

**MINUTES FOR THE ZEC MEETING HELD ON THURSDAY 9 DECEMBER 2020 AT CARITAS  
ZAMBIA- KAPINGILA GUEST HOUSE AT 10:00HRS**

**PRESENT**

- |                             |   |                                 |
|-----------------------------|---|---------------------------------|
| 1. Mr. Charles Chivweta     | - | Government (MoF) Chairperson    |
| 2. Mr. Spyton Phiri         | - | Government (ZRA) Proxy          |
| 3. Mr. Adrian Zulu          | - | Government (MLGH) Proxy         |
| 4. Mrs. Emma Malawo         | - | Government (MMMD) Proxy         |
| 5. Mr. Shilambwe Mwaanga    | - | Government (MoF) Member         |
| 6. Mr. Sokwani Chilemba     | - | Mining Industry (ZCM) Member    |
| 7. Mr. Talent Ng'andwe      | - | Mining Industry (ZCM) Proxy     |
| 8. Mr. Edward Lange         | - | Civil Society (SARW) Member     |
| 9. Ms. Petronella Phiri     | - | Civil Society (YAD) Member      |
| 10. Mr. Edgar Siakacoma     | - | Civil Society (NEF) Member      |
| 11. Mr. Edmond Kangamungazi | - | Civil Society (PWYP) Proxy      |
| 12. Mr. Martford Mumba      | - | Mining Industry (FSSMAZ) 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. Dr. Fautin Banda          | - | Mainstreaming Consultant      |
| 6. Mr. Godsave Nhekede       | - | BDO Zambia Limited            |
| 7. Ms. Tukiya Kafumukache    | - | BDO Zambia Limited            |
| 8. Mr. Chaanza M. Chifwepa   | - | Government (MMMD)             |
| 9. Mr. Willie Chilufya       | - | Government (MMMD)             |
| 10. Mr. Tabila Mazhamo       | - | Government (MMMD)             |
| 11. Mr. Mailon M. Munanganga | - | SMART Zambia                  |
| 12. Mr. Jenas Mwiinga        | - | SMART Zambia                  |

**ABSENT WITH APOLOGY**

- |                           |   |                                    |
|---------------------------|---|------------------------------------|
| 1. Mr. Fredson Yamba      | - | Government (MoF) - ZEC Chairperson |
| 2. Mr. Barnaby B. Mulenga | - | Government (MMMD – PS)             |
| 3. Mr. Francis Chilunga   | - | Government (MoJ) Member            |
| 4. Mr. Peter Zyambo       | - | Bank of Zambia Member              |
| 5. Mr. Mwiya Mwandawande  | - | Civil Society (EITA) Member        |

- |                        |                                   |
|------------------------|-----------------------------------|
| 6. Mr. Evans Kanche    | - Mining Industry (AZMEC) Member  |
| 7. Mr. Hugh Carruthers | - Mining Industry (FQML) Member   |
| 8. Mopani Copper Mines | - Mining Industry (ZCM) Member    |
| 9. Mrs. Pauline Mundia | - Mining Industry (FSSMAZ) Member |
| 10. Mr. Andisen Zulu   | - Civil Society (CCZ) Member      |

## **1.0 Opening remarks**

The meeting was chaired by Mr. Charles Chivweta, Principal Economist in the Ministry of Finance. Mr. Chivweta was requested to Chair the meeting by the ZEC Chairperson, the Secretary to the Treasury.

In his welcome remarks, the Chairperson commended ZEC members for their contribution to the growth of the Council and the Mining Sector during the year. Further, the chairperson applauded the ZEITI Secretariat for their hard work and creativity especially in relation to the production of various EITI reports, including the 2019 ZEITI Report.

Full quorum was formed and the meeting commenced at 10:23 hrs.

## **2.0 Adoption of the agenda**

The agenda was adopted without any changes. The proposal to adopt the agenda was made by Mr. Sokwani Chilembo and seconded by Mr. Spyton Phiri

## **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.

## **5.0 Matters arising (actions taken report)**

- I. The ZEITI Secretariat reported to the meeting that 2019 ZEITI report was finalized awaiting to be launched on 10 December 2020 after ZEC approval.
- II. The ZEITI Secretariat reported that following guidance that was given by the members at the previous ZEC meeting, feedback on the inception reports was provided and the lead consultant's report was approved by ZEC
- III. The ZEITI Secretariat informed the meeting that the Zero draft ZEITI legislation was ready at the Ministry of Justice.

- IV. The ZEITI Secretariat informed the ZEC that the application for Oxfam to sit as observer on the ZEC, was submitted to the government for clearance.
- V. The ZEC was informed that the names that were submitted by the Civil Society Constituency to sit on the ZEC, were not cleared by the Government. CSO therefore, requested for a formal letter from Government stating the reasons why the names were not cleared.

## 6.0 Presentation and approval of the 2019 ZEITI Report

During the meeting, the consultant hired to produce the 2019 ZEITI report, BDO Tunisia, made a presentation. The key highlights of the presentation are noted below

- According to the report, the payments generated by the extractive sector totalled ZMW 18,357.29 billion in 2019 against ZMW 17,978.12 billion in 2018.
- Payments to Government Agencies amount to ZMW 17,428 million representing 94.98% of the total payments made by the extractive companies and ZCCM-IH in 2019.
- The report also revealed that the dividends and interests received by the ZCCM-IH amounted to ZMW 348.06 million in 2019 while the transfers of tax and non-tax payments and dividends by ZCCM-IH amounted to ZMW 102.96 million.
- The report further indicates that the contribution of the mining sector to the economy in overall decreased compared to 2018. This decline is mainly explained by the decrease of the copper exports in volume and value:

	2019	2018
GDP	9.90%	10.70%
Exports	77.00%	78.40%
Revenues	27.77%	31.40%
Employment	2.40%	2.90%

*Figure 1 Contribution to the Zambia's Economy*

The report highlights that the remaining unsolved discrepancies amounting ZMW 423.1 million represents 5.59% of the revenues reported by the Government. This is above the acceptable final reconciliation difference set by the ZEC at 1%. The unresolved discrepancy is mainly explained by a positive difference of ZMW 4,867.01 million in Withholding VAT and a negative difference of (ZMW 546.53 million) in VAT respectively. Additionally, in 2019, many companies declared

Withholding VAT to ZRA without making the payment because it was agreed with ZRA that these payments will be offset against VAT refundable.

The key recommendations included;

- ZEC to establish a clear plan for disclosing the full text of the licences that will be granted, entered into or amended from 1 January 202.
- In order to capture Beneficial Ownership information about applicants for the Petroleum Licenses, the BO declaration form should be added to the list of documents required for application for Petroleum Licenses.
- upgrade the online register of extractive licenses in order to allow access to the history of grants, withdrawals, transfers or renewals during a specific period. It is recommended also to add the option of extraction of data in open data format.
- ZEC to follow up with MMMD the implementation status of the recommendation in the OAG report and the Committee on National Economy, Trade and Labour matter follow up report. An implementation audit can be carried out to check whether recommendations were properly implemented by the Cadastre Department in the licenses granting and transfer processes.

The ZEC approved the 2019 ZEITI report subject to the following amendments:

- Adding an explanation in the report for the variance between copper production value and export value. In view of this, the Chamber of Mines was requested to provide a brief write up for inclusion in the final report.
- Harmonizing the figures in the report for the percentage contribution of the mining sector to Government revenues.

The proposal to approve the report was done by Mr. Edward Lange and seconded by Mr. Edgar Siakacoma.

## **7.0 Presentation and Approval of Mainstreaming report**

The presentation on IT inception report on the mainstreaming feasibility study was done by Dr. Faustin Banda (IT consultant). The presentation clearly highlighted the methodology, sampling techniques and model questions to be used during the feasibility study.

The ZEC approved the IT inception report. The proposal to approve the report was done by Mr. Sokwani Chilembo and seconded by Mr. Edmond Kangamungazi.

## **8.0 Presentation of the 2020 ZEITI Activity Report and 2020 financial report**

The ZEITI Secretariat presented the key highlights of the 2020 implementation report as indicated below:

### **a. Mainstreaming feasibility Study**

The ZEITI Secretariat reported that the drafting of the feasibility study report is under way. The ZEC approved the inception report from the consultant.

It was recommended that the ZEC will need to raise funds to implement the findings from the feasibility study. This will be the first step towards mainstreaming EITI implementation in Zambia.

### **b. 2019 and 2018 ZEITI report**

The ZEC was informed that the production of the 2018 and 2019 ZEITI report was complete. The Secretariat also informed the meeting that it had started the preparation of the 2020 ZEITI report using the flexible reporting mechanism.

The Secretariat recommended that the ZEC needs to follow up on the recommendations from the 2018 and 2019 reports. Further, the ZEC will need to involve their constituencies in this activity through integration of the recommendations in their organizational work plans.

### **c. ZEITI Legislation**

The ZEITI Secretariat informed the ZEC that the Zero draft ZEITI legislation was ready at the Ministry of Justice (MoJ). The Secretariat is working with the drafting team at MoJ in developing a roadmap for feedback on the draft from various stakeholders.

The ZEITI Secretariat indicated that the ZEC will need to approve the proposed roadmap for the provision of feedback on the zero draft.

### **d. Financial Modelling**

The ZEC was informed that this activity was at planning stage. The international secretariat has provided funding for capacity building of staff from selected

government agencies and the ZEC to be trained in data analysis and financial modelling.

**e. Validation**

The meeting was informed that the ZEITI Secretariat has commenced preparation for the upcoming validation process for Zambia. The validation will include two new requirements, that is, Beneficial Ownership and Contract Transparency. The validation of Zambia will commence after 1 April 2021.

The ZEC will need to conduct a validation self-assessment before the commencement of the validation. The Secretariat stressed that the self-assessment should review all the requirements in the EITI standard.

**f. Systematic Disclosures**

ZEITI Secretariat reported that Zambia has joined a pilot to transition the implementation of EITI towards systematic disclosure. The ZEC should map out opportunities and constraints for systematic disclosure of information. The ZEC will also need to prioritize the stages in the mining value chain that should be implemented first.

**g. Gender Mainstreaming**

This activity is at planning stage and the ZEC requested Oxfam to lead on this thematic area. The ZEC was informed that discussions are underway on how civil society can incorporate a gender requirement at the next elective gathering for the next group of representatives on the ZEC. The meeting encouraged the other stakeholders serving on the ZEC to emulate the civil society group. Further, the Secretariat reported that Oxfam has pledged to support specific activities related to gender in the ZEITI Workplan.

**h. Beneficial Ownership Pilot**

During the meeting, the ZEC was informed that ZEITI has been integrated in a pilot program between PACRA and Open Ownership. The pilot is intended to build the capacity of officers at PACRA for data analysis and data screening/sharing with mining Cadastre.

It was recommended that ZEC needs to follow up on the progress of the pilot. Further, the ZEC should engage the Ministry of Mines and Minerals Development on the possibility of linking the Cadastre system and the PACRA system in line with the EITI reporting requirements.

**i. Follow Up on reporting recommendations.**

The secretariat informed the meeting that the follow-on recommendations from the EITI reporting has not been very effective. Most of the recommendations have not been systematically addressed from one year to the other. The Secretariat pointed out that this has the potential to negatively affect the validation of Zambia. In view of the above, an inaugural meeting to address this issue was convened by Transparency International Zambia Chapter for all ZEC members.

The ZEC needs to agree a framework to systematically follow up on the recommendations. Further the stakeholders serving on the ZEC need to integrate the recommendations from the EITI reporting in their workplans and provide regular implementation updates at each ZEC meeting. In view of this, ZEC requested the ZEITI Secretariat to include an item on, follow-on up recommendations from the EITI reporting, on the agenda for the next ZEC meeting.

**j. Administrative Issues**

- i. **New staff job description:** The ZEC was informed that there is need to review and revise the job descriptions for ZEITI Secretariat staff. This will help reposition the Secretariat in line with the demands of the current EITI Standard. It was recommended that the ZEC should revise the job descriptions for staff before renewal of contracts.
- ii. **Funding to the ZEITI Secretariat:** The funding challenges to the ZEITI secretariat have persisted over years. This is exacerbated by the erratic disbursement of funds from Ministry of Finance. Additionally, with the closure of World Bank grant on 31 March 2020 this situation is likely to get worse. Therefore, institutions sitting on the ZEC need to establish a cost sharing mechanism with the ZEITI Secretariat. This could be in form of hosting meetings and paying for services such as printing of ZEITI reports among others.
- iii. **ZEITI Internship Program:** The meeting was informed that the ZEITI Secretariat has been relying on interns over years to mitigate the staff shortages. The interns continue to play a critical role in the implementation of ZEITI activities. Thus, the ZEC should find a way of providing incentives to interns to sustain the internship programme.



**k. Financial Report**

The ZEITI Secretariat presented the second quarter financial report. The report highlighted the funding gap that has been created due to inconsistent fund disbursements from the government. The report further showed the variances and implementation performance of the budget in relation to the work plan. The financial report also indicated that the Secretariat had unqualified audit report opinions for 2019 for both the GRZ and World Bank financial statements.

**9.0 Presentation and approval of the 2021 ZEITI Workplan and Budget.**

The secretariat presented the 2021 work plan and budget. The ZEC requested the Secretariat to adjust the US Dollar/ Kwacha exchange rate in the workplan to the current rate. Further guided the secretariat to include in the 2021 Budget, all the activities that were carried over from 2020.

ZEC approved the 2021 work plan and budget. The approval was proposed by Ms. Emma Malawo and seconded by Mr. Edward Lange.

**10.0 Approval of ToRs for the production of the 2020 ZEITI Report**

The ZEC members unanimously approved the Terms of Reference for the production of the 2020 ZEITI report under the new flexible reporting format.

**11.0 Renewal of Employment Contract for Project Accountant**

The ZEC considered the application for the renewal of the employment contract for the Project Accountant. The ZEC decided that the contract should be renewed with amendments to the job descriptions of the Project Accountant. The ZEC further suggested that the Project Accountant be given probation for six months on the new contract to meet the agreed targets in the new job description.

**12.0 Closing remarks**

The Chairperson of the meeting thanked the members for the attendance and contributions. The meeting ended at 14:50 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	2019 Report	Provide a brief write up on the variance between copper production value and export value for inclusion in the report.	Done	Mines Development Department
2	Follow-on recommendations from the EITI reporting	Agree on a framework to systematically follow up on the recommendations.  Include an item, follow-up on recommendations from the EITI reporting, on the agenda for the next ZEC meeting.	WIP	ZEC/ZEITI
3	2021 Budget	Include in the 2021 Budget, all the activities that were carried over from 2020 and align them with the 2021 workplan.	Done	ZEITI
4	Validation	Conduct a validation self-assessment before the commencement of the validation.	Done	ZEC
5	New staff job description	revise the job descriptions for staff before renewal of new contracts.	Done	ZEC/ZEITI
6	Gender mainstreaming	Liaise with Oxfam on the next to actualize the mainstreaming of gender in EITI implementation.	WIP	ZEITI/Oxfam