

MINUTES FOR THE ZAMBIA EITI COUNCIL MEETING HELD ON 11TH JULY 2024

PRESENT

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| 1. Talent Ng'andwe | - | Mining Industry (COM) Proxy |
| 2. Mr. Hugh Carruthers | - | Mining Industry (FQML) Member |
| 3. Mr. Hambani Ngwenya | - | Government (ZRA) Proxy |
| 4. Mr. Masiliso Chibambo | - | Government (MOJ) Proxy |
| 5. Ms. Kristina Kanche | - | Mining Industry (AZMEC) Member |
| 6. Mr. Emmanuel Chokwe | - | Government (BOZ) Proxy |
| 7. Mr. Nsama Chikwanka | - | Civil Society (PWYP) Member |
| 8. Ms. Musonda Kapena | - | Civil Society (Namfumu) Member |
| 9. Ms. Edah Chimya | - | Civil Society (ZAW) Member |
| 10. Ms. Tamika Halwiindi | - | Civil Society (TIZ) Observer |
| 11. Mr. Ucizi Ngulube | - | Civil Society (Action Aid Zambia) Proxy |

IN ATTENDANCE

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| 1. Mr. Ian Mwiinga | - | Head ZEITI Secretariat |
| 2. Mr. Kennedy Sinkala | - | ZEITI- Accountant |
| 3. Mr. Chomba Chileshe | - | ZEITI- Data Officer |
| 4. Sarah Syamilandu | - | ZEITI Office Assistant |
| 5. Ms. Joy Kulombota | - | ZEITI- Intern |
| 6. Mr. Jembo Chilonga | - | MMMD |

ABSENT WITH APOLOGY

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| 1. Mr. Felix Nkulukusa | - | Government (MoF-ZEC Chairperson) |
| 2. Dr. Hapenga M. Kabeta | - | Government (MMMD) Member |
| 3. Mr. Edmond Kangamungazi | - | Civil Society (Caritas)Member/V. Chairperson |
| 4. Mrs. Pauline Mundia | - | Mining Industry (FSSMAZ) Member |
| 5. Mr. Sokwani Chilemba | - | Mining Industry (COM) Member |

1. OPENING REMARKS BY THE CHAIRPERSON

The meeting commenced at 10:12hrs. The meeting was Chaired by the Mr. Talent Ng'andwe from the Zambia Chamber of Mines.

In his opening remarks, the Chairperson acknowledged the presence of Mr Jembo Chilonga from the Ministry of Mines who was in attendance. Mr Chilonga was requested by the ZEC to make a presentation of the recently established SPV in the Mining sector. Furthermore, the Chairperson also urged the members to actively participate in the deliberations of the meeting.

2. ADOPTION OF THE AGENDA

The agenda was adopted without any corrections or changes. The proposal to adopt the agenda was made by Mr. Hugh Carruthers and seconded by Mr. Hambani Ngwenya.

3. APOLOGIES

A list of apologies are provided at page 1.

4. CONFIRMATION OF MINUTES FOR THE PREVIOUS ZEC MEETING

The Minutes were confirmed as true reflection of the deliberations of the previous meeting following minor grammatical corrections to the Minutes.

The proposal to adopt the minutes was made by Mr. Hugh Carruthers and seconded by Mr. Hambani Ngwenya.

6. MATTERS ARISING (Action Taken Points)

The session on matters arising was based on the action taken report prepared by the ZEITI Secretariat. The following below were the issues discussed under this segment as follows:

- a. ZEITI Mainstreaming Portal: The meeting was informed that data uploads on the ZEITI Mainstreaming portal was currently underway. The meeting was informed that most of the companies have continued to submit data to the ZEITI Secretariat for the year 2023. The portal also now houses for Q1 for 2024 on Mining Licences. The meeting was informed that the data being disclosed on the portal will need analysis especially by the civil society constituency to ensure the full value of the portal is realised.
- b. Invitation to ZCCM-IH to be member of the ZEC: The meeting was informed that an invitation was extended to the ZCCM-IH to be part of the ZEC. The letter was written

under the hand of the Permanent Secretary. Furthermore, the meeting was informed that plans were underway to invite the Anti-Corruption Commission to be observers on the ZEC in line with the requirements of the 2023 EITI Standard. .

- c. Data collection for the 2023 ZEITI report: The meeting was informed that the collection of data for the production of the 2023 ZEITI report is underway. The 2023 ZEITI report will be produced in line with the 2023 EITI Standard. The 2023 ZEITI report will be subjected to the EITI validation process in May 2025.
- d. BHP Billiton Learning Lab: The meeting was informed that Zambia through the Publish what You Pay hosted the BHP Billiton Learning Lab. The event was convened to exchange of information and best practices among various stakeholders with emphasis on participatory approaches to development through the involvement of local communities.

6.1. Discussions from the matters arising

- i. The meeting affirmed the need to build capacity on data analysis and data utilisation arising from the implementation of the ZEITI Mainstreaming process. The capacity needs are required for CSOs who are supposed to lead the dissemination of the ZEITI information and data. The Government and Industry were also requested where possible to reduce the complex data into infographics and fairly easy to understand narratives.
- ii. The meeting further discussed on how to monetise the data portal to ensure the sustainability of the Mainstreaming process in Zambia. The ZEC agreed to follow up on this suggestion with the Secretary to the Treasury.
- iii. The meeting resolved to have a seamless transition from a paper based reporting to an e-supported reporting system. In this view a risk-based analysis approach will be applied to future EITI reports so that the bulk of the data can be disclosed electronically.

6.2. Resolution

The meeting resolved to bring all the deliberations above to the attention of the Secretary to the Treasury.

7. Presentation of the ZEITI activities implemented in the second quarter

The second ZEITI progress report was presented with the following key highlights as follows:

- a) The Data collection for the production of the 2023 Zambia EITI Report is at 60% data collection. The data that is being currently collected includes all revenues from the mining sector, G-factor data and also contextual information about the mining sector.
- b) The ZEITI also participated in the global peer learning meeting for EITI-implementing countries in Geneva Switzerland. The meeting was organized by the World Bank and the Swiss State Secretariat for Economic Affairs (SECO). The key highlight of the meeting was that the World Bank affirmed its support to Zambia and DRC on mining-related reforms through their triple intervention focusing on upstream, middlestream and downstream.
- c) Preparations for the Hosting of the regional EITI peer learning event for Anglophone and Lusophone countries are at 50% and the acquisition of a venue for the conference and accommodation are currently in progress.
- d) Data uploads on the ZEITI online data portal are currently in progress as the volume of data that's to be uploaded is immense. The uploads are being conducted alongside capacity building of ZEITI staff and RDF to manage the portal entirely, 30% of the data for has been uploaded on the portal.
- e) The Zambia EITI online data portal was launched and this portal will be used as a launchpad for mainstreaming and implementation of EITI in Zambia. The portal is currently operating on a manual basis as it is yet to be connected to other government databases for automation and sharing of data in real-time.
- f) Presentation of Establishment of a Special Purpose Vehicle for investment in the Mining Sector by the Ministry of Mining and Mineral Development Planning Department:

8. Presentation on the Mining sector Special Purpose Vehicle (SPV)

The presentation on the Special Purpose Vehicle (SPV) was done by Mr Jembo Chilonga from the Planning Department under the Ministry of Mines. The following below is a summary of his presentation:

It is proposed to establish a Special Purpose Vehicle (SPV) that the government will use to partner with the private sector in the exploration, exploitation, and trading of new mining investments across the critical minerals value chain. This is seen as a first step towards the creation of the Sovereign Wealth Fund to be used as a source of funds for investment in alternative industries away from minerals such as agriculture, tourism, manufacturing, and services among others.

Any such partnerships will have the State holding not less than 30% equity. Any such equity will be free riding/free carrier by the State in recognition of the mineral endowment as its contribution to the venture. It is expected that the strategic partner will contribute capital and technology for the consummation of the SPV. Under the proposed new legal framework, the Geological and Minerals Development Bill, 2023, the Minister of Mines and Minerals Development (the “Ministry”) may through public tender invite investors to bid for tenements as partners with government. Under such an arrangement, any such bidders will have to partner with government through the proposed SPV.

The Government through the Ministry has been implementing policy, legal, and regulatory reforms in the mining sector over the last few years. Firstly, the Ministry reviewed and revised the Mineral Resources Development Policy to provide for increased private sector participation in mining with a heightened emphasis on fiscal reforms to make the operating environment in the mining sector more consistent, predictable, and conducive for the growth of the sector. Secondly, the Ministry has been both the regulator and policy formulator with respect to the mining sector. Whereas the Ministry is responsible for both policy and regulatory aspects of the sector, therein lies some potential conflict.

As part of the sectoral reforms, government through the Ministry is establishing the Minerals Regulation Commission (the “Commission”) with a primary focus on regulating and monitoring the mining sector. It is hoped that with the establishment of the Commission, a robust regulatory and compliance enforcement infrastructure will be put in place which is aimed at reduction and elimination of illegal mining among several exploration license holders and unlicensed operators in the mining sector. The setting up of the Commission presents great opportunities in tax revenue collections, reduction in illegal mining and traceability of mineral resources in the country.

Since independence, Zambia has tended to use the dividend payment model, as business model for government investment in the mining assets. Under this model, the private sector investors only pay dividends when the company make profits. In some cases, mining companies have never paid any dividends due to the alleged loss-making positions. Despite the loss-making positions, such companies never close down and continue to operate and demand for various types of incentives to enable them to continue in business. Despite the government extending such incentives, there were no corresponding benefits accruing to the people of Zambia beyond statutory obligations.

The approval of the Critical Minerals Concept and the strategy by the government entailed the participation of the government in the exploration, exploitation, and trading. The critical minerals strategy is instructive on the rules of engagement. Under such a model, the government has moved away from the dividend payment model for its mineral resources, as this is dependent on when the majority shareholder earns a profit. This dividend payout model has not worked over the last 59 years after independence. The country continues to be grappling with serious developmental challenges despite the abundance of mineral resources.

Following the approval of the Critical minerals concept note by the cabinet, a clear strategy of how the people of Zambia will benefit from their mineral resources has been crafted. Going forward, Zambia will adopt a new business model of “resource sharing” which is reflective of its shareholding or any other method that maximizes benefits to the people of Zambia towards 50/50 resource benefit sharing. The implementation of this new business model entails the need for a robust SPV that will partner with new investors in the greenfield mining industry.

8.1. Reactions to the presentation

The meeting bemoaned that lack of clear information on the SPV. The concern was also raised around the lack of consultation by the government to get views from key stakeholders such as industry. The meeting further noted that the introduction of the SPV is likely to raise the Sovereign risk of the country as regards the Mining sector.

The meeting resolved to further engage the government on the SPV to raise further concerns regarding the issue.

9. Closing remarks

The meeting came to a close at 12.10hrs. In his closing remarks the Chairperson thanked the members for their participation. He further thanked Mr Chilonga for an elaborate presentation on the SPV.

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CHAIRPERSON

DATE

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SECRETARY

DATE

ACTION TAKEN REPORT

S/N	ISSUE	ACTION NEEDED	STATUS	BY WHOM
1	Hosting of the EITI Regional Peer Learning meeting	Invite ZEC members to the official opening	Done	ZEITI/EITI Int'l Sec'
2	Data Collection for the 2023 ZEITI report	Follow up on reporting entities to submit the data	WIP	ZEITI
3	Participate in various meetings in the next quarter	Attend the ZAMI, PPDF, Management meetings at the Ministry, and any other scheduled meetings	Done	ZEITI/PWYP
4	Host a dinner for delegates to the EITI regional peer learning meeting	Engage the Zambia Chamber of Mines to sponsor the dinner	Done	Zambia Chamber of Mines/ZEITI