

MINUTES OF THE ZEC SPECIAL MEETING HELD ON 15th DECEMBER, 2015 AT THE GEOLOGICAL SURVEY DEPARTMENT BOARD ROOM AT 10:30 HOURS

PRESENT

1. Ms. Isabel Mukelabai - Civil Society (CTPD) Member
2. Mr. Kayula Chimfwembe - Government (MoF) Member
3. Rev. Suzanne Matala - Civil Society (CCZ) Member
4. Mr. Kondwani Mugala - Government (MMMD) Proxy Member
5. Mr. Francis Chibesakunda - Government (MMMD) Proxy Member
6. Mr. Shula Shula - Mining Industry (CMZ) Proxy Member
7. Mr. Jordan Mbulo - Mining Industry (FSSMAZ) Proxy Member
8. Mr. Talent Ng'andwe - Mining Industry (CMZ) Proxy Member
9. Mr. Petson Kabala - Civil Society (CCZ) Proxy Member
10. Ms. Dorica Kafunya - Government (MoJ) Proxy Member
11. Mr. Mtwalo Msoni - Civil Society (PWYP-Caritas) Proxy Member
12. Ms. Kunda Jesinte - Civil Society (ZLA) Proxy Member
13. Ms. Lumba Siyanga - Civil Society (WFC) Proxy Member

IN ATTENDANCE

1. Mr. Siforiano S. Banda - Secretariat (ZEITI)
2. Mr. Kaonga Mazaba - Secretariat (ZEITI)
3. Mr. Emmanuel Sibongo - Secretariat (ZEITI)
4. Mr. Ian Mwiinga - Secretariat (ZEITI)
5. Mr. Juvinal Betambira - BDO East Africa
6. Mr. Godsave Nhekede - BDO Zambia
7. Ms. Getrude Moono - BDO Zambia
8. Ms. Namakau Akombelwa - BDO Zambia
9. Mr. Musenga Simumba - BDO Zambia

ABSENT WITH APOLOGY

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| 1. Mr. Fredson Yamba | - | Government (MoF) ZEITI Chair Person |
| 2. Mr. Jackson Sikamo | - | Mining Industry (CMZ) Member |
| 3. Mr. Mathew Banda | - | Mining Industry (CMZ) Member |
| 4. Mr. Nathan Chishimba | - | Mining Industry (CMZ) Member |

1.0 OPENING REMARKS

The Head of the Zambia EITI Secretariat welcomed all members to the meeting especially the new members who were attending the ZEC meeting for the first time.

In the absence of the Chair the Head of the Secretariat moved a motion to appoint a Chair for the meeting. The meeting proposed Ms. Isabel Mukelabai as the chairperson for the meeting. Ms. Mukelabai was proposed by Mr. Talent Ng'andwe and seconded by Mr. Shula Jalasi. In her opening remarks, the Chairperson welcomed all the members to the meeting and thanked the ZEITI Secretariat for organizing the meeting. Since this was an extraordinary meeting, minutes for the previous meeting were not reviewed.

2.0 ADOPTION OF THE AGENDA

The agenda was adopted without any amendments. The adoption of the agenda was proposed by Mr. Shula Jalasi and seconded by Mr. Jordan Mbulo.

3.0 APOLOGIES

List of apologies is given on page 1

4.0 PRESENTATION ON THE 2014 ZEITI REPORT

The production of the 2014 ZEITI report was done by BDO East Africa in collaboration with BDO Zambia. The meeting was also informed that the same company (BDO East Africa) will also prepare the 2015 ZEITI report.

The Head of the Zambia EITI Secretariat presented a brief overview of the procurement process of the Consultant who prepares the EITI reports. Some of the key highlights of his presentation as tabulated below:

- The procurement process starts with the advertisement of an Expression of Interest (EOI) in the national press
- Prospective companies are then invited to submit their EOIs to the ZEITI Secretariat
- Shortlisted companies are thereafter requested to submit Technical and Financial proposals

- The Evaluation committee (Ministry of Mines procurement department and some ZEC members) evaluates the technical and financial proposals and recommend the top three companies to be considered by the Ministerial Tender Committee
- The Ministerial Tender Committee approves the evaluation report after consideration to allow the procurement department at the Ministry of Mines to open negotiations with the successful consultant
- After successful negotiations, a contract is drawn up and sent to Ministry of Justice for a legal opinion
- Finally, the contract is signed between the Ministry of Mines and the successful consultant

The above process can vary depending on the donor conditions. For example, the World Bank requires the grant recipient (in this case ZEITI) to seek 'no objection' at each and every stage of the procurement process. The 2014 report was funded by the World Bank and BDO East Africa won the tender and drafted the ZEITI report. The consultants from BDO presented the highlights as follows:-

As for the 2014 ZEITI report, the consultants from BDO presented the following highlights as follows:

- The reporting companies for the 2014 ZEITI reports increased from 30 companies in 2013 to 40 companies in 2014. This increase in number represents 33 percent increment.
- Out of the 40 companies that were identified in the scope, only 38 companies returned the reporting template. Two companies namely, Zambezi Portland and San He did not report. These two companies represent 5 percent of the revenue.
- Only six (6) companies provided Audit Certification representing a total of 14.5 percent of the reported number companies.
- The reported revenue from the extractive sector increased from ZMW 8.20 Billion in 2013 to ZMW 9.95 Billion in 2014 representing about 21 percent increase
- The top five (5) companies paid about 70 percent of the total reported revenue in 2014
- The Zambia Revenue Authority (ZRA) collected about 90 percent of the total revenue from the extractive sector in 2014
- 14 Councils received funds either as property rates or annual business fees. The total revenue received by local councils amounted to ZMW82m.

- In terms of revenue disaggregation, about 87 percent of the revenue was received by the National Treasury and 7.6 percent was received by ZCCM-IH. In terms of Corporate Social responsibility (CSR) 4.33 percent of the expenditure by mining companies was directed towards CSR and finally, 0.20 percent was paid to the Environmental Protection Fund (EPF).
- In terms of production, the report shows that 708,259 Metric Tonnes of Copper were produced in 2014, 4, 807kgs of Gold was produced in 2014, and 159,151 Metric Tonnes of Coals were produced in 2014
- In terms of Mineral exports, copper accounted for ZMW 7.62 Billion, Cobalt accounted ZMW 0.12 Billion, Gold accounted for ZMW 0.15 Billion and ZMW 2.27 Billion mainly came from non-metal exports
- In terms of contribution to the economy, the extractive sector contributed about 77 percent to the exports, 32 percent of government revenue, 6 percent of GDP, 1.6 percent towards investment, and 1.7 percent towards direct employment.
- In terms of VAT refunds, a total of ZMW 1.8 Billion was refunded to ten (10) companies in 2014

5.0 COMMENTS FROM THE MEETING ON THE PRESENTATION

1. The meeting advised the consultant to make corrections on the names of companies in the report.
2. The consultant was asked to highlight contributions made to towards the Environmental Protection Fund on a separate slide to avoid confusing the payments with revenue paid to the government
3. The consultant was also requested to provide an explanation why there was no reported Cobalt production in 2014 and yet there is an export figure for Cobalt in the same year. This would help in clarifying the imported cobalt figure which is appearing under exports
4. The Consultant was also requested to explain the unreported USD 103, 000 paid to ZCCM-IH in dividends. ZCCM-IH should provide evidence showing receipt of this amount as declared by mining companies
5. The Consultant was asked to highlight the gemstone sector and also show the payments that were received from the sector.

6.0 APPROVAL OF THE 2014 ZEITI REPORT

The ZEC expressed concern at the time given to the Consultant to make the adjustments as proposed by the meeting. The ZEC advised the ZEITI Secretariat to separate the approval of the report from the launch next time so that adequate time is given to the consultant to finalize the report. The ZEC requested for adequate time to analyse the report in detail it appears.

The 2014 ZEITI report was approved subject to the Consultant effecting the changes that were provided by the ZEC and other stakeholders. The approval was proposed by Mr. Talent Ng'andwe and seconded by Ms. Dorica Kafunya.

7.0 ANY OTHER BUSINESS

- I. The ZEC commended the ZEITI Secretariat for convening a well-organized meeting
- II. The meeting was informed that the Ministry of Mines and the Chamber of Mines are working on harmonizing the collection of mineral production figures by using a standard template
- III. The ZEC was encouraged to actively participate at the launch of the report especially during the question and answer session
- IV. The ZEITI Secretariat informed the ZEC that a number of activities are still being finalized. These are: Impact Assessment Study, Strategic Planning process, and preparations for the EITI Global Conference in Peru
- V. The meeting was also informed that Zambia will be validated in 2016. The ZEC were encouraged to work closely with the ZEITI Secretariat in preparing for this important activity.

Finally, the meeting agreed to hold the next ZEC meeting on 4th February, 2016.

There being no any other business to discuss, the Chairperson called the meeting to end at 12:38hrs.

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Ms. Isabel Mukelabai

CHAIRPERSON

DATE.....

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Mr. Siforiano Banda

SECRETARY

DATE.....