

## MINUTES FOR THE VIRTUAL ZEC MEETING HELD ON THURSDAY 9 DECEMBER 2021

### PRESENT

- |                            |   |                                |
|----------------------------|---|--------------------------------|
| 1. Mr. Edmond Kangamungazi | - | Civil Society (PWYP) Member/V. |
| Chairperson                |   |                                |
| 2. Mr. Spyton Phiri        | - | Government (ZRA) Member        |
| 3. Mr. Charles Chivweta    | - | Government (MoF) Proxy         |
| 4. Mr. Peter Zgambo        | - | Bank of Zambia Member          |
| 5. Mr. Hugh Carruthers     | - | Mining Industry (FQML) Member  |
| 6. Mr. Hambani Ngwenya     | - | Mining Industry (LCM) Member   |
| 7. Mr. Talent Ngandwe      | - | Mining Industry (ZCM) Proxy    |
| 8. Mr. Martford Mumba      | - | Mining Industry (FSSMAZ) Proxy |
| 9. Mr. Edward Lange        | - | Civil Society (SARW) Member    |
| 10. Ms. Petronella Phiri   | - | Civil Society (YAD) Member     |

### IN ATTENDANCE

- |                         |   |                               |
|-------------------------|---|-------------------------------|
| 1. Mr. Ian Mwiinga      | - | Head ZEITI Secretariat        |
| 2. Ms. Mutinta Hadunka  | - | ZEITI- Communications Officer |
| 3. Mr. Lupinda Chimwasu | - | ZEITI- Economist              |
| 4. Ms. Violet Mukanda   | - | ZEITI- Secretary              |
| 5. Mando Chiundaponde   | - | Oxfam- Observer               |

### ABSENT WITH APOLOGY

- |                          |   |                                 |
|--------------------------|---|---------------------------------|
| 1. Mr. Felix Nkulukusa   | - | Government (MoF-ZEC             |
| Chairperson)             |   |                                 |
| 2. Mrs. Pauline Mundia   | - | Mining Industry (FSSMAZ) Member |
| 3. Mr. Edgar Siakacoma   | - | Civil Society (NEF) Member      |
| 4. Mr. Sokwani Chilembo  | - | Mining Industry (ZCM) Member    |
| 5. Mr. Evans Kanche      | - | Mining Industry (AZMEC) Member  |
| 6. Mr. Francis Chilunga  | - | Government (MoJ) Member         |
| 7. Mrs. Sylvia Masabo    | - | Government (MLGH)               |
| 8. Mr. Shilambwe Mwaanga | - | Government (MoF) Member         |
| 9. Mr. Mwiya Mwandawande | - | Civil Society (EITA) Member     |
| 10. Mr. Andisen Zulu     | - | Civil Society (CCZ) Member      |
| 11. Mr. Chikusi Banda    | - | Mining Industry (Mopani)        |

## **1.0 Opening remarks**

In the absence of the Chairperson, the meeting was chaired by the Vice Chairperson. In his opening remarks, the Chairperson welcomed all the members to the virtual Zambia EITI Council (ZEC) meeting.

The meeting commenced at 10: 15hrs.

## **2.0 Adoption of the Agenda**

The agenda was adopted without any changes. The proposal to adopt the agenda was made by Ms. Petronella Phiri and seconded by Mr. Hugh Carruthers

## **3.0 Introductions**

The introductions were undertaken by individual members.

## **4.0 Apologies**

A list of apologies is given on page 1.

## **5.0 Confirmation of Minutes for the previous ZEC meeting**

The minutes were adopted by the members as a true record of the deliberations of the previous meeting. The proposal to adopt the minutes was made by Mr. Hugh Carruthers and seconded by Mr. Spyton Phiri.

## **6.0 Matters Arising (Action Taken Report)**

### **a) 2020 ZEITI Report**

The members were informed that the 2020 ZEITI report Technical Working Group (TWG) successfully reviewed the draft of the 2020 ZEITI report. However, the approval of the report was postponed to allow more input and comments from the stakeholders before 17<sup>th</sup> December 2021. The meeting was informed that the report will be circulated to all the ZEC Members for approval.

### **b) ZEITI Bill**

The meeting was updated that compilation of ZEITI bill comments from ZEC members was done and the meeting resolved that the ZEITI Bill be included as an agenda item for the next ZEC meeting. This is to provide adequate time to discuss and resolve whether Zambia EITI should proceed to enact of a stand-alone Act with the current draft bill or to submit EITI requirements to

the current review of the Mines and Minerals Development legislation. Further, the meeting was informed that stakeholders still want EITI implementation to be independent of government control.

### **c) Mainstreaming**

The meeting was informed that the Mainstreaming Technical Working Group (TWG) was formed and the TWG was making arrangements to commence meetings with stakeholders, including SMART Zambia. The meeting was also informed that some stakeholder have pledged to support the upgrade of ZEITI website as one of the steps towards achieving the mainstreaming agenda.

### **d) Validation**

ZEITI informed the meeting that the EITI International Board concluded that Zambia achieved a high overall score (90 /100 Points) in implementing the 2019 EITI Standard. The overall score reflected an average of the three component scores on outcomes and impact (93 points), Stakeholder engagement (93 points), and Transparency (85 points). The EITI Board has commended Zambia for achieving a very high score.

## **7.0 Presentation of 2020 Annual Report**

The ZEITI presented the Annual report to the meeting. The report highlighted key milestone that were attained during the year. The key milestones included:

**EITI Mainstreaming:** The meeting was also informed that the implementation of the Mainstreaming requirement gained momentum in 2020. ZEITI conducted the mainstreaming feasibility study that revealed that generally, Zambia systematically discloses information on licences through its online mining Cadastre. There is a significant publication on the overall legal framework and fiscal regimes of extractive sector. However Ministry of Mines and Minerals Development disclosure of legislative documents does not encompass all relevant laws, policies, and regulations. The companies' disclosures contain some data on tax payments, production data, reserves, environmental information, and employment data from their operations.

To strengthen systematic and routine disclosure of EITI information, the study recommended that ZEITI should work with key stakeholders including line

ministries, government agencies and mining companies to tackle and quickly disclose information considered quick fixes or low-hanging fruits, Medium to long-term challenges highlighted in the report.

The meeting was also informed that in 2020, the ZEC created a Technical Working Group specifically focusing on Mainstreaming in order to enhance the stakeholder engagement process.

**Beneficial Ownership:** EITI International Secretariat in collaboration with the Open Ownership commenced implementation of the Beneficial Ownership disclosure project. A selection of 13 EITI implementing countries including Zambia were enlisted to join the programme.

**Production of 2020 ZEITI Report:** The meeting was informed that ZEITI produced the 2020 ZEITI report under the flexible reporting mechanism as approved by the EITI International Board. The 2020 ZEITI report, noted that the mining sector remained the country's major productive industry with the highest contribution to Zambia's exports (79.5%) and Government revenues (31.4%). The payments generated by the extractive sector totalled ZMW 25,853.86 million in 2020 against ZMW 18,348.94 million in 2019. The payments to Government Agencies amounted to ZMW 25,167.75 million, representing 97.34% of the total payments made by the extractive companies and ZCCM-IH in 2020.

In terms of Copper, production in 2020 increased by 3.7 percent to 837,003.6 Mt from 807,447 Mt in 2019. Production was relatively higher from the second quarter due to increased demand as major economies, in particular China, reopened after stringent lockdown measures in the first quarter of 2020.

In terms of Gold production declined to 3,672 Kgs in 2020 compared to 3,913 Kgs produced in 2019. The reduction was due to reduced grades of gold in ores mined at Kansanshi mine Plc. The subsector recorded 93.6 Kg of gold from Zambia Gold Company Limited which commenced mining operations at Kasenseli in Mwinilunga in mid-2020. (2020 Economic Report, Ministry of Finance)

The production of Coal increased by 34.0 percent to 448,821.4 Mt in 2020 from 335,042 Mt produced in 2019. The increase was largely on account of increased demand for the commodity for the generation of power.

The Emerald production decreased by 59 percent to 9,783.43 Kgs in 2020 from 23,704.61 Kgs in 2019. According to the Gemfield Annual report the decrease in production was as a result of the suspension of operations at both Kagem and Gemcanton due to the COVID-19 Pandemic.

The Amethyst production reduced to 518,198.67 Kgs in 2020 from 1,104,372 Kgs recorded in 2019. The decrease was attributed to reduced production by small-scale miners due to Covid pandemic. In terms of sales, only 4 auctions were held in Lusaka, Dubai and online in the year 2020 down from 7 auctions conducted in 2019. Consequently, there was a reduction in revenue from auctions to US \$52.76 million in 2020 from US \$125.5 million in 2019.

The Manganese production increased by 79 percent to 28,409 Mt from 15,904 Mt produced in 2019. This was largely on account of additional processing facilities being set up in Serenje district and the increased compliance of the small-scale miners, leading to the rise in the submission of production statistics.

**Contract Transparency:** the meeting was updated that in 2020 ZEITI hired a consultant to conduct a mapping exercise on contract transparency. The report is yet to be finalized by the Consultant.

### **Proposed 2022 first quarter activities**

The meeting was provided with a list of planned fourth quarter activities as indicated below:

- a) Dissemination of the 2020 ZEITI report
- b) Preparation of the 2021 ZEITI report
- c) Convening of mainstreaming engagement meetings;
- d) Implementation of the BO project with PACRA and MMMD.
- e) Develop a roadmap for Contract Transparency implementation

### **Presentation of the 2020 ZEITI Report**

A detailed presentation of the 2020 ZEITI report was not done because the meeting was informed that ZEITI was in receipt of new submission from some reporting entities. Based on this, the meeting agreed to postpone the approval of the report to 17<sup>th</sup> December 2020.

### **Approval of 2022 Work plan and Budget**

The ZEC approved the 2022 work plan and budget. The meeting advised ZEITI Secretariat to adhere to the approved budget.

### **Closing Remarks**

The Chairperson thanked all the members for actively participating in the meeting.

The meeting ended at 13.15hrs.

.....

CHAIRPERSON

DATE .....

.....

SECRETARY

DATE .....

### **ACTION TAKEN REPORT**

<b>S/N</b>	<b>ISSUE</b>	<b>ACTION NEEDED</b>	<b>STATUS</b>	<b>BY WHOM</b>
1	2020 Report	Approval and publication of 2020 ZEITI Report	Done	ZEITI
3	Contract Transparency report	Approval of contract transparency report	Done	ZEITI/ Consultant
4	BOT	Launch of BO Program	Done	ZEITI/ZEC