

**MINUTES FOR THE ZEC MEETING HELD ON THURSDAY 9 JULY 2020 AT THE NEW
GOVERNMENT COMPLEX, MEDIUM HALL ROOM 3 AT 10:00HRS**

PRESENT

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| 1. Mr. Barnaby B. Mulenga | - | Government (MMMD – PS) Chairperson |
| 2. Mr. Spyton Phiri | - | Government (ZRA) Proxy |
| 3. Mr. Adrian Zulu | - | Government (MLGH) Proxy |
| 4. Mr. Francis Chilunga | - | Government (MoJ) Member |
| 5. Mr. Sokwani Chilembo | - | Mining Industry (ZCM) Member |
| 6. Mr. Hugh Carruthers | - | Mining Industry (FQML) Member |
| 7. Mr. Talent Ng'andwe | - | Mining Industry (ZCM) Proxy |
| 8. Mrs. Pauline Mundia | - | Mining Industry (FSSMAZ) Member |
| 9. Mr. Evans Kanche | - | Mining Industry (AZMEC) Member |
| 10. Mr. Edward Lange | - | Civil Society (SARW) Member |
| 11. Ms. Petronella Phiri | - | Civil Society (YAD) Member |
| 12. Mr. Edgar Siakacoma | - | Civil Society (NEF) Member |
| 13. Mr. Edmond Kangamungazi | - | Civil Society (PWYP) Proxy |
| 14. Mr. Andisen Zulu | - | Civil Society (CCZ) Member |

IN ATTENDANCE

- | | | |
|--------------------------|---|-------------------------------|
| 1. Mr. Ian Mwiinga | - | Head ZEITI Secretariat |
| 2. Ms. Mutinta Hadunka | - | ZEITI- Communications Officer |
| 3. Mr. Emmanuel Sibongo | - | ZEITI- Accountant |
| 4. Mr. Lupinda Chimwasu | - | ZEITI- Economist |
| 5. Ms. Mukupa Nsenduluka | - | Oxfam |

ABSENT WITH APOLOGY

- | | | |
|--------------------------|---|------------------------------------|
| 1. Mr. Fredson Yamba | - | Government (MoF) - ZEC Chairperson |
| 2. Mr Martford Mumba | - | Mining Industry (FSSMAZ) Member |
| 3. Mr. Peter Zyambo | - | Bank of Zambia Member |
| 4. Mr. Mwiya Mwandawande | - | Civil Society (EITA) Member |
| 5. Mopani Copper Mines | - | Mining Industry (ZCM) Member |
| 6. Lubambe Copper Mines | - | Mining Industry (ZCM) Member |

1.0 Opening remarks

The meeting commenced at 10:42 hrs. The meeting was chaired by the Permanent Secretary at the Ministry of Mines and Minerals Development. In his welcome remarks, the Chairperson commended for their work especially in relation to the production of various EITI reports. Further, the Chairperson also commended the ZEITI Secretariat for convening the meeting.

2.0 Adoption of the agenda

The agenda was adopted with an inclusion of one agenda item as proposed by the Chamber of Mines. The agenda item was marked as: *conflict of Interest concern*.

The proposal to adopt the agenda was made by Mr. Edgar Siakacoma and seconded by Mr. Edmond Kangamungazi.

3.0 Apologies

The list of apologies is given on page 1.

4.0 Confirmation of minutes from the previous meeting

The minutes of the previous ZEC meeting were adopted as a true record of the proceedings after one correction was made as indicated below:

- i. *Mr. Talent Ngandwe's name to be removed from the list of absent with apology. This is because Mr Ng'andwe is a proxy for the Chamber of Mines which was represented during the meeting.*

5.0 Matters arising (actions taken report)

- I. The ZEITI Secretariat reported to the meeting that the Ministry of Mines and Minerals Development has an existing MoU with the Revenue Development Foundation (RDF). The RDF had previously approached the ZEC for a possible collaboration in setting up an online reporting portal.
The background to this issues was, the ZEC had requested the ZEITI secretariat to clarify whether the proposed collaboration with RDF could take place within the confines of the MoU between the Ministry of Mines and Minerals Development and RDF;

- II. The ZEITI Secretariat reported during the meeting that a planning meeting for the ZEC took place in February 2020. The meeting was convened to prepare a plan for the ZEC covering 2020 – 2021. The meeting was convened with the support from First Quantum Limited and the Chamber of Mines;
- III. The ZEITI Secretariat reported during the meeting that efforts to mobilise of resources for the implementation of the EITI in Zambia are underway. Notably, the EITI International Secretariat has provided funding to the ZEITI to finalise the financial modelling report. However, the ZEC were also informed that the monthly disbursements from the Government have been erratic. The government had only made three (3) disbursements between January and July 2020. This has greatly affected the implementation of the ZEITI work plan; and,
- IV. The ZEC were informed that the training of staff from the Office of the Auditor General (OAG) was conducted. The training was aimed at introducing staff to the reconciliation methodology under the EITI. Under requirement 4.9 of the EITI Standard, the OAG was supposed to certify all information disclosed by government agencies during the EITI reporting process.

6.0 Presentation on gender mainstreaming in the EITI

During the meeting, Oxfam made a presentation on Gender Mainstreaming within the EITI. The 2019 EITI Standard provides a requirement for countries to mainstream the EITI in their operations and also in their reporting. Some of the key highlights of the presentation are noted here below:

- a. Companies need to mainstream gender in their operations as part of their Economic Social and Governance (ESG) strategies;
- b. Support CSOs to update their TORs to include gender in their election process to the MSG. This could include among other things providing a quota to a specific gender in the electoral process;
- c. Support government to update the gender provisions in the various policies; and,
- d. Support ZEITI to collect gender disaggregated information during the EITI reporting process. The ZEC agreed to collaborate with Oxfam to take ensure the requirement on gender is enhanced in the implementation of the EITI. Notably, Oxfam was requested to support ZEC work plan to ensure gender activities are

mainstreamed in the work plan, support various constituencies to update their TORs to ensure gender is included; and,

- e. Finally, the ZEC suggested to Oxfam to consider applying for an observer status on the MSG.

The full presentation is attached in the Annex.

7.0 Presentation of the second quarter activities and financial report

The ZEITI Secretariat presented the key highlights of the second quarter implementation report as indicated below:

A. Transparency and Accountability Bill

The process of drafting of the Transparency Bill commenced during the second quarter. The transparency legislation will provide a legal framework for implementing the EITI in Zambia. The Transparency Bill will also enhance the implementation of the EITI Standard especially EITI requirements that may require legal and technical reforms. A case in point are requirements related to contract transparency and project level reporting among others. The Transparency legislation will support the current evolution of EITI implementation which places mainstreaming at the centre.

The next steps will involve undertaking the Regulation Impact Assessment (RIA) and also the stakeholder consultative meetings. The Business Regulatory Review Agency (BRRA) under the Ministry of Commerce, Trade and Industry will provide the technical support to conduct the RIA.

The ZEITI Secretariat also indicated to the members that the Bill that is being drafted is not linked to the old Bill. The ZEITI Secretariat also indicated that the Transparency Bill will be enacted through a Statutory Instrument (SI) under the Mines and Minerals Development legislation. In view of this, the ZEC members requested the government to create an enabler in the current Mines and Minerals Development legislation to ensure an SI on EITI can be issued.

B. Mainstreaming

The ZEITI Secretariat informed the meeting that the feasibility study on EITI mainstreaming is currently underway. The consultants are currently collecting data from various agencies. The study will document the gaps and also recommend

solutions on how to address the identified gaps. The gaps will be classified under either technical or legal gaps.

The meeting was informed that the ZEC will be provided various reports for their comments and input. The inception report is currently being finalized by the consultant.

C. Beneficial Ownership Pilot

The ZEC was informed during the meeting that discussions are underway between the Patents and Companies Registration Agency (PACRA) and the International Secretariat on the possibility of Zambia joining a pilot on Beneficial Ownership data verification.

The pilot will be supported by the Open Ownership and aims at piloting its work in two countries. The IMF has also shown interest to partner with countries on this pilot to enhance BO reforms in implementing countries.

The pilot will enhance the work PACRA is already doing of collecting BO information. The pilot will provide policy and technical recommendations on how to improve the quality of BO disclosures. The PACRA has agreed to join the pilot.

D. 2019 EITI report

The ZEC was informed that the production of the 2019 ZEITI report had commenced. The financing of the report will be done through the residual funds from the World Bank grant. The World Bank agreed to single source BDO to produce the 2019 ZEITI report.

E. Financial Report

The ZEITI Secretariat presented the second quarter financial report. The report highlighted the funding gap that has been created due to inconsistent disbursements from the government. The report also highlighted the committed funds from the World Bank grant which closed on 31 March 2020.

The meeting requested the ZEITI Secretariat to provide a financial report showing the variances and implementation performance of the budget in relation to the work plan.

7.1 Approval of advance payment to consultants undertaking the mainstreaming feasibility study

The ZEC members approved the advance payment to consultants undertaking the feasibility study on mainstreaming EITI implementation in Zambia. The approval was proposed by Mr. Talent Ng'andwe and seconded by Mr. Hugh Carruthers.

7.2 Approval of advance payment of BDO for the production of the 2019 ZEITI report

The ZEC members approved the advance payment to BDO for the production of the 2019 ZEITI report. The approval was proposed by Mr. Talent Ng'andwe and seconded by Mr. Hugh Carruthers.

8.0 Approval of flexible reporting TORS

The ZEC members unanimously approved the flexible reporting Terms of Reference.

9.0 Approval of Zambia joining the mainstreaming pilot

The ZEC members unanimously approved Zambia joining the mainstreaming pilot.

10.0 Approval of ZEITI and PACRA beneficial ownership pilot

The ZEC members unanimously approved the intention of PACRA to join the Beneficial Ownership pilot with support from the ZEITI Secretariat and the EITI international Secretariat.

11.0 Conflict of interest concern

The Chamber of Mines raised a concern of conflict of interest concern against Mr Edward Lange, the ZEC Vice Chairperson and member of the Civil Society Constituency.

The conflict of Interest concern arose from the press statement that was purported to have been issued by Mr Lange regarding the appointment of the new General Manager at Kansanshi Mine. The complaint is also linked to the yet to be published report by the Southern African Resource Watch (SARW), the organization Mr Lange represents on the MSG, on the shortcomings of the Corporate Social Responsibility (CSR) of Kansanshi Mining PLC.

The Chamber of Mines contended that the two issues raised above have the potential bring into conflict the name of the EITI since Mr Lange is the currently serving as the Vice Chairperson on the MSG. In view of this, the Chamber of Mines appealed to the MSG to request Mr Lange to step down as Vice Chairperson to avoid the conflict of Interest concern.

The Chamber of Mines further indicated that First Quantum Mining Limited is considering taking legal action on the two matters.

After deliberations among MSG members, the meeting resolved that the Civil Society constituency should deliberate on the matter and report to the full ZEC meeting on 15 October 2020. Specifically, the Chairperson requested the CSOs to deliberate as follows:

1. Whether the Vice Chairperson breached the conflict of interest provision as provided for in the EITI code of conduct in relation to the ZEC TORs and within the Zambian laws in terms of the definition of Conflict of Interest;
2. Whether the Vice Chairperson was in breach of potential conflict of interest; and,
3. The Chairperson further called on the ZEITI Secretariat and the Chamber of Mines to avail information to the CSOs that would help them during the deliberations.

12.0 Closing remarks

The Chairperson of the meeting thanked the members for the attendance and contributions. The meeting ended at 13:55 hrs.

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CHAIRPERSON

DATE

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SECRETARY (ZEITI Secretariat)

DATE

ACTION TAKEN REPORT

S/N	ISSUE	ACTION NEEDED	STATUS	BY WHOM
1	Presentation of financial reports to ZEC	The ZEITI were requested during the previous meeting to show variances and burn rate in the financial report to ZEC	Done	ZEITI
2	Conflict of interest concern	The meeting resolved to allow the CSO constituency to deliberate on the complaint by the Vice Chairperson of ZEC on alleged breach of conflict of interest	Done	CSO Constituency
3	Gender mainstreaming	Liaise with Oxfam on the next to actualize the mainstreaming of gender in EITI implementation.	WIP	ZEITI/Oxfam
4	Observer status	Request Oxfam to formally apply to be an observer on the MSG	Done	ZEITI/Oxfam