.

Table 39 highlights the nature and manner of taxes collected by Government Agencies from the Extractive sector.

The extractive revenue collections framework can be represented diagrammatically as follows:

Table 43: Flow chart of Extractive Revenue Collection



4.8.6 BUDGET PROCESS

The Zambian budgetary process has five (5) stages which it undergoes. These stages are explained in summary in the table below:

Table 44: Budget process

No.	Stage	Description
1	Drafting	This is the first stage in the process. In the Medium-Term Expenditure Framework (MTEF) arrangement, the government is required to engage in consultations with various stakeholders.
2	Legislative	At the second stage, budgets are allocated taking into account the relevant provisions in the constitution. Budgetary allocations are enshrined in Section 117 (1) of the constitution of Zambia. At this stage, the final results still lie heavily with the legislature.
3	Execution	This is at the implementation stage. Parliament questions the effectiveness and efficiency with which funds are utilised. Members of Parliament look out for issues of overspending, service delivery and misapplication of resources to areas other than those authorised or planned for.
4	Auditing	The budgeting system in Zambia is audited by the office of the Auditor General which verifies whether funds have been spent on authorised items. It also checks for any under or overspending, misappropriation, theft and whether resources have been utilised efficiently or not. The reports of the OAG on the accounts of the country are public documents which are available on their website. The Auditor General follow the international Organisation of Supreme Audit Institutions standards (INTOSAI). The Post budget period audits are the responsibility of the Public Accounts Committee (PAC). PAC has a specific mandate under the standing orders of parliament to provide recommendations to the Executive branch of government to enforce, it however, cannot initiate an investigation into any matter of public interest.
5	Publishing	According to Section 202 of the Republican constitution, the National Treasury prepares and tablets the state's consolidated Annual Financial Report. The report includes information on revenues and other funds received and spent by Government during the fiscal year.

4.9 SOCIAL AND ECONOMIC SPENDING

4.9.1 - Social expenditures by extractive companies

These consist of all contributions made by extractive companies to promote local development and to finance social projects in line with the EITI requirements 6.1. The standard encourages MSG to apply a high standard of transparency to social payments and transfers, the parties involved in the transactions and the materiality of these payments and transfers to other benefit streams, including the recognition that these payments may be reported even though it is not possible to reconcile them.

The contributions can be made in cash or in-kind. This category includes inter alia: health, school, road, market gardening infrastructure, projects related to the promotion of agriculture and the grants provided to the population.

It is noteworthy that there are no legal or contractual provisions for mandatory social payments in Zambia. However, the voluntary social payments were included in the 2022 EITI scope through unilateral disclosure of mining companies.

These payments can be summarised as follows:

No.	Payment flow
1	Corporate Social Responsibility In-kind Payments
2	Corporate Social Responsibility Cash Payments

The table below shows the amounts reported by the Extractive Companies:

Table 45: Cash and in-kind payments

Ref.	COMPANY	2022 ZMW	2022 ZMW
		Cash	in-Kind
1	FQM Trident	62,827,504	-
2	Kagem Mining Limited		2,078,277
3	Lumwana Mining Company Limited	31,790,284	-
4	CNMC Luanshya Copper Mines	3,617,805	-
5	Konkola Copper Mines Plc	18,944,107	-
6	First Quantum Mining & Operations Ltd Bm M S	-	-
7	Maamba Collieries Limited	9,377,601	-
8	Kansanshi Mining Plc	-	138,396,889
9	ZCCM Investments Holdings Plc	-	-
10	Mopani Copper Mines Plc	-	-
11	NFC Africa Mining Plc		
12	Lubambe Copper Mine Limited		
13	Chambishi Copper Smelter Limited	-	
14	Chilanga Cement Plc		
15	Others (Not In Scope)		
	Total Payment/Receipt	126,557,302	140,475,166

All these payments are voluntary social payments.

4.9.2 - Environmental expenditures by the extractive companies

The principal environmental health and safety laws applicable to the mining industry are:

- the Environmental Management Act No. 12 of 2011;
- the Forest Act No. 4 of 2015;
- the Occupational health and Safety Act No. 36 of 2010;
- the Mines and Minerals (Environmental) Regulations No. 29 of 1997;
- Petroleum (Exploration and Production) Act 2008;
- the Environmental Protection and Pollution Control (Environmental Impact Assessment) Regulations S.I No. 28 of 1997 (EIA Regulations);
- the Water Resources Management Act No. 21 of 2011; and
- Mines and Minerals Development Act No. 11 of 2015.

The principal regulatory bodies for administration of the environmental, health and safety protection framework are:

- Zambia Environmental Management Agency (ZEMA);
- the Ministry of Mines and Minerals Development (Mines Safety Department); and
- the Occupational Health and Safety Institute.

4.9.3 - Quasi fiscal expenditures

According to the Requirement 6.2 of the EITI Standard (2019). Quasi-fiscal expenditure includes arrangements whereby SOEs undertake public social expenditure such as payments for social services, public infrastructure, fuel subsidies and national debt servicing etc. outside of the national budgetary process.

The definition agreed by the ZEC covers all expenditure introduced by simple administrative decision and that are not recorded in budget reporting, and which are initiated by GRZ to achieve a variety of objectives, such as promoting certain activities, redistributing income or collecting revenue.

In the context of the Extractive Industries and after taking into account the IMF definition of Quasi-Fiscal Activities, the ZEC has identified the following types of quasi-fiscal expenditures:

- loan guarantees
- national debt servicing
- charging less than commercial prices
- provision of non-commercial services (e.g., social services/ public infrastructure)
- pricing for budget revenue purpose
- paying above commercial prices to suppliers
- fuel subsidies.

The State-owned enterprises and Government Agencies have been requested to disclose any quasi-fiscal expenditure made in 2022. ZCCM-IH has confirmed that there were no quasi-fiscal expenditures during the year 2022. Details on the financial relationship of ZCCM-IH with the Government Agencies are presented in Section 4.6.3 of this report. Therefore, quasi-fiscal expenditures as defined in Requirement 6.2 of the EITI 2019 Standard is not applicable for the period covered by this report.

4.9.4 - The contribution of the extractive sector to the economy

Table 46: Contribution to Gross Domestic Product (GDP)

Item	2022	2021	Variance
GDP	9%	12.9%	(3.9%)
Exports	72%	77%	(5%)
Revenues	44%	39%	5%

4.9.4.1 Contribution to Government revenues

The total reported government revenue amounted to ZMW 100.7 billion. The total collected from the Extractive Industry was ZMW 44.4 billion equivalent to 44% of national revenue.

Annex 11 provides the details.

4.9.4.2 Exports

The Extractive sector accounts on average for about 72% of export earnings in 2022 with a large contribution of copper which accounts for over 97% of the sector exports as shown in the table below:

Table 47: Contribution to Exports

	2022 (US\$ million)	2021 (US\$ million)	2020 (US\$ million)
Mining and quarrying exports (*)	8,316	8,611	6,099
Total Exports (*)	11,494	11,193	7,968
% Contribution of mining sector to exports	72%	77%	77%

(*) Source: BoZ report 2022

4.9.4.3 Employment

The mining and quarrying sector employed 65,409, which represents a decrease workforce in the sector of 1.6% (2021- 66,478).

The type of engagement of the employees is presented in Section 5.2.



5. ANALYSIS OF THE REPORTED DATA

5.1 Analysis of Government Revenues

5.1.1 Analysis of payments by companies' contribution

The analysis of payments by companies' contribution indicates the contribution of each company among the scope extractive companies.

Table 48: Payment by Companies

No.	Collecting Agency / Entity	Total Payment to Government (ZMW Millions)	% Of total Government Revenues
1	KANSANSHI MINING PLC	15,210.31	38%
2	KONKOLA COPPER MINES	1,331.64	3%
3	LUMWANA MINING COMPANY LTD	4,216.69	11%
4	MOPANI COPPER MINES	1,365.71	3%
5	FQM TRIDENT LTD	8,659.48	22%
6	FQM OPERATIONS	1,231.35	3%
7	CHAMBISHI COPPER SMELTERS	2,825.33	7%
8	ZCCM INVESTMENTS HOLDINGS	47.40	0%
9	MAAMBA COLLIERIES	683.33	2%
10	NFC AFRICA MINING	1,860.51	5%
11	KAGEM MINING	638.33	2%
12	CNMC LUANSHYA	1,686.65	4%
Total		39,756.72	100%

5.1.2 Analysis of payments by Government Agencies

The revenue collection from the Extractive Industry reconciled amount to ZMW 44,143 million for 2022 (2021: ZMW 38,988 million). ZRA continues to be the largest collector of government revenue in 2022 and its total collection represents 89% (2021:99.7%).

The table below shows the breakdown of this revenue collection:

Table 49: Revenue collection by government entity

No.	Collecting Agency / Entity	Total Payment to Government (ZMW million)	% Of total Government Revenues
1	MMMD	40	0
2	ZRA	39,399	89
3	Local Councils	326	1
4	MoL	5	0
5	Other Significant Payments	-	-
6	MoFNP	26	0
7	ZCCM-IH	4,301	10
8	IDC	27	0
9	EPF	19	0
Total		44,143	100%

5.1.3 Analysis of payments by contribution flow

The analysis of the payments by flow shows the results of the revenue types collected. There has been a significant shift in the revenue setup for 2022 which is mainly CIT, Mineral Royalty Tax, and Withholding VAT represent over 76% of total collected revenues.

The summary of the contribution is shown in the table below:

Table 50: Summary of Revenue by type

No.	Collecting Agency / Entity	Total Payment to Government (ZMW Million)	% Of total Government Revenues
1	Company Income Tax (CIT)	11,220	25%
2	Mineral Royalty	10,650	24%
3	Withholding VAT (WHVAT)	8,350	19%
4	Pay-As-You-Earn	2,438	5%
5	Import VAT	1,569	4%
6	Import/Customs Duty	838	2%
7	Withholding Taxes	624	1%
8	Excise Duty	124	0%
9	Property Transfer Tax	24	0%
10	Export Levy	0.00	0%
11	Others (MMMD fees, EPF, other taxes, Social payments, Local Council, Land rates)	8,573	19%
		44,410	100%

5.1.4 Payments by project reported by the Petroleum Unit

Table 51: Payment by project reported by the Petroleum unit payments

Company	License No.	Block	Annual License fees ZMW	Area Charges ZMW	Total ZMW
ZCCM-INVESTMENT HOLDINGS	PEL 034	52	90,000.00	308,221.50	398,221.50
ZCCM-INVESTMENT HOLDINGS	PEL 033	27	90,000.00	137,738.26	227,738.26
GEO-PETROLEUM LIMITED	PEL 028	31	90,000.00	685,534.51	775,534.51
MAFULA ENERGY ZAMBIA LIMITED	PEL 008	32	90,000.00	1,518,086.44	1,608,086.44
ZCCM-INVESTMENT HOLDINGS	PEL 012	1	90,000.00	426,796.39	516,796.39
SARGAS OIL LIMITED	PEL 029	54	90,000.00	144,803.05	234,803.05
TIISEZA ZAMBIA LIMITED	PEL 035	18	90,000.00	263,224.50	353,224.50
ZCCM-INVESTMENT HOLDINGS	PEL 030	39	90,000.00	63,918.32	153,918.32
ZCCM-INVESTMENT HOLDINGS	PEL 032	17	90,000.00	334,803.06	424,803.06
ZCCM-INVESTMENT HOLDINGS	PEL 031	44	90,000.00	97,658.28	187,658.28
Total			900,000.00	3,980,784.31	4,880,784.31

5.2 Analysis of Employment Data

The mining and quarrying sector employed 65,409 persons which was composed of 60,896 males (93.1%) and 4,514 females (6.9%). The total employed in the sector represented a reduction of workforce in the sector by 1.6% (2021- 66,478). According to the Zambia 2022 Labour Force Survey employed, the mining and quarrying sector had 2% share of employed persons in Zambia.

The following is the types of engagements of the employee base:

Table 52: Employment Data

Sector	Total number	Formal	Informal
Mining and Quarrying- Disaggregated as per type of employment	65,409	42,457	22,682
<i>The term "Informal" refers to all economic activities by workers and economic units that are - in law or in practice - not covered or insufficiently covered by formal arrangements. This implies workers who are employed in the informal sector and those in informal employment.</i>			
Sector	Total number	Male	Female
Mining and Quarrying- Disaggregated per Gender	65,409	60,896	4,514



6. RECOMMENDATIONS

6.1 Current recommendation

	Weakness identified	Recommendation
1	Unresolved differences between ZRA and Mining company's data	ZRA to establish quarterly reconciliations with significant mining companies to ensure that the information contained in the ZRA database is accurate and up to date
2	Weak reporting compliance by Artisanal Mines The compliance rate of submission among artisanal mining is below 1%	The MMMD to sensitive Artisanal mining on reporting requirements for the licence holders. Further, government to consider penalties for non-compliance in mining companies not reporting in the MOSES system.
3	Lack of a regulator for mining company	Government to consider establishing a regulator for the mining companies to be responsible for confirming the production data, quality of production yields, export data, mineral prices, and other technical complexities involved in mining business. This will strengthen the review of reported data in MOSES system

6.2 Other recommendations

6.2.1 Validation Report 2021

Finding and recommendation	Status of implementation	Management comment
In accordance with Requirement 2.4, by 1 January 2022, Zambia should ensure that any contracts and licenses in the extractive industries that are granted, entered into, or amended from 1 January 2021 are publicly disclosed in their entirety. In accordance with Phase II of the Validation of Requirement 2.4.b, the ZEC is expected to have addressed any barriers to comprehensive disclosure. If all licenses have standard stipulations as mandated by law and there are no deviations from such provisions in practice, the onus is on Zambia to substantiate such claims. In accordance with Requirement 2.4.c.ii, Zambia should clarify which license appendixes and attachments exist for licenses and contracts, publish a list of all active contracts and licenses, and indicate which are publicly available versus which are not. In accordance with Requirement 2.4.c.iii, Zambia should publish an explanation for any deviations between disclosure practices and legislative or government policy requirements concerning the disclosure of contracts and licenses.		
Zambia is required to ensure that the ZEC publishes an assessment of the comprehensiveness and reliability of beneficial ownership disclosures of all companies holding or applying for a mining or oil and gas license. Publicly listed companies, including wholly owned subsidiaries of companies listed on stock exchanges, are required to disclose the name of the stock exchange, and include a link to the stock exchange filings where they are listed, in accordance with Requirement 2.5.f.iii. Lastly, Zambia is also required to ensure that legal ownership data is available either through Zambia EITI reporting or through systematic disclosures, in accordance with Requirement 2.5.g.		
In accordance with Requirement 3.2, Zambia should ensure that production volumes and values are made publicly accessible for all commodities, including for each gemstone and industrial/energy mineral produced.		
In accordance with Requirement 3.3, Zambia should ensure that export volumes and values are made available for all commodities including coal and silver, highlighting where production does not translate into exports. Additionally, Zambia should ensure that export volumes and values are publicly accessible for various gemstones, and for different construction-related products such as cement versus limestone.		

In accordance with Requirement 4.7, the ZEC should continue to improve its coverage of government revenues by project (license). In order to further improve on Zambian government systems, and the ability to monitor payments on a per-license basis, Zambia EITI is encouraged to engage the MMMD and ZRA to ensure that payments are recorded as part of regular corporate filings to government, which occur on a per-license basis.		
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6.2.2 EITI Report 2020/2021

Finding and recommendation	Status of implementation	Management comment
<p>Improvements to the MOSES system The MOSES system should be regularly reviewed to address the above stated weaknesses identified. The following can be done to address the individual weakness identified above:</p> <ul style="list-style-type: none"> The MMMD should have a technical unit that can be conducting the data audit for all companies making declarations on the MOSES system. To ensure compliance and correct reporting, any significant issues identified in the audit should be followed up by the MMMD and issuance of the licence renewal should be linked to maintaining a clean data audit. MMMD should conduct a review of all licences registered on the mining cadastre and compare this with the companies registered under the MOSES system. Any company not registered on the MOSES system should be notified and given a timeline for registration. Any new issuance of mining licence should be automatically linked to registration on the MOSES system. MMMD should arrange training for users and maintain a training calendar to ensure that all users of the system are trained. <p>MOSES system should be linked to export payments to ensure that all production and sales cycle is captured in the system.</p>		
<p>Improvements to the EPF management We therefore recommend the following relating to EPF management:</p> <ul style="list-style-type: none"> The EPF account should be reconciled Any companies which have not made their contributions should be notified To encourage compliance, a EPF act should be revised to allow for issuance of demand letters for any defaulting companies 		
<p>Improvements to ZRA system on mining payments</p> <p>to information maintained in the ZRA data base. The main reasons given by the authority which led to these differences were the that in some cases ZRA had amended the data submitted after company audits; reviews; assessments were undertaken.</p> <p>We recommend that whenever amendments are done to individual company records, the respective companies should be notified of any changes in the data set.</p>		
<p>Improvements to Beneficial Ownership information dealing with BO information so that there is consistency in the definitions and requirements</p>		
<p>To improve public debate, ZEITI could consider developing summaries of EITI reports focusing on different constituent needs. This could include developing summaries on subnational payments and environmental issues for local communities.</p>		
<p>To enhance the impact of EITI implementation in Zambia, the ZEC is encouraged to strengthen follow up on recommendations from EITI reporting particularly on contracts disclosure, beneficial ownership and providing a legal basis for EITI implementation.</p>		
<p>To improve the impact of EITI implementation, ZEC is encouraged to continue doing complex analyses of EITI data and disclosures to inform national discussions on fiscal regime reforms, oversight of state-owned enterprises and debt</p>		
<p>To strengthen EITI implementation, the ZEC may wish to further improve public access to open data. Additionally, ZEC is encouraged to ensure that any additional efforts to consider marginalised groups by accommodating different languages, ages, genders or others, is actively documented and published to ensure added accessibility by all interested stakeholders, including for Zambia EITI publications.</p>		

To strengthen the accountability of the EITI process in Zambia, the ZEC is encouraged to make public and available online ZEC meeting minutes and a register of the ZEC decisions.		
The ZEC is encouraged to collaborate with the Ministry of Mines and Minerals Development, to ensure that an overview of exploration activities is provided by the Zambian government on a regular basis, in accordance with Requirement 3.1		
ZEC should attempt to document government plans to formalise Artisanal and Small-scale Miners' subsector.		
The ZEC is encouraged to collaborate with the Ministry of Mines and Minerals Development, to ensure that all relevant legal acts and regulations are systematically disclosed, provide an overview of how the government oversees extractive activities, including which institutions are responsible for oversight over the sector.		
Zambia EITI is strongly encouraged to work with the Mining Cadastre (MCO) Office to explore how license certificates and all their appendixes can be made publicly accessible through the existing cadastre system, and to ensure that information is further interlinked with the MOSES system and other government portals. Zambia EITI is recommended to complete its on-going study on contract transparency and use its findings and recommendations to overcome the barriers to disclosures.		
ZEITI is encouraged to collaborate with the Zambia Environmental Management Agency (ZEMA) to systematically disclose environmental licences granted each year, any environmental audits carried out including audits of the environmental management fund, and environmental reports produced by companies		
To further strengthen citizens' understanding of environmental rights and obligations, Zambia EITI could consider summarising the precedence-setting court decisions driven by civil society's litigations related to the environmental impact of mining operations.		
To ensure continued adherence with Requirement 2.3.c, the ZEC should ensure that license registry information gaps, including for licenses held by non-material entities, are highlighted, and remedied through the EITI reporting process, ahead of EITI Validation processes.		
To further enhance the impact of EITI implementation, the Zambia EITI Council is encouraged to engage with the Ministry of Mines and Minerals Development and the Zambian Revenue Authority to further expand the scope and added value of the MOSES system, in order to ensure regular monitoring and valuation of commodities beyond base and precious metals		
To ensure continued adherence with Requirement 4.9.a, the ZEC should rectify the procedural errors which are highlighted as part of this Validation report. Zambia should ensure that there is a clear assessment, for each material company, whether they have conformed with applicable laws and regulations related to external audits.		

6.2.4 Auditor General Report for year ended 31 December 2021

Finding and recommendation	Status of implementation	Management comment
<p>Ministry of Mines and Minerals Development - Failure to Collect Revenue - K32,260,426</p> <p>The Ministry failed to collect revenue from Annual Area Charges in amounts totaling K32,260,426 from 2,288 mining rights holders. Further, the Ministry recorded a loss of at least K12,574,651 during the period under review as it did not bill active developers of designated mining areas.</p> <p>Nonpayment of Mineral Royalties</p> <p>A review of records revealed that 207 tax clearance certificates were issued by ZRA in respect of thirty-one (31) mining firms which had made 383 nil declarations on mineral royalty returns.</p> <p>A scrutiny of records at ZRA Customs Department and Ministry of Mines and Minerals Development (MMMD) revealed that the thirty-one (31) mining companies who had filed nil declarations on mineral royalty had obtained export permits and did export minerals such as copper, manganese, Cobalt and others, worth K2,811,701,989 without paying mineral royalty taxes in amounts totaling K140,585,099 to Government.</p>		

ANNEXES

ANNEX 1 - List of mining companies

Annex available at <http://www.zambiaeiti.org>

ANNEX 2 - List of Petroleum Companies

Annex available at <http://www.zambiaeiti.org>

ANNEX 3 - Register of licences

Annex available at <http://www.zambiaeiti.org>

ANNEX 4 - Reporting templates and supporting schedules

Annex available at <http://www.zambiaeiti.org>

ANNEX 5 - Terms of Reference



REPUBLIC OF ZAMBIA

MINISTRY OF MINES AND MINERALS DEVELOPMENT

ZAMBIA EXTRACTIVE INDUSTRIES AND TRANSPARENCY INITIATIVE (ZEITI) SECRETARIAT

TERMS OF REFERENCE FOR THE INDEPENDENT ADMINISTRATOR TO PROVIDE SUPPORT TO THE ZAMBIA EITI COUNCIL (ZEC) TO PRODUCE THE 2022 REPORT

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Background

The Extractive Industries Transparency Initiative (EITI) is a global standard for improving transparency and accountability in the oil, gas and mining sectors. It has a robust yet flexible methodology for disclosing and reconciling company payments and government revenues in implementing countries

EITI implementation has two core components:

Transparency: oil, gas and mining companies disclose information about their operations, including payments to the government, and the government discloses its receipts and other relevant information on the industry. The figures are reconciled by an Independent Administrator and published annually alongside other information about the extractive industries in accordance with the EITI Standard.

Accountability: a Multi-Stakeholder Group (MSG) with representatives from government, companies and civil society is established to oversee the process and communicate the findings of the EITI reporting and promote the integration of EITI into broader transparency efforts in that country.

The EITI Standard encourages MSGs to explore innovative approaches to extending EITI implementation to increase the comprehensiveness of EITI reporting and public understanding of revenues and encourage high standards of transparency and accountability in public life, government operations and in business. The requirements for implementing countries are set out in the EITI Standard. Additional information is available via www.eiti.org.

The MSG should agree the terms of reference for the EITI reporting process, drawing on the objectives and agreed scope of the EITI as set out in the MSG's workplan.

It is important to note that the Terms of Reference (TOR) for the 2022 EITI reporting have been developed in accordance with the EITI Board's decision on 25 May 2020 to allow more flexibility in recognition of the challenges posed by the Covid-19 pandemic.⁵ Through this Board decision, the EITI introduced flexible measures for EITI Reports published from 2021 onwards, where data collection and dissemination is feasible without posing health risks and subject to MSG endorsement. The more flexible approach to EITI reporting for the 2022 ZEITI report is intended to ensure that disclosures are more timely and can help inform ongoing discussions on measures to address the impact of the interrelated factors of the Covid-19 pandemic, commodity price downturn price shocks, and the global economic downturn on the extractive industries. It allows member countries such as Zambia to deviate from the standard procedure for EITI reporting including reconciliation (Requirement 4.9.b) for reports published by 31 December 2022, by disclosing information relevant to inform ongoing discussions on the impact of these crises.

EITI Implementation in Zambia

The Government of the Republic of Zambia in July 2008 announced the country's adherence to EITI, published a work plan and established the Zambia EITI Council (ZEC), to spearhead the implementation of EITI. Zambia became a Candidate country in May 2009 and became eligible to be validated for compliance after the production of reconciliation reports.

Zambia became EITI compliant on 19th September 2012 after the production of the Second (2009) Reconciliation Report in March 2012. Being declared compliant implies that Zambia has put in place effective processes for regular disclosure and reconciliation of payments by extractive industries and revenue received by government agencies in the mining sector. To date Zambia has produced a total of thirteen (13) Zambia EITI reports and is in the process of producing the 14th report based on the 2022 fiscal year.

Objectives and expectations of reporting

On behalf of the Zambia EITI Council (ZEC), the Government of the Republic of Zambia (GRZ), through the Ministry of Mines and Minerals Development (MMMD), seeks a competent and credible firm, free from conflicts of interest, to provide independent consultancy services in accordance with the EITI Standard.

The objectives of the assignment are to support the ZEC in preparing a comprehensive EITI Report for the periods 1 January 2022 to 31 December 2022, in accordance with the EITI Standard. The

⁵ EITI Board Decision 2020-31/BC-290, <https://eiti.org/board-decision/2020-31>

report aims at providing an overview of the extractive industries and provide findings and recommendations that can contribute to public debate on governance Zambia's mining sector. The consulting services ("the Services") include but are not limited to the following;

- Review past Reconciliation and Scoping Reports to assess areas which need improvement;
- Compile, review and analyse information collected from government and company reporting entities by the ZEITI Secretariat.
- Establish payment streams and materiality thresholds of payments made by extractive companies and revenues received by government agencies in 2022.
- Prepare a draft and final 2022 Zambia EITI report, in accordance with the 2019 EITI Standard, for the ZEC input and approval.
- Prepare a summary report based on the findings of the 2022 ZEITI report.
- Identify the existing types of disclosures by government and company reporting entities and provide recommendations for how to improve systematic disclosures.
- All reporting activities should be undertaken in a way that safeguards public health.

Scope of reporting, tasks and expected deliverables

The work of the Independent Administrator has four (4) phases. The Independent Administrator's responsibilities in each phase are elaborated below.

Phase 1: Identifying scope

Objective: Scoping work aims to identify what the 2022 EITI Report should cover in order to meet the requirements of the EITI Standard, including an overview of applicable financial and non-financial disclosures in accordance with EITI Requirements 2-6. It usually involves looking at issues such as the fiscal period to be reported, the contextual information that should be part of the EITI Report, reviewing the types of assurances that are needed for ensuring that the data submitted by reporting entities is credible, determining which revenue streams from oil, gas and mining are significant, and consequently which companies and government entities should be required to report. It is also an opportunity for the multi-stakeholder group to consider the feasibility of extending the scope of EITI reporting beyond the minimum requirements in order to address the objectives outlined in the EITI work plan. Scoping may also investigate likely gaps or issues that may be particularly challenging to include in the EITI Report with a view to identify options, solutions, and recommendations for an appropriate reporting methodology for consideration by the multi-stakeholder group.

The ZEC is responsible for defining the scope of the 2022 EITI Report, with support from an Independent Administrator. The ZEC will work with the National Secretariat in requesting the relevant reporting agencies and collect relevant information in which to base the scope. Based on the information compiled, the Independent Administrator will undertake the scoping study.

In supporting the ZEC, the Independent Administrator in collaboration with the ZEITI Secretariat are expected to undertake the following tasks during the scoping phase:

Review past ZEITI reports to assess areas which need improvement.

Establish payment streams and materiality threshold of payments made by extractive companies and revenues received by government agencies. Specifically, the Independent Administrator will, with support from the National Secretariat:

Establish the size of the extractive industry by consulting with and requesting information from relevant government authorities such as Ministry of Finance/Zambia Revenue Authority, Ministry of Mines and Minerals Development, Mining Cadastre and Geological Survey Department ZCCM-IH, IDC, Ministry of Lands, Ministry of Local Government and Housing. This should include the oil and gas subsectors and the size of the identified non-extractive industry in Zambia which contribute to the treasury and to local councils;

Clearly define and establish payment streams oil, gas and mining subsectors and payment streams, from the identified non-extractive companies. This should include an overview of the revenue and payment streams that should be reported by project, classifying the revenue streams that are levied on a license/contract basis and should be reported as such as well as the revenue streams that are levied on a company basis.

Outline the payment flows within the extractive industry in Zambia to include payment flows through third parties;

Establish a list of all extractive companies holding mineral and petroleum rights in 2022. Specifically, for each company identify:

Company's Taxpayer Identification Number TPIN

Type of company i.e. exploration, mining, quarrying, oil/gas etc

Type of license(s) held and the license number(s)

The company's main products

The main products

Company's location(s)

Companies reporting for the first time

Establish a list of all government agencies at national and sub-national level together with the payment types received;

Examine the existence of any mandatory social expenditures (6.1), infrastructure provisions and barter type arrangements (4.3), transportation revenues (4.4), and other in-kind payments to the government (4.2) in the Zambian extractive sector including the oil and gas subsector. Should such arrangements exist, the Independent Administrator should recommend how to handle these in the report in accordance with the prevailing EITI Standard;

Review and recommend the materiality threshold for those extractive companies included in the report;

Determine the materiality threshold and the inclusion of sub-national direct payments in accordance with Requirement 4.6;

The Independent Administrator in collaboration with the National Secretariat should complete the materiality statement in Annex 1, to help inform the ZEC's future decisions about scoping and materiality.

Table 1 - Information to be disclosed or provided in the EITI Report

Information to be disclosed or provided in the EITI Report ⁶	Additional data collection, quality assurances and analysis to be undertaken, in accordance with objectives agreed by the MSG
Legal framework and fiscal regime in accordance with EITI Requirement 2.1.	Adjustments to the fiscal regime, incentives or relief requested by or given to companies (e.g., force majeure, modified consultation),
Information about procedures and practice of allocating licenses in accordance with EITI Requirement 2.2.7,	Any new licence/contract awarded or transferred in 2022. Delays or postponements of license or contracts awards
Information about license holders in accordance with EITI Requirement 2.3.8	Any suspended licenses or operations
Any information requested by the MSG on contracts in accordance with EITI Requirement 2.4 9	Changes in licensing and contract negotiations or amendments to contracts, revisions on work schedules if they are annexed to the contract
Any information requested by the MSG on beneficial ownership in accordance with EITI Requirement 2.5 10	Reforms under the Patents and Companies Registration (PACRA) in relation to BO.

⁶ In preparing this information, the MSG may wish to use the EITI Summary data template, which contains a disclosure checklist for publicly accessible non-revenue information in line with the EITI Standard (Part 2), as list of reporting entities (Part 3) and a table to help summarise revenue data by government, company and project (Part 4 and 5).

⁷ Guidance Note 4: Licence Allocations, <https://eiti.org/guide/license-allocations>

⁸ Guidance Note 3: Licence Registers, <https://eiti.org/guide/license-registers>

⁹ Guidance Note 7: Contract Transparency, <https://eiti.org/guide/contracts>

¹⁰ Template beneficial ownership declaration, <https://eiti.org/document/tools-to-include-beneficial-ownership-information-in-eiti-reporting>

Information regarding state participation in the extractive industries, payments to and from state owned enterprises and any quasi-fiscal expenditures in accordance with EITI Requirement 2.6, 4.5 and 6.2.11	Changes in state participation and policies for state-owned enterprises Ad-hoc SOE payments and transfers Amendments to the rules and practices related to SOEs' operating and capital expenditures, procurement, subcontracting and corporate governance Additional SOE quasi-fiscal expenditures related to the energy transition (critical minerals sector)
An overview of the extractive industries, including any significant exploration activities in accordance with EITI Requirement 3.1.	A narrative overview of sector developments and industry outlook in light of the energy transition and the commodity price increase The impact of the increase in commodity prices on exploration or development plans
Production and export data in accordance with EITI Requirement 3.2 and 3.3.	projected and actual production and export especially for critical minerals, disaggregated by commodity, company and project Production volumes and values disaggregated by company and project for 2022. Where possible 2022 data should also be disclosed.
Comprehensive unilateral disclosures of taxes and revenues from the extractive industries, disaggregated by project, in accordance with Requirement 4.1 and 4.7.	Projected and actual revenues and taxes from the extractive industries for 2022. Where possible 2023 data should also be disclosed. Analysis of potentially foregone revenues where fiscal relief has been provided or is being considered to the industry. The MSG could consider using Parts 3, 4 and 5 in the summary data template to compile and disclosure revenue data disaggregated by project.
Information about the sale of the state's share of production or other revenues collected in-kind, in accordance with Requirement 4.2.	The impact of the increase in commodity prices on expected revenues from the sale of the state's share of production and other revenues collected in-kind. This could include analysis of the additional revenues from commodity sales as a result of the increase in prices.
Information about infrastructure provisions and barter arrangements, in accordance with Requirement 4.3.	New or renegotiated infrastructure agreements including at Local Government level New or renegotiated resource-backed loans, if any.
Information about transportation revenues in accordance with Requirement 4.4.	Any changes to extractive commodities transportation arrangements; Outlook for transportation arrangements, revenues and any relevant extractive industries supply chain information and any movement restrictions.
Information about direct sub-national payments in accordance with Requirement 4.6.	Projected and actual subnational direct payments and possible implications for local government budgets
Information about the distribution of revenues from the extractive industries in accordance with EITI Requirement 5.1.	Budget re-alignments for extractive industry revenues earmarked in the light of the national debt
Information about sub-national transfers in accordance with Requirement 5.2.	Projected and actual subnational transfers and possible implications for local government budgets and local communities The management of subnational transfers by local governments
Any further information requested by the MSG on revenue management and expenditures in accordance with EITI Requirement 5.3.	Revisions to revenue and budget projections (including breakeven commodity price assumptions) Rescue funding, stimulus packages, or subsidies related to the sector or its state-owned enterprises) Shifts in sector-specific borrowing
Information about social expenditure and environmental payments in accordance with Requirement 6.1.	Reforms in legal and contractual social expenditure requirements Social expenditures allocated by companies to support local communities in areas of operation Changes to companies' social expenditure plans and possible impacts on local governments and local communities

¹¹ Guidance Note 18: SOE participation in EITI Reporting, <https://eiti.org/GN18>

Information about the contribution of the extractive industries to the economy in accordance with EITI Requirement 6.3.	Impact of rising commodity prices on exports and employment Impact of the commodity price increase on the extractive sector and general economic outlook.
Any further information requested by the MSG on environmental impact of extractive activities in accordance with EITI Requirement 6.4.	Shifts in regulatory rules or enforcement related to the energy transition, critical minerals, environmental protection, climate mitigation, Free, Prior and Informed Consent and other consultations

Table 2 - Reporting scope for the 2022 ZEITI Report

N	Description of payment	Unilateral disclosure from Gov Agencies	Unilateral disclosure from companies	Reconciliation
	MMMD			
1	Licence Fees / Application Fees	V	V	
2	Area Charges	V	V	
3	Analysis, Valuation, Export permit Fees	V	V	
4	Other fees & charges	V	V	
	EPF			
5	Environmental Protection Fund	V	V	
	ZRA			
6	Pay- As-You-Earn	V		
7	Company Income Tax (including Provisional Tax)	V	V	V
8	Withholding Taxes	V	V	
9	Property Transfer Tax	V	V	
10	Mineral Royalty	V	V	V
11	Export Levy	V	V	
12	Import VAT		V	V
13	Import/Customs Duty	V	V	
14	Excise Duty - Electrical Energy	V	V	
15	VAT	V	V	
16	Withholding VAT (WHVAT)	V	V	
17	VAT refundable	V	V	
18	VAT refunds	V	V	
19	Balance VAT refundable	V	V	
	Local Councils			
20	Annual Business Fees	V	V	
21	Property Rates	V	V	
	MoL			
22	Ground Rent	V	V	
23	Registration Fees	V	V	
24	Others-Invitation to Treat / Title Deeds	V	V	
	MoFNP			
25	Dividends from Government Shares	V	V	
26	Revenues from GRZ shareholding sale	V	V	
	ZCCM-IH			
27	Dividends from ZCCM-IH Shares	V	V	
28	Price participation fees	V	V	
29	Revenues from ZCCM-IH shareholding sale	V	V	
	Social Payments			

N	Description of payment	Unilateral disclosure from Gov Agencies	Unilateral disclosure from companies	Reconciliation
30	Corporate Social Responsibility In kind payments	v	v	
31	Corporate Social Responsibility cash payments	v	v	
	Other Significant Payments			
32	Other Significant Payments	v	v	

Phase 3: Compile data

Objective: The purpose of this phase of work is to first review what information required by the EITI and agreed by the ZEC to be included in the scope of reporting (Table 1) is already publicly disclosed for the year under reporting, and to collect any additional information required to cover the gaps directly from government and company reporting entities. The ZEC and ZEITI Secretariat plays a role in distributing reporting templates and collecting information from reporting entities based on the scope of the previous EITI Report. The ZEITI Secretariat shall conduct the data collection of both revenue and non- revenue information prior to the engagement of the Independent Administrator in accordance with the Data Collection Guidelines.

The Independent Administrator is expected to undertake the following tasks during the data collection phase:

Collect the completed forms and associated supporting documentation submitted to the ZEITI Secretariat, as well as any contextual or other information that the ZEITI Secretariat has collected.

Contact the reporting entities directly to clarify any information gaps or discrepancies.

Where needed, obtain waivers to address confidentiality constraints and/or provisions relating to safeguarding confidential information prior to the publication of the EITI Report.

Phase 4: Analysis and draft report. The purpose of this phase is to first analyse the information collected in accordance with the objectives set for reporting in Phase 1 and as set out by the ZEC in Table 1 and review the comprehensiveness and reliability of the data, and then to draft a report for the ZEC's input.

Analyse the data collected. In accordance with the objectives set by the ZEC for the reporting and as set out in Table 1, the Independent Administrator should analyse the information to ensure that the reporting will meet the agreed objectives.

Review the comprehensiveness and reliability of the financial data. The Independent administrator should review the comprehensiveness and reliability of the financial data covered in the reporting process as agreed by the ZEC in Phase 2 and identify any gaps or weaknesses in reporting. The ZEC should examine the audit and assurance procedures in government entities and companies participating in the EITI reporting process. This could include reviewing the statutory audit and assurance requirements for companies and government including the relevant laws, regulations and any reforms planned or underway. It could further include assessing whether reporting entities had their financial statements audited in the financial year covered, whether the audited financial statements are publicly available and where they can be accessed.

Drafting the report. The Independent Administrator should prepare a draft report that comprehensively compiles the information disclosed by the reporting entities, identifying any discrepancies, and provides other information or analysis requested by the ZEC (in accordance with Phases 1 and 2). The draft EITI Report should include an explanation of the process for compiling and analysing the information, indicate the coverage of the report, and include the assessment of comprehensiveness and reliability of information. Any gaps or weaknesses identified should be disclosed in the report, including naming any entities that failed to submit information required by the EITI Standard (Requirements 2-6), and an assessment of whether this is likely to have had material impact on the comprehensiveness of the report. The information in the report should be clearly sourced.

Where information is already being systematically disclosed, the report should clearly state where the information is publicly accessible and provide a website link where possible.

Where previous EITI Reports or Validations have recommended corrective actions and reforms, the report could comment on the progress in implementing those measures. The ZEC could agree recommendations for strengthening regular, timely and comprehensive disclosures by government entities and companies in the future, including any recommendations regarding audit practices and reforms needed to bring them in line with international standards, and where appropriate, recommendations for other extractive sector reforms related to improving natural resource governance.

Phase 5: Final report

Objective: The purpose of this phase is to ensure that any comments by the ZEC on the draft report have been reflected in the final Report. The ZEC should also consider how to best disseminate the data and share it with relevant stakeholders. The final report should include the ZEC assessment of comprehensiveness and reliability of the disclosed data and identify any gaps or weaknesses in reporting.

The independent Administrator is expected to:

Submit the EITI Report upon approval to the ZEC. The ZEC will endorse the report prior to its publication and will oversee its publication. Authorship of the report should be clearly indicated. Where the Covid-19 pandemic poses challenges on the ability of ZEC to convene, ZEITI secretariat and ZEC should take reasonable steps to seek ZEC comments and approval.¹²

The Independent Administrator shall present the final report at a public launch.

Prepare and submit summary data file from the disclosures electronically to the International Secretariat according to the standardised reporting format.¹³

Take appropriate measures to ensure that the report is comprehensible, including consulting with ZEC members on the accessibility of the report to the wider public. This includes ensuring that the report has high levels of readability, legibility and usability, and helps explain processes using visual elements.

Ensure that the report is published in an accessible, comprehensive and comprehensible manner in PDF, Excel files, and Word formats and must;

Summarise the key findings and relevant insights from the report that are considered by the ZEC to be of public interest:

Include the definition of ‘material payments and revenues’ agreed by ZEC;

List and describe the revenue and benefit streams that are included in the report;

Include a list of all licensed or registered companies involved in the extractive sector exploration and production, noting which companies participated in the EITI reporting process and those that did not (with an indication of the relative size whether by production or revenue/payments and reasons for non-participation);

easy-to-follow manner e.g., graphs, pie charts etc.;

Include a summary of payments made to and received by individual local councils in the Report;

State if any companies or government entities failed to participate in the reporting process, and assess whether this is likely to have had a material impact on the stated figures;

Describe the steps taken by the government and ZEC to ensure that company and government disclosures to the Independent Administrator are based on audited accounts to international standards;

Include the Independent Administrator’s comments on the quality of the data;

Set out recommendations for how to strengthen the exercise in future; and

Produce a summary report in a clear and comprehensible manner that communicates relevant findings and developments in the industry during the year covered by the report, in both PDF and Word formats for wider dissemination to the public.

¹² EITI Board Decision 2020-31/BC-290, <https://eiti.org/board-decision/2020-31>

¹³ The latest version of the summary data template can be found at: <https://eiti.org/document/eiti-summary-data-template>

Time schedule for reporting

The production of Zambia EITI report covering 2022 fiscal year is expected to commence on 6 July 2022, culminating in the finalisation of the EITI disclosures by 30 November 2022. The proposed schedule is set out below:

Signing of contract	06/10/2022
Phase 1: Setting objectives	11/10/2022
Phase 2: Identifying scope	14/10/2022
Phase 3: Data compilation	01/11/2022 - 07/11/2022
Phase 4: Analysis and draft report	08/11/2022- 18/11/2022
Phase 5: Approval of Final report	08/12/2022

Qualification Requirements for Independent Administrators

The preparation of the EITI report should be undertaken by an Independent Administrator applying international professional standards (requirement 4.9). It is a requirement that the Independent Administrator is perceived by the ZEC to be credible, trustworthy and technically competent (ibid). Bidders must follow (and show how they will apply) the appropriate professional standards for the agreed-upon-procedures in preparing their report.

The Independent Administrator will need to demonstrate:

Expertise and experience in the oil, gas and mining sectors in Zambia.

Expertise in accounting, auditing and financial analysis.

A track record in similar work. Previous experience in EITI reporting is not required but would be advantageous.

Be a local or foreign firm or a joint venture between a local and a foreign firm with international reputation: partnership with a local firm or local representation will be an added advantage. The local firm must be completely involved;

Have adequate senior professionals with experience in relevant fields to provide impartiality and expertise for all parties including lead person with not less than 10 years of relevant working experience;

Have provided services in the context of large-scale auditing and accounting projects before;

Demonstrate how any conflict of interest would be addressed if the Independent Consultant has extractive companies as clients; and

Have a proven understanding of the EITI reporting process.

To be registered with the Zambia Institute of Chartered Accounts (ZICA)

Key Experts' qualifications and competence for the assignment;

a) **Position K-1: Team Leader - (Mining, Accounting & Auditing)**

Possess relevant academic (minimum CPA, ACCA or equivalent and master's degree as an added advantage) and professional qualifications adequate knowledge of mining industry, taxation, public and corporate accounting , not less than 10 years of relevant working experience must have been a team leader on at least 2 other assignments and experience in similar EITI reconciliation assignments

b) **Position K-2: Mining Taxation Experts**

Master's degree qualification, possess relevant professional and academic qualifications (minimum CPA, ACCA or equivalent), adequate knowledge of mining industry, taxation, public and corporate

accounting , not less than 5years of relevant working experience and experience in similar EITI reconciliation assignments

c) Position K-3: Mining Expert

Master's degree qualification in mineral economics or mineral processing and possess relevant professional and academic qualifications, at least 5 years of experience in the area of mining process accounting; and experience in similar EITI reconciliation training assignments

d) Position K-4: Editor/Proofreader/Info graphics Expert

Possess Degree in Mass Communication or equivalent. Other relevant professional and academic qualifications *will be an added advantage*

In order to ensure the quality and independence of the exercise, Independent Administrators are required, in their proposal, to disclose any actual or potential conflicts of interest, together with commentary on how any such conflict can be avoided.

Client's input and counterpart personnel

The Independent Administrator shall have access to all available documentation relevant to the assignment. The Independent Administrator is expected to provide his/her own computer, make his/her own arrangements for accommodation and transport.

Reporting Procedures

Under these Terms of Reference, the Independent Administrator will report to the Zambia EITI Council (ZEC) facilitated by the Head for the Zambia EITI Secretariat.

ANNEX 6 - Letter from the Mining Cadastre Department on the award and transfer of mining licences

ANNEX 7 - Evaluation Criteria for Mining Licence

Service Type		Standard of Service	Duration
1. Large Scale Mining License			
Clients: Exploration Companies, Mining Companies prospective mining companies	Vital Steps		Within 90 days
	Submit duly completed form 1 and application fee	1 day	
	Collect offer letter	74 days	
	Pay area charges	1 day	
	Collect license	14 days	
Requirements			
<ul style="list-style-type: none"> - Duly completed Form I - Prescribed fees K 48,000=00 - Certified copy of Certificate of Incorporation, Certificate of Share Capital and Articles of Association. - A comprehensive statement of the mineral deposits in the area over which the license is sought (should include details of all known minerals proved, estimated or inferred, ore resources and mining conditions) - Feasibility study for mining operations (should include a forecast of capital investment, the estimated recovery rate of ore and mineral products, and the proposed treatment and disposal of ore and minerals recovered) - Approved Environmental Impact Statement - Details of expected infrastructure requirements - Proposals for employment and training of citizens of Zambia - Proposals for promotion of local business development - Tax clearance certificate (issued under Income Tax Act, Cap. 323) - Plan of proposed mining area - In the case of gemstones, a plan for cutting, polishing and faceting of gemstone in Zambia - Certified copies of shareholders' identity - Any other document as the Director of Mining Cadaster may request 			
Requirements for renewal			
<ul style="list-style-type: none"> - Duly completed Form XIII - Prescribed fees K48,000=00 - Report on execution of approved programme of mining operations - A latest statement of proved, estimated and inferred mineral deposits in the area over which license is sought (should include details of all known minerals proved, estimated or inferred, ore resources and mining conditions, expected changes in mining and treatment methods, expected change in mining activities and estimated life of a mine) - Proposed programme for exploration and mining operations (should include a forecast of capital investment, the estimated recovery rate of ore and mineral products, and the proposed treatment and disposal of ore and minerals recovered) - Environmental Management Plan - Details of expected infrastructure requirements - Proposals for employment and training of citizens of Zambia - Proposals for promotion of local business development - Tax clearance certificate issued under Income Tax Act (Cap. 323) - Approved Environmental Impact Statement - Plan of proposed mining area during renewal period - Execution report of plan for cutting, polishing and faceting of gemstones in Zambia during previous tenure; and plan for cutting, polishing and faceting gemstones in Zambia during renewal period - Any other document as the Director of Mining Cadaster may request 			
3. Small Scale Mining License			
Clients: Exploration Companies, Mining Companies, prospective mining companies	Vital Steps		Within 90 days
	Submit duly completed form 1 and application fee	1 day	
	Collect offer letter	74 days	
	Pay area charges	1 day	
	Collect license	14 days	
Requirements			
<ul style="list-style-type: none"> - Duly completed Form I - Prescribed fees K 4,500=00 - Certified copy of Certificate of Incorporation, Certificate of Share Capital and Articles of Association. - Copy of relevant prospecting permit and prospecting report - Proposed programme of mining operations (should include forecast of capital investment, the estimated recovery rate of ore and mineral products, and the proposed treatment and disposal of ore and minerals recovered) - Description of the mineral deposit in area over which the license is sought - Statement of duration for which license is sought (should not exceed ten years) - Tax Clearance Certificate issued under Income Tax Act (Cap. 323) - Approved Environmental Project Brief (EPB) - Certified copies of shareholders' identity 			

<ul style="list-style-type: none"> - Any other document as the Director of Mining Cadaster may request 			
Requirements for renewal <ul style="list-style-type: none"> - Duly completed Form XIII - Prescribed fees K 4,500=00 - Report on the development of a mining area during previous tenure - Proposed programme of mining operations (should include forecast of investment, estimated recovery rate of ore and applicants' proposal for treatment and disposal of ore) - Description of the mineral deposit in area over which license renewal is sought - Statement of duration for which license is sought (should not exceed ten years) - Tax clearance certificate - Approved Environmental Project Brief (EPB) - Approved Environmental Management Plan - Any other document as the Director of Mining Cadaster may request. 			
1. Artisanal Mining Rights			
<i>Clients: Zambian Individual miners and mining cooperatives</i>	Vital Steps		<i>Within 60 days</i>
	Submit duly completed form 1 and application fee	1 day	
	Collect offer letter	51 days	
	Pay area charges	1 day	
	Collect license	7 days	
Requirements <ul style="list-style-type: none"> - Duly completed Form I - Prescribed fees K 900=00 - Environmental Commitment Plan - Programme of intended mining operations (should include proposals for the proper conservation and use of mineral resources in mining area, in the national interest) - Certified copies of applicants' identity - Any other document as the Director of Mining Cadaster may request 			
Requirements for renewal <ul style="list-style-type: none"> - Duly completed Form XIII - Prescribed fees K 900=00 - Report on the development of mining area during previous tenure - Environmental Management Plan - Approved Environmental Project Brief (EPB) - Programme of intended mining operations (should include proposals for the proper conservation and use of mineral resources in mining area, in national interest) - Any other document as the Director of Mining Cadaster may request 			

ANNEX 8 - Evaluation Criteria for bids for Petroleum Exploration Licence

	Evaluation Criteria	Maximum score (%)
1	Pre-Qualification Documentation Photocopy of registration card/certificate of incorporation/original power of attorney/original proof of data package purchase	-
2	a) Report on execution of past operation N.B. 0 years - 0%, 1 to 5 years - 5%, 5 to 10 years - 7% and Above 10 years - 10%	10
3	b) Programme for employment and training of Zambians i) Employment: <ul style="list-style-type: none"> • Zambian in Senior Management • Graduate Zambian • More than five (05) Zambians ii) Training <ul style="list-style-type: none"> • Plan for professional training • Plan for skills training 	1 1 1 1 1
	c) Programme to support local business development (amount spent locally) N.B. One point awarded for each US\$100,000 per annum up to a maximum of five points	5
4	Particulars of technical qualifications and industrial experience of applicant and key employees a) Company/applicant N.B. Petroleum exploration experience - 5%, General exploration experience - 3%, and No exploration experience - 0% b) Qualification and experience of key staff <ul style="list-style-type: none"> • Any Zambians listed as key staff • Highest relevant academic qualification (PhD degree - 5%, master's degree - 4%, Bachelors' degree - 3%, Diploma - 2%, Certificate - 1%) • Relevant experience (10 years - 5%, 8 years - 4%, 6 years - 3%, 4 years - 2%, 2 years - 1%, 0 years - 0%) N.B. One point for every two years of experience.	5 5 5 5
5	a) Financial resources available (>US\$200m - 5%, US\$150m to US\$200m - 4%, US\$100m to US\$150m - 3%, US\$50m to US\$100m - 2%, US\$20m to US\$50m - 1%, <US\$20m - 0%) b) Financial guarantees c) Projected cash flow statement for four years d) Documentary support of resources to support cash flow statement e) Evidence of available capital f) Evidence of available credit facilities	5 1 1 1 1 1
6	Audited financial statements and annual report for the last three years N.B. Three years - 5%, Two years - 3%, One year - 1%, and 0 year - 0%	5
7	Proposed programme of exploration operations and the estimated cost a) Exploration phases and activities <ul style="list-style-type: none"> • Desktop study • Aerial/ground survey • Exploratory drilling • Evaluation and appraisal • Feasibility study b) Exploration programme costs <ul style="list-style-type: none"> • Desktop study (<10% of total cost - 2%) • Aerial/ground survey (less than or equal to 30% % of total cost - 4%) • Exploratory drilling (less than or equal to 30% % of total cost - 3%) • Evaluation and appraisal (less than or equal to 30% % of total cost - 4%) • Feasibility study (> 10% of total cost - 2%) N.B. Desktop study - 2% if less than 10% of total exploration cost, Aerial and/or ground survey - 5% if 50% or more of total exploration cost, Exploratory drilling - 5%	3 5 5 5 2 2 4 3 4 2

	Evaluation Criteria	Maximum score (%)
	<i>if 40% or more of total exploration cost, and Feasibility study - 3% if equal to or greater than 10% or more of total exploration cost</i>	
8	Environmental Impact Assessment a) Identification of anticipated impacts b) Proposed mitigation measures c) Timeline for submission of the Strategic Environmental Assessment report to the Zambia Environmental Management Agency (ZEMA) - Within twelve months from date of grant of licence	3 3 4
	TOTAL	100%

ANNEX 9 - Award and transfer of Petroleum Licence- Letter from the Geological Survey Department

ANNEX 10 - BO declaration form

Form 21
(Regulation 22)
(In typescript and completed in duplicate)



THE PATENTS AND COMPANIES REGISTRATION AGENCY
The Companies Act, 2017
(Act No. 10 of 2017)

The Companies (Prescribed Forms) Regulations, 2018
(Section 123)

Available at www.pacra.org.zm

DECLARATION OF BENEFICIAL OWNERSHIP			
PART A COMPANY DETAILS			
1.	Company Number <i>Indicate the 12-digit registration number</i>		
2.	Company Name <i>Indicate the name as captured on the certificate of incorporation</i>		
PART B DETAILS OF PERSON ENTERED IN THE REGISTER OF MEMBERS			
PARTICULARS OF SHAREHOLDER			
3.	First Name		
	Surname		
	Gender		
	Date of Birth		
	Nationality		
	Identity Type <i>For Zambians: NRC For non-Zambians: NRC/Passport/ Driver's Licence/Resident Permit</i>		
	Identity Number		
	Name of Body Corporate <i>Where applicant is a Body Corporate</i>		
	Nature of Body Corporate <i>Where applicant is a Body Corporate, indicate whether applicant is a Company, Co-operative, Trust, Society, Etc.</i>		
	Registration Number, Date and Country of Incorporation of Body Corporate <i>Where applicant is a Body Corporate</i>		
	Phone Number	<i>Mobile</i> <i>Landline</i>	
	Email Address		
	Physical Address	<i>Plot/House/Village</i>	
		<i>Street</i>	
		<i>Area</i>	
<i>Town</i>			
<i>Province</i>			
4.	Number of Shares	<i>Shares held before declaration</i>	
		<i>Shares declared</i>	

		Shares held after declaration		
5.	Class of Shares			
6.	Par Value of Shares			
7.	Numbering of Shares <i>Indicate numbering of shares as in the Company Register of Shares</i>		From <input type="text"/>	To <input type="text"/>
8.	Consideration for the shares <i>Indicate payment received for shares where applicable</i>			

**PART C
DETAILS OF BENEFICIAL OWNER**

PARTICULARS OF BENEFICIAL OWNERSHIP

9.	First Name			
	Surname			
	Gender			
	Date of Birth			
	Nationality			
	Identity Type <i>For Zambians: NRC For non-Zambians: NRC/Passport/ Driver's Licence/Resident Permit</i>			
	Identity Number			
	Occupation			
	Name of Body Corporate <i>Where applicant is a Body Corporate</i>			
	Nature of Body Corporate <i>Where applicant is a Body Corporate, indicate whether applicant is a Company, Co-operative, Trust, Society, Etc.</i>			
	Registration Number, Date and Country of Incorporation of Body Corporate <i>Where applicant is a Body Corporate</i>			
	Phone Number	Mobile		
		Landline		
	Email Address			
Physical/ Registered Office Address	Plot/House/ Village			
	Street			
	Area			
	Town			
	Province			
Country				

DIRECTOR/TRUSTEE OF BODY CORPORATE

10.	No	First Name:	Surname:	Identity Number:	Date Appointed:
	1				
	2				
	3				
	4				

SHAREHOLDER/SETTLER OF BODY CORPORATE

11.	No	First Name:	Surname:	Identity Number:	Number of Shares:	Class of Shares:	Number of Paid-Up Shares:
	1						
	2						
	3						
	4						

BENEFICIAL OWNER/BENEFICIARY OF BODY CORPORATE

	No	First Name:	Surname:	Identity Number:	Nature of Interest
12.	1				
	2				
	3				
	4				
13.	Number of Shares (if any)				
14.	Class of Shares (if any)				
15.	Nature of Beneficial Ownership <i>Briefly explain the nature of beneficial ownership (whether trust, legal arrangement etc.) including how ownership control or economic interest is maintained</i>				
16.	If beneficial owner is politically exposed person (PEP) as defined in the Financial Intelligence Act No. 46 of 2010, provide details (e.g. position held)				
17.	Voting Rights held				
18.	DECLARATION: I, whose names and particulars appear on this form, do hereby declare that the particulars of beneficial ownership relating to shares indicated on this form, are correct and accurate to the best of my knowledge Signature: _____ Date: _____				

ANNEX 11 - Tracking table of certified reporting templates

Extractive Companies	Reporting template received	Reporting template signed by senior management
KANSANSHI MINING PLC	Yes	Yes
KONKOLA COPPER MINES PLC	Yes	Yes
LUMWANA MINING COMPANY LIMITED	Yes	Yes
MOPANI COPPER MINES PLC	Yes	Yes
FQM TRIDENT LIMITED	Yes	Yes
FIRST QUANTUM MINING AND OPERATIONS LTD BM M S	Yes	Yes
CHAMBISHI COPPER SMELTER LIMITED	Yes	Yes
ZCCM INVESTMENTS HOLDINGS PLC*	Yes	Yes
MAAMBA COLLIERIES LIMITED	Yes	Yes
NFC AFRICA MINING PLC	Yes	Yes
LUBAMBE COPPER MINE LTD	No	No
KAGEM MINING LTD	Yes	Yes
CHILANGA CEMENT PLC	No	No
CNMC LUANSHYA COPPER MINES PLC	Yes	Yes

Government Agencies	Reporting template received	Reporting template signed by senior management
Zambian Revenue Authority (ZRA)	No	No
Ministry of Mines and Minerals Development	Yes	Yes
Ministry of Lands	No	Yes
Ministry of Finance	Yes	Yes
Mufulira Municipal Council	Yes	Yes
Kalulushi Municipal Council	Yes	Yes
Zimba District Council	No	No
Kitwe City Council	Yes	Yes
Chililabombwe Municipal Council	Yes	Yes
Luanshya Municipal Council	Yes	Yes
Chingola Municipal Council	Yes	Yes
Kabwe District Council	Yes	Yes
Mazabuka Municipal Council	Yes	Yes
Ndola City Council	Yes	Yes
Lufwanyama District Council	Yes	Yes
Lusaka City Council	No	No
Mumbwa District Council	Yes	Yes
Sinazongwe District Council	Yes	Yes
Solwezi Municipal Council	Yes	Yes
Kafue District Council	No	No
Choma Municipal Council	Yes	Yes
Chilanga District Council	Yes	Yes

ANNEX 12 -

