



**ZEITI Fourth Quarter Report – December 2022**

## 1.0 Introduction

The ZEC met for an in-person meeting in October for the first time since the onset of the Covid-19 pandemic. The meeting also welcomed in person the representative of the British High Commission as an observer on the ZEC.

The procurement of the Independent Administrator has reached an advanced stage. BDO Zambia has been selected after the evaluation of the technical and financial proposals. The ministry of Mines is now in the process of engaging the Ministry of Justice to draw up a contract for the assignment.

The fourth quarter mainly focused on completing activities related to the support under the Opening Extractives programme that is being implemented with support from the EITI International Secretariat and the Open Ownership. The programme has now started providing support to the Mining Cadastre on licence transparency and beneficial ownership screening. This is in addition to the support already being provided to the Patents and Companies Registration Agency (PACRA).

The refinements to the EITI Standard has continued. During the quarter, EITI National Coordinators convened in Oslo, Norway for a consultative meeting. A follow up meeting will be convened in January to explore ways of building consensus on areas where stakeholders have little to no consensus.

Below are details of the activities that were undertaken by the ZEITI Secretariat in the third quarter.

## 2.0 Production of the 2021 ZEITI report

Following a call to the three (3) prospective consultants to submit their technical and financial proposals for the production of the 2021 ZEITI report, only BDO responded to the call.

In view of the above, an evaluation of the BDO proposal was conducted as indicated below.

### Initial proposal submitted by BDO Zambia

S/N	Name	Position	Staff Rate/Day	Input (In Days)	Amount (ZMW)
<b>BDO Zambia</b>					
1	Godsave Nkhekede	Local Partner	22,400.00	2	44,800.00
2	Musenga Simumba	Local Manager	19,200.00	10.1	193,920.00
3	Barrack Kalima	Local Team Leader	14,400.00	15	216,000.00
<b>BDO International</b>					
4	Mark Henderson	International Partner	22,400.00	2	44,800.00

5	Ben Toorabally	International Director	22,400.00	2	44,800.00
	<b>Total</b>			<b>31.1</b>	<b>544,320.00</b>

During the evaluation process, the committee noted a few areas that needed adjusting based on the scope of work in the Terms of Reference (TORs). The committee noted that;

- (a) Since data collection was already undertaken by the ZEITI Secretariat, the cost on data collection could be revised downwards;
- (b) Based on this revision, the remainder of the work would only constitute desk reviews and data compilation.

Therefore, in view of the above, the committee recommended that the overall fee should be negotiated downwards to cater for aspects that needed to be addressed by the consultant.

#### **PROPOSED ADJUSTMENTS TO THE FINANCIAL PROPOSAL**

The Committee recommended the following to be adjusted on the financial proposal:

- I. A reduction on the number of days for Mr. Musenga Simumba from the Initial 10.1 input days to 6 input Days
- II. A reduction of the number of Days for Mr. Barack Kalima from the Initial 15 Input Days to 10 Input Days.
- III. As for Mr. Godsave Nhekede the input days remain the same.
- IV. As for the International Partners the input days to remain unchanged.

#### **Summary of the proposed adjustments to the financial proposal**

S/N	Name	Position	Staff Rate/Day	Input (In Days)	Amount (ZMW)
<b>BDO Zambia</b>					
1	Godsave Nkhekede	Local Partner	22,400.00	2	44,800.00
2	Musenga Simumba	Local Manager	19,200.00	6	115,200.00
3	Barrack Kalima	Local Team Leader	14,400.00	10	144,000.00
<b>BDO International</b>					
4	Mark Henderson	International Partner	22,400.00	2	44,800.00
5	Ben Toorabally	International Director	22,400.00	2	44,800.00
	<b>Total</b>			<b>22</b>	<b>393,600.00</b>

### 3.0 Counter proposal from BDO Zambia

After considering the proposal from the Evaluation Committee, BDO Zambia offered a counter proposal as indicated below:

#### Summary of counter proposal from BDO Zambia

S/N	Name	Position	Staff Rate/Day	Input (In Days)	Amount (ZMW)
<b>BDO Zambia</b>					
1	Godsave Nkhekede	Local Partner	22,400.00	2	44,800.00
2	Musenga Simumba	Local Manager	19,200.00	8	153,600.00
3	Barrack Kalima	Local Team Leader	14,400.00	13	187,200.00
<b>BDO International</b>					
4	Mark Henderson	International Partner	22,400.00	2	44,800.00
5	Ben Toorabally	International Director	22,400.00	2	44,800.00
	<b>Total</b>			<b>27</b>	<b>475,200.00</b>

The counter proposal represents an overall reduction to the initial proposal of 14.5 percent. The final cost for the report production is now a net of ZMW 475,200.

The Evaluation Committee is therefore recommending that the ZEC approves the new proposal to pay BDO Zambia a sum of ZMW 475,200 for the production of the 2021 ZEITI report.

### 3.0 Beneficial Ownership transparency

During the period under review, the ZEITI conducted awareness raising programmes on beneficial ownership transparency through radio programmes. The ZEC and some stakeholders featured on the radio programmes. The awareness raising activity is an on-going effort to socialise beneficial ownership transparency among the members of the public.

The ZEITI with support from Open Ownership under the opening extractives programme have commenced providing support to the Mining Cadastre. Notably, the ZEITI provided input on the draft SI at the request of the Ministry to use beneficial ownership as part of the screening tools to ensure compliance to the quantitative limit of five licence per individual or entity.

Discussions are also underway to provide support to the Ministry of Mines on wider reforms related to anti-corruption. It is envisaged that the support will be tailored towards capacity building of members of staff and also providing input to various policy documents.

#### **4.0 Refinement of the EITI Standard**

The 2023 EITI Global Conference and the associated Members' Meeting represent an opportunity to refine the EITI Standard. At its 52<sup>nd</sup> meeting in February 2022, the Board mandated the Secretariat to develop the scope of refinements to the EITI Standard. The International Secretariat held consultations with stakeholders in April 2022. At the 53<sup>rd</sup> meeting in June 2022, the Board agreed the scope of refinements to the EITI Standard and to convene the Working Group on the Refinements to the EITI Standard.

The Board agreed to include the following areas in the scope of refinements to the EITI Standard:

- Adjustments to existing EITI provisions to support disclosures and public debate related to the impact of the energy transition on implementing countries, including changing demand for fossil fuels and critical minerals;
- Reflecting anti-corruption explicitly in the objectives and text of relevant EITI Requirements;
- Adjustments to existing EITI provisions promoting gender equality;
- Including the objective of each EITI Requirement in the EITI Standard;
- Clarifying the distinction between encouraged, expected and required provisions;

The Board also mandated the working group to further consider whether refinements should include the following areas:

- Disclosures related to (1) reserves, as well as scope 1, 2 and 3 emissions from fossil fuel production in implementing countries and (2) progress in meeting Nationally Determined Contributions as per the Paris Agreement, considering existing reporting standards and practices and potential for the EITI to add value to existing reporting standards;
- Refinements to relevant EITI provisions that strengthen anti-corruption efforts;
- Adjustments to relevant requirements to include information about the policies and practices related to combatting illicit financial flows including tax avoidance and monitoring the costs of extractive companies; These requirements could be reviewed with a view of streamlining reporting to reduce the reporting burden while achieving the main objectives;
- Strengthening Requirement 3.2 on production and Requirement 3.3 on exports to improve disaggregation, data quality and data usability;

- Adjustments to Requirement 4.8 to improve data timeliness.
- An alternative procedure for data quality assurance that builds on the experiences from flexible reporting and the pilot on alternative approaches to reporting.

Additionally, the Validation review working group suggested two areas of consideration for the Working Group on Refinements to the EITI Standard, namely:

- Setting defined ceilings for thresholds for beneficial ownership reporting in EITI Requirement 2.5. Although the EITI Standard does not include a specific threshold for beneficial ownership, several members from different constituencies called for a lower threshold for beneficial ownership disclosures in the extractive industries than for other sectors. The inclusion of a specific threshold ceiling in the EITI Standard would provide a mandate for Validation to assess whether a particular materiality threshold is considered reasonable.
- Clarification of the definition of resource-backed loans covered by EITI Requirement 4.3 to include arrangements in which repayment of a loan was not made in kind but in which natural resources provided the collateral. The working group discussed the possibility of explicitly referencing the International Monetary Fund's definition of collateralised loans in potential refinements to Requirement 4.3.
- The need for ensuring greater MSG oversight of the environment for civil society engagement in the EITI process. The working group considered the value of greater planning, monitoring and evaluation of MSG activities related to oversight of the environment for civil society participation in public debate on natural resource governance. The working group suggests that the working group on refinements to the EITI Requirements may wish to consider refinements to Requirements 1.4, 1.5 and 7.4: 'MSG oversight', 'Work plan' and 'Review of the outcomes and impact of EITI implementation'.